

HORSE RACING, TROTTING AND DOG RACING IN NEW ZEALAND

REPORT OF THE ROYAL
COMMISSION OF INQUIRY *

*Presented to the House of Representatives by Command
of His Excellency the Governor-General*

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THE ROYAL COMMISSION ON
HORSE RACING, TROTTING, AND DOG RACING
IN NEW ZEALAND

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*Royal Commission to Inquire Into and Report Upon Horse
Racing, Trotting, and Dog Racing*

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom,
New Zealand, and Her Other Realms and Territories Queen,
Head of the Commonwealth, Defender of the Faith:

To Our Trusty and Well-beloved the Right Honourable SIR
THADDEUS PEARCEY McCARTHY, a Judge of the Court of Appeal
of New Zealand, JOHN HANNIBAL GEORGE, of Roxburgh East,
Member of Parliament, JAMES NIMMO CRAWFORD DOIG, of
Auckland, Company Director, and HOWARD GRAHAM FLEMING
CALLAM, of Auckland, Chartered Accountant:

GREETING:

KNOW YE that We, reposing trust and confidence in your integrity,
knowledge, and ability, do hereby nominate, constitute, and appoint
you, the said

THE RIGHT HONOURABLE SIR THADDEUS PEARCEY McCARTHY;
JOHN HANNIBAL GEORGE;
JAMES NIMMO CRAWFORD DOIG; and
HOWARD GRAHAM FLEMING CALLAM

to be a Commission to receive representations upon, inquire into,
investigate, and report upon the following matters:

1. The working of existing law and the necessity or expediency of
any legislation in respect of horse racing, trotting, and dog racing and
betting thereon in New Zealand, including without limiting the
generality of the foregoing, the following matters:

- (a) The present system of administration and control of horse
racing and trotting and all matters connected therewith,
including the finances and structure of the horse racing and
trotting industries, the allocation of racing and trotting
dates, and the granting of totalisator permits:
- (b) The administration and control of totalisator agencies, includ-
ing the constitution of the Totalisator Agency Board and
the method of distribution of its profits:
- (c) The operation of totalisators and sweepstakes on racecourses
and trotting courses:
- (d) The desirability or otherwise of introducing new methods of
betting:

- (e) The desirability or otherwise of granting betting facilities for dog racing similar, either in whole or in part, to those authorised for horse racing and trotting.

2. Such other matters as may be brought to the notice of the Commission or initiated by it which the Commission considers relevant to its functions as defined in clause 1 hereof.

And We hereby appoint you the said

The Right Honourable SIR THADDEUS PEARCEY McCARTHY to be the Chairman of the said Commission :

And for the better enabling you to carry these presents into effect you are hereby authorised and empowered to make and conduct any inquiry or investigation under these presents in such manner and at such time and place as you think expedient, with power to adjourn from time to time and place to place as you think fit, and so that these presents shall continue in force and any such inquiry may at any time and place be resumed although not regularly adjourned from time to time or from place to place :

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose, save to His Excellency the Governor-General, in pursuance of these presents or by His Excellency's direction, the contents of any report so made or to be made by you, or any evidence or information obtained by you in the exercise of the powers hereby conferred on you, except such evidence or information as is received in the course of a sitting open to the public :

And it is hereby declared that the powers hereby conferred shall be exercisable notwithstanding the absence at any time of any one of the members hereby appointed so long as the Chairman, or a member deputed by the Chairman to act in his stead, and two other members are present and concur in the exercise of the powers :

And We do further ordain that you have liberty to report your proceedings and findings under this Our Commission from time to time if you shall judge it expedient to do so :

And, using all due diligence, you are required to report to His Excellency the Governor-General in writing under your hands, not later than the 30th day of June 1970, your findings and opinions on the matters aforesaid, together with such recommendations as you think fit to make in respect thereof :

And, lastly, it is hereby declared that these presents are issued under the authority of the letters patent of His Late Majesty King George the Fifth, dated the 11th day of May 1917, and under the authority

of and subject to the provisions of the Commissions of Inquiry Act 1908, and with the advice and consent of the Executive Council of New Zealand.

In witness whereof We have caused this Our Commission to be issued and the Seal of New Zealand to be hereunto affixed at Wellington this 25th day of August 1969.

Witness Our Right Trusty and Well-beloved Cousin, Sir Arthur Espie Porritt, Baronet, Knight Grand Cross of our Most Distinguished Order of Saint Michael and Saint George, Knight Commander of Our Royal Victorian Order, Commander of Our Most Excellent Order of the British Empire, Governor-General and Commander-in-Chief in and over New Zealand.

ARTHUR PORRITT, Governor-General.

[L.S.]

By His Excellency's Command—

KEITH HOLYOAKE, Prime Minister.

Approved in Council—

P. J. BROOKS, Clerk of the Executive Council.

- (e) The desirability or otherwise of granting betting facilities for dog racing similar, either in whole or in part, to those authorised for horse racing and trotting.

2. Such other matters as may be brought to the notice of the Commission or initiated by it which the Commission considers relevant to its functions as defined in clause 1 hereof.

And We hereby appoint you the said

The Right Honourable SIR THADDEUS PEARCEY MCCARTHY to be the Chairman of the said Commission :

And for the better enabling you to carry these presents into effect you are hereby authorised and empowered to make and conduct any inquiry or investigation under these presents in such manner and at such time and place as you think expedient, with power to adjourn from time to time and place to place as you think fit, and so that these presents shall continue in force and any such inquiry may at any time and place be resumed although not regularly adjourned from time to time or from place to place :

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose, save to His Excellency the Governor-General, in pursuance of these presents or by His Excellency's direction, the contents of any report so made or to be made by you, or any evidence or information obtained by you in the exercise of the powers hereby conferred on you, except such evidence or information as is received in the course of a sitting open to the public :

And it is hereby declared that the powers hereby conferred shall be exercisable notwithstanding the absence at any time of any one of the members hereby appointed so long as the Chairman, or a member deputed by the Chairman to act in his stead, and two other members are present and concur in the exercise of the powers :

And We do further ordain that you have liberty to report your proceedings and findings under this Our Commission from time to time if you shall judge it expedient to do so :

And, using all due diligence, you are required to report to His Excellency the Governor-General in writing under your hands, not later than the 30th day of June 1970, your findings and opinions on the matters aforesaid, together with such recommendations as you think fit to make in respect thereof :

And, lastly, it is hereby declared that these presents are issued under the authority of the letters patent of His Late Majesty King George the Fifth, dated the 11th day of May 1917, and under the authority

of and subject to the provisions of the Commissions of Inquiry Act 1908, and with the advice and consent of the Executive Council of New Zealand.

In witness whereof We have caused this Our Commission to be issued and the Seal of New Zealand to be hereunto affixed at Wellington this 25th day of August 1969.

Witness Our Right Trusty and Well-beloved Cousin, Sir Arthur Espie Porritt, Baronet, Knight Grand Cross of our Most Distinguished Order of Saint Michael and Saint George, Knight Commander of Our Royal Victorian Order, Commander of Our Most Excellent Order of the British Empire, Governor-General and Commander-in-Chief in and over New Zealand.

ARTHUR PORRITT, Governor-General.

[L.S.]

By His Excellency's Command—

KEITH HOLYOAKE, Prime Minister.

Approved in Council—

P. J. BROOKS, Clerk of the Executive Council.

*Extending the Time Within Which the Royal Commission to Inquire
Into and Report Upon Horse Racing, Trotting, and Dog Racing
May Report*

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom,
New Zealand, and Her Other Realms and Territories Queen,
Head of the Commonwealth, Defender of the Faith:

To Our Trusty and Well-beloved the Right Honourable SIR
THADDEUS PEARCEY MCCARTHY, SIR JAMES NIMMO CRAWFORD
DOIG, JOHN HANNIBAL GEORGE, ESQUIRE, AND HOWARD
GRAHAM FLEMING CALLAM, ESQUIRE:

GREETING:

WHEREAS by Our Warrant dated the 25th day of August 1969 We
nominated, constituted, and appointed you, the said Right Honourable
Sir Thaddeus Pearcey McCarthy, Sir James Nimmo Crawford Doig,
John Hannibal George, and Howard Graham Fleming Callam, to be
a Commission to receive representations upon, inquire into, investigate,
and report upon certain matters concerning horse racing, trotting, and
dog racing:

And whereas by Our said Warrant the said Commission was
required to report to His Excellency the Governor-General not later
than the 30th day of June 1970 its findings and opinions on the
matters aforesaid, together with such recommendations as it might
think fit to make in respect thereof:

And whereas it is expedient that the time for so reporting should
be extended as hereinafter provided:

Now, therefore, We do hereby extend until the 31st day of
December 1970 the time within which the said Commission is so
required to report without prejudice to the continuation of the liberty
conferred on it by Our said Warrant to report its proceedings and
findings from time to time if it should judge it expedient to do so:

And We do hereby confirm Our said Warrant and the Commission
thereby constituted save as modified by these presents.

And it is hereby declared that these presents are issued under the
authority of the Letters Patent of His Late Majesty King George the
Fifth, dated the 11th day of May 1917, and under the authority of
and subject to the provisions of the Commissions of Inquiry Act 1908,
and with the advice and consent of the Executive Council of New
Zealand.

In witness whereof We have caused these presents to be issued and the Seal of New Zealand to be hereunto affixed at Wellington this 15th day of June 1970.

Witness Our Right Trusty and Well-beloved Sir Herbert Richard Churton Wild, Member of Her Majesty's Most Honourable Privy Council, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Administrator of the Government.

RICHARD WILD, Administrator of the Government.

[L.S.]

By His Excellency's Command—

KEITH HOLYOAKE, Prime Minister.

Approved in Council—

P. J. BROOKS, Clerk of the Executive Council.

Letter of Transmittal

To His Excellency Sir Arthur Espie Porritt, Baronet, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Royal Victorian Order, Commander of the Most Excellent Order of the British Empire, Governor-General and Commander-in-Chief in and over New Zealand.

MAY IT PLEASE YOUR EXCELLENCY

Your Excellency by Warrant dated 25 August 1969 appointed us the undersigned, THADDEUS PEARCEY McCARTHY, JOHN HANNIBAL GEORGE, JAMES NIMMO CRAWFORD DOIG, and HOWARD GRAHAM FLEMING CALLAM, to report under the terms of reference stated in that Warrant.

We were originally required to present our report by 30 June 1970, but this date was later extended by Your Excellency to 31 December 1970.

We now humbly submit our report for Your Excellency's consideration.

We have the honour to be

Your Excellency's most obedient servants,

THADDEUS McCARTHY, Chairman.

J. H. GEORGE, Member.

JAS. N. C. DOIG, Member.

H. G. F. CALLAM, Member.

Dated at Wellington this 16th day of December 1970.

FOREWORD

The Commission was set up in 1969 to examine the way in which the Government of the United Kingdom has been run since 1945. It was given a broad mandate to look at all aspects of government, from the way in which it is organised to the way in which it is financed, and to make recommendations for improvement. The Commission has been very fortunate to have had a number of distinguished members, and to have received many helpful suggestions from a wide range of people. It has also been very fortunate to have had the support of the Government and the public. The Commission's report is the result of a long and hard work, and we hope that it will be of interest and value to all who read it.

PART I

We include here our Preface, and discuss the circumstances which led to the setting up of this Royal Commission, and the environment of our review.

Chapter 1. PREFACE

1. By your Excellency's Warrant we are to inquire into and report upon the working of the present law and the need for further legislation for "horse racing, trotting, and dog racing", and the associated gaming. However, we find it necessary to confine "racing" to galloping, using "horse racing" to cover both racing and trotting. Five specific areas are given us to investigate, then we are brought back to the general by item 2 to report upon "such other matters as may be brought to the notice of the Commission or initiated by it which the Commission considers relevant to its functions".

2. In preparing this report we have set out to give something more than a mere statement of our recommendations accompanied by some of our conclusions leading to them. We have besides that assembled a factual summary or description of the horse racing industry in all its parts from which anyone really interested in the subject should be able to gain a reasonable general knowledge. This has as far as we know not previously been attempted for New Zealand. It is in the main to be found in Part II of the report. Then we have included such further data as we consider necessary to give a reader the necessary background to the submissions made to us and to our conclusions about them. As a result, the report is of greater length than many will have anticipated. We hope our work will be fruitful.

The Structure of Our Report

3. We are concerned with three separate kinds of animal racing—racing, trotting, dog (greyhound) racing—and with betting on them, in particular that through the Totalisator Agency Board (TAB). The specific questions emphasise the wide importance of the betting aspect of the inquiry.

4. Thus there is raised at the threshold a problem affecting the structure of this report. Racing and trotting have common problems, and can be considered together. Both have highly sophisticated machinery for betting on their courses; and through the TAB, New Zealand wide machinery for off-course betting. Especially, we have found it impossible to consider any aspect of their activities without taking into account the betting associated with them.

5. But greyhound racing is in a different situation. Though dating in New Zealand from the last years of the nineteenth century, it is still a small activity when compared with horse racing. It has not developed a strong administrative structure, and therefore has been allowed no legal on-course betting facilities, nor does the TAB off-course machinery cover its races. Its administrators did not ask that it should. Its problems are therefore very different from those of horse racing, and are best considered entirely separately.

6. We were consequently induced to divide our report into five parts:

Part I includes this Preface and a chapter describing the environment for review and, in particular, the events and circumstances leading to the Government's decision to establish this Royal Commission.

Part II contains a number of chapters gathering together the background information—historical, legislative, and statistical—necessary for an appreciation of the problems we had to consider.

Part III discusses the specific issues raised by our Warrant, other than greyhound racing, and what we consider should be done.

Part IV deals with greyhound racing.

Part V comprises an assembly of recommendations and our concluding remarks.

Changing Financial Patterns

7. Another but more difficult and complex problem which confronted us at all stages was the changing financial position in 1970 of clubs and the TAB. When the various submissions presented to us were prepared and heard the latest figures available were those of the 1968–69 horse racing year ended 31 July 1969, and so it was on the economic situations revealed by those figures that the submissions of the different organisations and people who appeared before us were based. But by the time this report was being prepared certain later figures had begun to emerge. These indicate that during 1969–70 most clubs and the TAB had a more financially successful year and that consequently the previous year's figures could lead to inaccurate impressions of some aspects of the financial situation of at least those particular parts of the horse racing industry.

8. But not all 1969–70 figures, by any means, are available to us and it is impracticable to delay this report until we could use that later year extensively. We have, however, sought to amend our text in certain chapters to incorporate some figures very recently obtained.

9. We do not overlook that economic situations are rarely static. In inflationary times like the present, they can quickly change. Too much weight should not be therefore placed on short-term results; it is rather sustained trends which should be sought. We bear in mind, too, that the improvement in 1969-70 can rapidly be overtaken by growing costs. The task of presenting an adequate contemporaneous financial picture of an industry has thus been made even more difficult than usual.

Horse Racing—Sport or Industry?

10. We were many times met with a debate about whether horse racing should rightly be considered as a sport or as an industry. The different viewpoints were intensely argued. In the racing world, where perhaps one might have expected traditional attachments to linger, most administrators accept that today racing should be seen chiefly as an industry. On the other hand, in trotting where a more pragmatic viewpoint could be expected, the attitude that it is a sport predominated. In this day and age such debate may be a little sterile. It is true that many do support horse racing out of a deep affection for the sport, and the unselfish work of thousands of honorary officials is the best proof of this. However, those who *depend* upon racing and trotting for their livelihoods quite properly regard horse racing as an industry, albeit one which gives an enjoyable way of life.

11. But again we are by no means sure that those who bet with the TAB greatly distinguish the two views. We are inclined to think that for them horse racing is basically something which supplies necessary information to a vast machine which enables them to test their skill and judgment, and to satisfy an inclination to gamble. "Sport" or "industry" is then essentially a matter of context or attitude. For us, both conceptions are important and must influence our approach. We use both terms, each as we think the context demands.

One Industry or Two?

12. As our inquiry developed we became increasingly convinced that we were concerned with one industry rather than a number of disparate and unconnected activities, and that corrective measures directed to one part often affect other parts, not always beneficially. This is especially true for administrative controls and distribution of the industry's income. In the latter, for example, measures to promote financial improvement in one part bear on

others. Clubs could show improved profits if they were to cut stakes, for whether a club makes a loss in any year largely depends on the amount of its stakes. But any reduction in stakes would injure those other parts which depend so largely on them for their incomes. Conversely, an increase in stakes sufficient to affect materially the returns of those dependent people could result in substantial club losses. Nor would the transmitted effects stop there; they would move on to club employees and contractors, and probably others. Here we have only two of the many illustrations which suggest that horse racing is like an organism with the health of one limb or organ being bound up intimately with the health of others.

Competition for Leisure

13. It would, we accept, be especially a tragedy if the non-professional attitudes of devoted men, their time and money were lost; if the high ideals which generally motivate amateur participation were frustrated. Moreover we could not possibly overlook the part which the horse and the racing of it has played in our history and their very considerable community values particularly in more remote areas. As ours is a New Zealand inquiry, it is basic that we remember that what is important is *our* own country's way of life and selection of values, as far as these can be determined. But at the same time we must accept that there is now a greatly increased competition for people's leisure time and for their disposable incomes. In an increasingly competitive world where even the pursuits of leisure are competed for, there can be no doubt that administrative efficiency and technical expertise are imperative if racing and trotting, like other sports, are to survive and remain vital. And survival could require more than the mere excision of some of the luxuries of fragmentation and privilege which more leisurely—and many would say more gracious—ages could afford. The bald fact is that horse racing is already fighting competitively for its place in the entertainment world.

Tomorrow

14. But it is not today that most concerns us; it is the years ahead. We hardly need to stress the enormous changes in patterns of life and thought which have come about in the last 25 years—between the times of the Finlay Royal Commission and our own. There can be little doubt that over the next 25 years change will quicken, bringing greater demands for adaptability and administrative capacity. It would not be hard to suggest amelioration of the more important present problems in a *present* setting; but Royal Commissions are

not designed for short-term remedies, and particularly when we come to administrative structures we must build for the future. The report of another Royal Commission has said:

An administrative structure resembles . . . an organism, in that it contains within itself the capacity for growth and change. Our purpose has been to develop this capacity . . . so that their growth (in a growing society) and change (in a changing environment) may be intelligently directed. Administrative organisms are creatures of habit. They are not unique in this respect: all institutions tend to suffer from inertia—to respond but slowly to changed circumstances. It is our aim that [they] may not merely keep up to date, but may foresee the problems that lie ahead, and prepare to meet them.

Our aim, too, is to lay a basis for future strength.

Chapter 2. THE INQUIRY

ENVIRONMENT FOR REVIEW

1. Since 1947 when the Royal Commission on Gaming and Racing presided over by the Honourable Mr Justice Finlay presented its report, racing and trotting have become more of an industry and less of a sport. Their annual betting turnover for the year ended 31 July 1970 was \$137 million; they employ directly or indirectly some 27,000 people. This growth has generated an increasing demand for another full-scale inquiry into horse racing's administrative and financial structures.

The Reid Committee on Racing

2. The Racing Conference, aware of this, itself set up in 1965 a strong Committee of Inquiry to examine and recommend upon those structures, and the betterment of racing generally. The Chairman, the late F. F. Reid, Esq., was a retired stipendiary magistrate who had long been closely associated with racing. The other members, Messrs N. A. Thompson of Auckland, H. M. B. de Latour of Wairoa, A. Macnab of Wanganui, and F. H. Plunkett of Winton, were all experienced racing administrators who had held high office in the sport. The Committee received written submissions from a number of clubs, organisations, and individuals. Many were presented in person and supplemented by oral evidence. It divided its inquiry into two parts: the first, the constitution and administrative structure of racing; and the second, the betterment of racing. Its report to the Racing Conference (20 May 1966) has been made available to us. It is a most important document, not only because of the wisdom and experience of the Committee members, but also for the breadth and number of its (sometimes revolutionary) recommendations—a fact which this list of subjects covered will indicate:

Representation at Conference level; structure of metropolitan districts; voting strength at Conference; election of President, Vice-President, and Executive Committee; appeals; riding fees; penalties; regionalisation of racing clubs; allocation of racing dates; distribution of TAB profits; swabbing of horses; suggested appointment of general manager; trotting events on racing club programmes; rentals for courses; qualifying races; training facilities; units of betting; taxation relief; winter racing.

3. The Reid Report was considered at meetings of the Racing Conference at which most racing clubs were represented. Some recommendations were accepted and implemented, but many, including some of the more radical, were either rejected outright, or eventually not carried into effect. At relevant points we will consider parts of this report and the fate of particular recommendations.

Other Proponents of Review

4. The Trotting Conference apparently considered such self-examination unnecessary. Nevertheless many associated with trotting made clear their view that the whole industry needed examination.

5. Meanwhile the supporters of greyhound racing were pressing the Government for licences for on-course betting in one form or another. Two petitions were presented, in 1966 and in 1968, the latter with over 16,000 signatures. This raised for the Government important questions about the extent of public demand for betting facilities for greyhound races, the larger social and moral issues involved in extending betting facilities, and the possible effects on racing and trotting.

6. Representations were also being made by racing or trotting clubs, and by individuals, about the equitable distribution of TAB profits. Views were many and various, with differences of opinion not only between the two codes but especially within the racing code itself.

7. And, finally, many responsible organisations were pressing the Government for a comprehensive formal inquiry. In particular, on 5 July 1968 a deputation of representatives of the New Zealand Racing Owners and Trainers Federation, the New Zealand Trotting Owners, Trainers, and Breeders Association, the New Zealand Jockeys Association, and the New Zealand Trotting Horsemen's and Trainers Association attended on the Ministers of Finance and Internal Affairs to seek such an inquiry.

Alleged Dissatisfaction

8. Many various assertions were made during the course of these requests. The most prominent were:

- (a) *The Breeding Industry*: The industry was being placed in jeopardy by the loss overseas of highly bred female stock; increased capital investment was needed, and racing generally should encourage the breeding export industry.

- (b) *Regionalisation*: Although a number of clubs and tracks were uneconomic and inefficient, there had been little effective regionalisation, and the Racing Conference in particular could have taken more practical steps to enforce or encourage it.
- (c) *Club and Conference Control*: (i) The expert knowledge and experience of those working in the industry were not sufficiently used in deciding, in particular, such matters as allocation of dates; (ii) delegates tended to consider local rather than national interests; (iii) a racing and/or trotting board, or an independent commission of control, should replace the Conference system; (iv) many sections of the industry were not represented on the Conferences, the system was not democratic, was outdated and inefficient.
- (d) *Doping Regulations*: The administration of these regulations needed investigating.
- (e) *Filming of Races*: This should be compulsory for all major clubs.
- (f) *Club Finance*: (i) Taxation, though not the only cause of an uneconomic present position, was oppressive and its burden too great; compared with overseas rates it was excessive, would diminish betting, and could thus lead to a substantial loss of Government revenue. (ii) The 1968 increase of 2.68 percent in commission on doubles should be used wholly to subsidise stakes and to support clubs experiencing financial difficulties. (iii) In spite of recent financial help, increased overheads were generating greater losses. Extra revenue was needed. Also the incomes of licence holders and employees were depressed in relation to other industries. (iv) Club spending should be supervised. (v) The Half Percent Amenities Levy on gross investments on the totalisator was not being spent in the manner intended.
- (g) *The Judicial System*: This needed reform. Untrained lay judges enforced rules and were often inconsistent.
- (h) *Totalisator Licences*: Extra licences should be granted and present licences redistributed. The allocation of dates should be re-examined.
- (i) *Public Amenities*: These had lagged far behind those available to privileged groups such as club members.
- (j) *Reorganisation*: The recommendations of the Finlay Royal Commission had not been implemented, and though the industry had the power to reorganise itself, it had not done so.

- (k) *Safety of Tracks*: Some tracks had not been resurveyed or regraded for many years, and financially poor clubs had reduced the standard of maintenance.
- (l) *Stakes*: Costs had increased by 50 percent since 1952 and greatly exceeded the return from stakes, which had increased by only 5 percent.
- (m) *Jockeys' Superannuation*: Though a compulsory 5 percent was deducted from earnings and paid into a trust fund for jockeys injured or killed, there was no superannuation.
- (n) *Totalisator Agency Board—Distribution of Profits*: The system adopted was unfair, unreasonable, unjust, and a violation of the principle of trusteeship.
- (o) *Training Facilities*: Some clubs bore an undue proportion of the cost of training facilities, and should be subsidised.

9. Not all of these matters and contentions have been raised before us, but we have thought it desirable to set them out to indicate the extent of the dissatisfaction then alleged.

10. The Government concluded that the different matters referred to it, being all part of one large subject, should not be dealt with in isolation from one another. It decided that another major investigation was timely, and so the present Royal Commission was established under a Warrant of 25 August 1969.

PROCEDURES

Public Notification

11. Our Warrant was advertised in October 1969 in the metropolitan and provincial press and the New Zealand Racing and New Zealand Trotting Calendars, with a notice stating that: (a) the Royal Commission would accept representations orally or in writing; (b) any people or organisations wishing to be heard or to lodge submissions should advise of such intention, give a brief indication of the topics to be covered, and state by whom they would be represented; (c) a formal opening would be held on 20 November 1969 to inform those interested of the procedures to be followed, and to ascertain who wished to make representations—after which the Commission would adjourn to enable submissions to be prepared; (d) the Commission would reconvene on 10 December 1969 to receive certain background and historical papers, and begin hearing representations on a date in February 1970 to be notified.

Public Hearings

12. Our hearings continued with intervals until 28 July 1970. We sat for a total of 26 days and received 131 submissions (1,722

pages) from the people or organisations listed in appendix 1. Supporting oral evidence was recorded verbatim. It ran to 1,270 pages.

Counsel

13. Counsel was appointed to aid the Commission and appeared when necessary. Many organisations who took part in the inquiry were represented by counsel. The list of counsel appearing is attached as appendix 2.

Procedures at Hearings

14. Generally the procedures followed at public hearings were those laid down by the 1962 Royal Commission on the State Services in New Zealand and outlined in a statement annexed to the report of that Commission. We divided the inquiry into three separate phases, this to enable the preparing and hearing of submissions to be programmed. Cross-examination was by leave but was on no occasion refused or restricted. The hearings were conducted in an atmosphere of good will and harmony. We are indebted to counsel and to the organisations and people who appeared before us for their courtesy not only to the Commission but to one another. We consider that this high standard indicates the quality of the people concerned in the administration of horse racing.

Consultation With Clubs and Inspection of Courses

15. As only one of our members had had any experience (or, indeed, any more than passing contact) with horse racing and its administration, we thought it desirable not to limit ourselves to the evidence given at the formal sittings, but to quickly find a means of increasing our knowledge. We decided to consult with a representative sample of club committees on their own courses. We found, however, that when we visited any particular district all the clubs wanted to see us, and requests for visits to other districts came in steadily. In the end we could meet this demand only by engaging ourselves on a tour of the whole of New Zealand; and so from 22 January to 14 July 1970, in between sittings and the other activities claiming our time, groups of two or three members made a series of visits to the different districts.

16. We visited every course holding totalisator racing or trotting meetings and also some non-totalisator clubs and training tracks. We spoke with every totalisator club committee except that of the Taumarunui Racing Club which, apparently through some

failure of communication within its own organisation, did not take advantage of our offer to meet with them on the course on which the club races, Te Awamutu.

17. We are convinced that these were wise and profitable (albeit time-consuming) visits, for they gave us, so we think, a widely based knowledge not only of the general problems facing the industry, but of circumstances affecting particular districts and particular clubs—their geographical situations, the effect of nearby populations, routes of communication, and so on. We were also able to learn something of the facilities of each club, its class of track, and its amenities, although we do not set ourselves up as having gained the technical expertise necessary to judge between the qualities of different tracks as distinct from other facilities and public amenities. As an exercise in human relations the visits appeared highly successful. Judging by the welcome we everywhere received, clubs appreciated the opportunities to discuss informally and uninhibitedly the various problems which were worrying them. These informal discussions were, in our view, the most valuable feature of these visits. We are grateful for the help which the Conferences and clubs gave in arranging visits, and for the warmth and hospitality with which we were received.

18. Appendix 3 lists the race tracks which we visited and the clubs with which we had discussions at the different courses. Appendix 19 shows the location of totalisator courses on a map of New Zealand.

Australian Visit

19. When these club visits were over and the hearing of submissions and evidence completed, the Chairman and Mr Callam, at the request of some of the major bodies concerned in this inquiry, spent a few days in Victoria and New South Wales conferring with racing administrators and TAB members and officials, and examining features of particular interest. They wish to record their appreciation of the help and hospitality they were given, including that of the South Australian TAB, whose Chairman and Assistant General Manager came to Melbourne to speak with them. The visit was amply justified by the information gathered, especially about TAB operations and profit distributions which have been modified somewhat from the New Zealand model.

EVIDENCE

Comment on the Evidence

20. We were pleased by the general quality and coverage of the written submissions and evidence. They were full, detailed, and

covered all areas of our inquiry. We did indeed receive some submissions from individuals which we thought were not strictly within the compass of a Royal Commission, for they related to matters of day-to-day administration which fall properly within the judgment and discretion of the Conferences, the clubs, or the TAB. But we have considered these, and have referred to some. Those which we do not mention were not unhelpful, but they do not call for separate discussion.

21. The submissions presented by the two Conferences and the TAB were of an expectedly high quality, and furthermore, prompt. We appreciate that meeting our deadlines meant considerable sacrifice of private hours. Our inquiry ran so much more smoothly for their help.

22. The Department of Internal Affairs, as the appropriate agent of Government, was responsible for administratively servicing this inquiry. At all times we received full co-operation. The Department took an early stand that on any controversial issues it should display a strictly non-partisan view when giving evidence. Indeed on occasions we thought, and said, that this resulted perhaps in too negative an attitude; but as the issues emerged with greater clarity and divisions of viewpoint became more apparent, and we called for greater assistance, the Department was able to help us to our full satisfaction while still preserving an independent viewpoint. We found especially helpful a departmental paper prepared (at our request) on possible administrative structures.

Areas of Little Evidential Interest

23. There were, however, three possible areas of inquiry on which we received no or little evidence: the ethical aspects of gambling, the possible effect on production and industry of its extension, and the integrity of horse racing generally.

24. *Gambling*: Attitudes to gambling are ambivalent: condemnation on the one hand, participation on the other. Gambling always has been an aspect of New Zealand life. Its ethical implications were widely canvassed before the Finlay Royal Commission by the Church of England, the Roman Catholic Church, and the Associated Churches (see Part II, Section 2 of its report). We had anticipated that the same implications might be raised before us, but although our Warrant was widely advertised and the attention of major religious groups drawn to our impending hearings, and those hearings given the widest publicity in press, radio, and television, no one at all came forward to raise moral objections to either

the present level of gambling, or to any extension of it. We can only conclude, as the Finlay Royal Commission did nearly 23 years ago, that the majority of New Zealanders approve a reasonable amount of gambling, and want to take part in it. We note that since the Finlay Royal Commission published its report in 1948, the State has widened gambling opportunities through the "Golden Kiwi" and "Mammoth" lotteries.

25. Gambling is, we believe, no community "problem" in New Zealand when seen in the perspective of Australian experience. In 1968-69 a New Zealand totalisator turnover of \$127.7 million when divided by the total population (2,780,000) gives an average betting of approximately \$45.95 per person for that year. If one adds the \$7 million-odd spent on *all* legal lotteries, the figure is not much increased.

26. In Victoria, however, the combined on- and off-course legal betting turnover was an estimated \$500 million, giving a rough per capita amount of \$145 (population 3,444,000 approximately) for horse and greyhound racing alone. In New South Wales, that betting reached \$528 million, with a per capita of \$111. But to this must be added in New South Wales the \$53 million subscribed to State lotteries; and the New South Wales Treasury estimate of an approximate \$1,249 million investment on poker machines. New Zealanders then, at least when compared with Australians, can hardly be called any other than light to moderate gamblers.

27. *Effect on Industry*: We also expected to hear of the effect which any large extension of totalisator licences would have on production and industry. Here again we received no submissions from individuals or from such organisations as the Chambers of Commerce, the Manufacturers' Association, or the Federation of Labour.

28. *Integrity of Horse Racing*: We received some evidence which touched distantly on the integrity of horse racing and the cleanness of its running. This in the main drew our attention to practices which could possibly lead to improper conduct. Generally, however, the evidence was complimentary of the high standards brought about mainly by the relentless attention of racing and trotting administrators. We can wholeheartedly endorse the statement of the Finlay Royal Commission: "To say that racing in New Zealand is as clean, if not cleaner, than in any other country is probably no exaggeration". That Commission did, however, mention some matters needing attention. Doubtless they have been attended to, for they were not raised before us.

PART II

In Part II we describe, after a brief historical introduction (chapter 3), the present state and some of the problems of the horse racing industry and the gaming associated with it.

The remaining chapters 4 to 12 link up with chapters 13 to 18 of Part III, and are designed to introduce and inform our discussion of the issues raised there.

had a system of metropolitan clubs and district associations, though from time to time there has been some regional consultation and grouping.

GAMING LEGISLATION

8. Before the abolition of the provinces in 1876, the only gaming legislation was contained in the Provincial Licensing Ordinances prohibiting gambling on licensed premises. The Gaming and Lotteries Act of 1881 was the first gaming statute passed by the Central Government. At that time betting on horse racing was run by bookmakers, by people who privately organised sweepstakes, and by clubs using the recently invented totalisator. The purpose of the Act, described in the long title, was "The suppression of gaming and betting houses and . . . the more effectual abolition of lotteries". It prohibited the holding of sweepstakes on horse racing as a result of agitation by bookmakers and the supporters of the new totalisator machine. But it was not long before it was felt that this prohibition went too far. Reputable citizens who had held small sweepstakes among themselves on racecourses, without the intervention of any professional promoter, had been prosecuted. Fines of up to £10 had been imposed on people of standing and responsibility who had taken part in what was considered a harmless pastime.

9. After protest and argument, an amendment was passed in 1885 which legalised small sweepstakes got up on a racecourse. The amount subscribed was not to exceed £5 nor the individual contribution 5s. The whole amount contributed was to be paid to the winner without any deduction. This provision is still to be found in s. 45 of the Gaming Act 1908. The only major amendments were made in 1949. The limit on the maximum that can be subscribed was abolished and authority for the deduction of a commission not exceeding 10 percent was given to clubs not authorised to use a totalisator ("non-totalisator clubs"). These amendments have led to the use of what are now known as "equalisators" (chapter 8).

TOTALISATORS AND GROWTH OF TOTALISATOR LICENCES

Totalisator Licensing up to 1910

10. A totalisator machine was devised and patented in New Zealand in 1880. It was first used at a meeting of the Canterbury Jockey Club in the same year. Naturally enough it was then somewhat crude and elementary, but clubs as quickly saw its advantages

as bookmakers saw its disadvantages to them. The Gaming and Lotteries Act 1881 set up the first system of licensing by authorising the Colonial Secretary to issue licences for use of the machine. No statutory limit was placed on the number of licences which could be issued, and early in the 1890s the metropolitan clubs, in particular, were concerned over the number, and asked the Government to restrict them. Moreover, not only bookmakers but the churches increasingly opposed totalisators.

11. In 1894 an amendment restricted the number of licences to two-thirds of the number issued in the year ended 31 July 1893, without giving a really effective control, for licences were issued for meetings, not days, and a meeting could be extended over more than one day, indeed over many days. In 1896 a bill to abolish the totalisator received considerable support in the House of Representatives but did not survive a third reading.

12. It was not until 1910 that totalisator licences were effectively limited. A statutory limit was placed at 250 race days (racing and trotting), and at the same time the number of days on which the totalisator could be used at any one race meeting was fixed at a maximum of four, and the number of races to be run on one day, at eight. This last figure was increased to nine in 1963. Another provision of the 1910 Act also authorised the Governor-General to appoint a Commission to determine which of the clubs should get licences and the number of days each club should be allowed out of the maximum of 250. This Commission, presided over by the then well-known racing personality Sir George Clifford, sat in 1911. It reduced the number of days on which licences could be granted to racing clubs by 43 to 199 days and to trotting clubs by 11 to 51 days. It did not recommend any totalisator licences to hunt clubs.

Totalisator Licensing From 1910

13. Since 1910 the number of totalisator licences allowed to racing and trotting clubs has been constantly changed (see table 1 over page for a summary). The Gaming Amendment Act 1914 authorised a further 31 licences (total 281). Fifteen of these were allotted to racing clubs, eight to hunt clubs and eight to trotting.

14. *The Hunter Commission*: In 1915 another Commission was appointed under the chairmanship of Mr George Hunter to effect a distribution among particular clubs of the 31 additional licences authorised by the amendment of 1914. Hunt clubs had been regranted licences because of the Government's view that it was necessary to encourage the breeding of horses as remounts for military purposes, and to that end to give fresh support to hunt

clubs which had largely disappeared after the loss of totalisator licences in 1908. This policy was advanced by an Amendment Act of 1920 giving a further eight licences to hunt clubs, one for each hunt club then in existence.

15. *The Kent Commission, 1920*: A third Commission under the chairmanship of Mr Fred Kent, K.C., was appointed in 1920 to determine the licence situation from 1 August 1921. The Commission recommended a total of 316 totalisator licences, of which 223 would be given to racing clubs, 15 to hunt clubs and 78 to trotting clubs. This recommendation, embodying an increase of 27 over the existing 289 racing days, gave rise to wide discussion. Its recommendations were not implemented. The number of days racing was not increased until 1924, and then by 31, bringing the total to 320—224 to racing clubs, 16 to hunt clubs, and 80 to trotting clubs. It is interesting in the context of the evidence we heard relating to the inadequate provision of amenities for the public on some racecourses, to note that the Kent Commission commented on a lack of comfort provided by certain clubs and recommended that totalisator licences be withheld until those clubs carried out improvements.

16. *The Finlay Royal Commission*: There was no further change in the number of licences until the 1949 legislation passed to give effect to the recommendations of the Finlay Royal Commission. This granted a further 19 licences to trotting clubs. Since then 20 more licences were given in 1950 over both codes, three in 1953, 18 in 1955, and 24 in 1964. At present there are 404 day licences allocated—254 to racing clubs, 17 to hunt clubs, and 133 to trotting clubs. These periodical increases in totalisator licences are collated in table 1 below and the clubs now holding licences, listed in appendix 4.

Table 1

INCREASES IN TOTALISATOR LICENCES SINCE 1910

Year	Racing Clubs		Hunt Clubs		Trotting Clubs		Increase	Total
	Increase	Total	Increase	Total	Increase	Total		
1910 ..	..	199	..	..	..	51	..	250
1914 ..	15	214	8	8	8	59	31	281
1920 ..	..	214	8	16	..	59	8	289
1924 ..	10	224	..	16	21	80	31	320
1949 ..	..	224	..	16	19	99	19	339
1950 ..	10	234	..	16	10	109	20	359
1953 ..	1	235	..	16	2	111	3	362
1955 ..	7	242	1	17	10	121	18	380
1964 ..	12	254	..	17	12	133	24	404
	55	..	17	..	82	..	154	..

BOOKMAKERS

17. The Gaming and Lotteries Act of 1881 did not prohibit bookmaking and bookmakers continued to operate on racecourses. However, the development of the totalisator and greater commissions from its use led clubs to try to exclude bookmakers from their courses. Supporters of these two forms of betting fought it out. In 1907 the gaming legislation was amended to require all totalisator racing and trotting clubs to license fit persons as bookmakers on their courses, with results said to have been disastrous and to have resulted in racecourses being invaded by men of criminal tendencies. The racing authorities refused to distinguish among applicants for licences, saying that they could not see why the duty of selection had been placed on them.

18. As a result the legislation was again amended in 1910. By this amendment bookmakers were excluded from racecourses. But bookmaking was still not illegal, and bookmakers continued to work off the courses. Even when their activities were made illegal by the Gaming Amendment Act in 1920 they still flourished. They could give what many thought to be a more all-round service than the totalisator. Further, they had a monopoly of doubles betting, for at that time there was no authority for doubles betting on the totalisator.

19. Racing and trotting officials argued that the influence of bookmakers was detrimental to horse racing, and on 22 March 1946, His Excellency the Governor-General appointed the Finlay Royal Commission to inquire into and report upon the existing law about gaming, and administration and control of horse racing, and all matters connected with gaming and racing.

20. In evidence given before the Commission it was estimated that illegal bookmakers in New Zealand had an annual turnover of £24 million. The Commission agreed with the criticisms of bookmakers and "emphatically opposed" licensing them. It went on to say: "The conclusion is thus unescapable that if a system of off-course betting can be devised which will insure that the moneys staked go through the totalisator, the interests of honesty will be subserved, active solicitation into the habit of betting will be eliminated, the interests of the sport of racing will be advanced, the greater comfort of the racegoing public will be secured, and the payment of taxation made certain."

21. The recommendations of the Finlay Royal Commission led to a referendum in which the public decided that off-course totalisator facilities were preferable to bookmaking. As a result the Totalisator

Agency Board, in the form in which we now have it, was statutorily established in 1949. At the same time, racing and trotting clubs as well as the TAB were authorised to use the totalisator for doubles betting. From then on bookmaking declined and though, we were informed, some bookmakers still operate (perhaps lately an increasing number) the present TAB facilities, and heavy penalties, have reduced their part in betting on horse racing to a small one.

TOTALISATOR AGENCY BOARD

22. The Finlay Royal Commission recommended the adoption of the scheme to control and operate off-course betting through totalisators put to it jointly by the Racing and Trotting Conferences.

23. Following the referendum mentioned above, authority for the establishment, constitution and operation of a totalisator agency board under a scheme to be approved by the Government was given in the Gaming Amendment Act of 1949. The Racing and Trotting Conferences then submitted to the Minister of Internal Affairs a detailed scheme for off-course betting through totalisator agencies. This was approved on 20 September 1950. The TAB was thereby authorised to work a cash off-course betting system (including betting on doubles on two races on the same day at the same meeting) through agencies established throughout the country, and to accept postal and telephone bets against deposits already made. All the investments were to be transmitted to and included in the totalisator operated by the club on the course. This betting system began in March 1951, and the investments made through the TAB have steadily increased from \$7,120,374 for the 1951-52 season to \$76,762,742 for the 1968-69 season (year ending 31 July).

24. An amendment in 1967 widened the operations of the TAB by authorising it to receive investments on any horse race outside New Zealand, and doubles on two races, in New Zealand or overseas, to be run on the same day, or on different days at different racecourses or on different days on the same racecourse and at the same meeting. This betting does not go through a club totalisator, and so in respect of it the TAB operates as if it were a totalisator itself. In the 1968-69 season the amount of overseas betting handled by the TAB was \$182,023 and the amount of other doubles handled under this authority was \$612,707.

FINLAY ROYAL COMMISSION

25. The Finlay Royal Commission of 1946 had a much wider field than the three previous Commissions of Inquiry (Clifford 1911, Hunter 1915, Kent 1920) which were concerned only with

the numbers and allocation of totalisator licences. The Finlay Commission was required to study all aspects of racing, trotting, dog-racing, and gaming. Its review and recommendations were such that for the purposes of our inquiry the history of racing virtually begins at 1950. We have already mentioned the effect of its two most significant recommendations (the establishment of the TAB, and legal doubles betting). A summary of its other more substantial recommendations, and their fates, would be convenient here, as they are referred to piecemeal in later sections of this report.

Summary of Other Recommendations

26. It recommended also that:

- (a) Nineteen more totalisator licences be given to trotting. (Implemented by the Gaming Amendment Act 1949.)
- (b) Clubs should not pay income tax on income set aside to provide public amenities on course. (Not adopted, though 1953 legislation allowed one-half percent of totalisator turnover to be used as a non-taxable fund for these purposes.)
- (c) The totalisator licences of the Otautau Racing, Hororata Racing, Kurow Jockey, Kumara Racing, Waiapu Racing, and Tolaga Bay Racing clubs be withdrawn and reallocated to other clubs. (Only those of the Otautau, Waiapu, and Tolaga Bay clubs were withdrawn, and the clubs have been dissolved.)
- (d) That clubs be amalgamated or activities consolidated by North Canterbury and Amberley racing at Rangiora; Masterton and Carterton racing at Masterton; Marton and Rangitikei racing at Marton; Levin and Foxton racing at Levin; Woodville and Pahiatua racing at Woodville. (Not adopted, though now the Carterton club races on the Wairarapa Racing Club's course at Tauherenikau, and the Woodville and Pahiatua clubs race on the Woodville Club's course at Woodville. In the 1969-70 season the Rangitikei Club raced on the Manawatu Racing Club's course at Awapuni and may do so in the future.)
- (e) A Racing Advisory Board be set up to advise the Minister of Internal Affairs on *all* topics pertaining to racing and trotting. Details of the specific matters which the Board would deal with related to administration at club level only. The Commission considered that such a body could maintain contact with clubs, keep the Minister in touch with developments, secure a uniform administration, act as a spur to progress and a restraint against unwise development, ensure

that money would be used for proper purposes, advise the Minister whether any capital expenditure by any club was warranted and generally watch the interests of all parties to horse racing, including the public. (Not adopted.)

CONCLUSION

27. This is as far as our historical sketch need be taken. The Finlay Royal Commission's report is the watershed. Our report will be much concerned with developments which resulted from its recommendations.

Chapter 4. CONTROL AND ADMINISTRATIVE STRUCTURES

LEGISLATION

1. The general impression from reading the piecemeal legislation on horse racing and its associated betting is that Parliament has tried to leave horse racing to the clubs and the Conferences, intervening only when the interests of the revenue or public welfare are at stake. The legislation, often extremely confusing, is uncertain and ill drawn, and spread over several statutes—the Gaming Act 1908 and its many Amendments, the Race Meetings Act 1909 (of limited application) and the Stamp Duties Act 1954 (amended 1967). The Government acknowledges these defects and proposes a comprehensive redrafting. However, some general effects of the present legislation must be set out here, with their references.

Totalisators

2. Before a race meeting can be held, the Minister of Internal Affairs must grant a licence—either a totalisator licence under the Gaming Act 1908 if a totalisator is to be used, or a licence under the Race Meetings Act 1909 (s. 5) if a totalisator is not to be used. It is unlawful (s. 8, Gaming Act 1908) to use a totalisator without a licence.

3. The 1908 Act (s. 50 (2)) specifies the numbers (amended from time to time) of totalisator licences the Minister may issue to racing, hunt, and trotting clubs respectively. Subsection (4A) confines the days of meetings to Saturdays and public holidays unless the Minister decides otherwise. Subsection (5) (a) limits to five the number of totalisators a club may use at any one time. Subsection (8) gives the sole definition of “totalisator” appearing in all the relevant legislation and limits its application to s. 50: “the instrument for wagering or betting known by that name, and any other instrument or machine of a like nature and conducted on the same principles”.

4. The Gaming Amendment Act 1963 (s. 3) sets a maximum of nine to the number of times a totalisator can be open to take bets on any one day’s racing. Many opinions are held on the exact practical effect of this section. It is an area of great uncertainty.

Admission to Courses

5. Section 33 of the 1908 Act empowers clubs to make regulations controlling admission to racecourses. Such regulations have been made.

Sweepstakes

6. Section 45 of the 1908 Act allows clubs to run sweepstakes and allows non-totalisator clubs to deduct up to 10 percent commission from sweepstake investments.

Assets

7. A 1924 Amendment ensures that members of racing clubs do not acquire pecuniary interests in club assets, and that on the dissolution of any club its assets be disposed of for public or charitable purposes approved by the Minister.

Off-course Betting

8. Section 2 of the 1920 Amendment makes bookmaking illegal. The 1949 Amendment establishes the Totalisator Agency Board and its off-course betting facilities. A 1967 Amendment authorises the TAB, with the approval of the Minister, to operate win and place betting on horse races outside New Zealand, and various doubles. We have described these provisions earlier.

Amenities Levy

9. Section 8 of the 1953 Amendment requires all clubs to deduct a levy of one-half percent from all totalisator investments including those received from the TAB, and pay the racing levy to the New Zealand Racing Conference, and the levy from trotting to the New Zealand Trotting Conference. The Executive Committees of the two Conferences must use the levy at their discretion solely to help clubs provide, maintain, and replace public amenities and course improvements on racecourses where meetings are held.

Dividends and Commissions

10. Section 2 of the 1968 Amendment provides that clubs must pay out in dividends all money received from bets after deducting the statutory totalisator duty of 9.32 percent (Stamp Duties Act 1954 and its 1967 Amendment), as well as commission of 7.5 percent on win and place betting and 10.18 percent on doubles betting, and the one-half percent amenities levy referred to above. An important proviso says that clubs need not pay out dividend fractions under five cents.

RACING

11. Racing in New Zealand is administered by a fourfold structure of racing clubs, district committees, the Executive Committee of the New Zealand Racing Conference, and the annual meetings of the New Zealand Racing Conference.

Clubs

12. Racing clubs, usually incorporated under the Incorporated Societies Act 1908, are of two kinds: those authorised to use the totalisator at their race meetings, and those which are not. There are presently 88 totalisator clubs and 51 non-totalisator clubs registered under the Rules of Racing. Club members are elected according to the rules of each club, a matter not under the control of the Racing Conference. The 88 totalisator clubs in New Zealand have a total membership of over 40,000.

13. The Rules of Racing do not permit the registration of any club which, under its constitution, sanctions the division or apportionment among its members (even when it is to be wound up) of any of its property or surplus funds. This is linked to the prohibition of the 1924 Amendment to the Gaming Act (see para. 7 above).

14. Each club elects its own committee to manage its affairs. The larger metropolitan clubs employ full-time secretaries and other office assistance, but most clubs have a part-time secretary only. Clubs also elect stewards to control their race meetings. Neither the committee nor the stewards are paid for their services. There are, however, stipendiary or paid stewards employed by the Racing Conference, one of whom must be present at every race meeting held under the Rules of Racing.

15. The Rules of Racing further allow clubs to hold totalisator meetings only on dates approved by the annual meeting of the Conference. The programme for any such race meeting must be approved by the club's district committee. This means that the classes of races which the club proposes to hold and the stakes which it proposes to offer must be approved by the district committee. Subject to these and the statutory requirements, a club may run its meeting in any way it thinks fit: it may fix its own admission charges, arrange its own catering and other contracts, and run as many races as it likes on any particular day as long as the totalisator is not opened more than nine times.

16. A club also controls the totalisator through its stewards. Some clubs own or join in owning totalisators, but most hire the necessary equipment. A totalisator inspector from the Department of Internal

Affairs is present in the totalisator building throughout the whole of each race meeting to safeguard the interests of the betting public and the Government.

Metropolitan Clubs

17. The following totalisator clubs registered under the Rules of Racing are "metropolitan" clubs: Auckland Racing Club, Waikato Racing Club, Hawke's Bay Jockey Club, Taranaki Jockey Club, Wanganui Jockey Club, Wellington Racing Club, Greymouth Jockey Club, Canterbury Jockey Club, Dunedin Jockey Club, and Southland Racing Club.

Metropolitan Districts and District Committees

18. There are also an equal number of metropolitan racing districts, each with the same name as its own metropolitan club—Auckland Racing District, etc. Each district has a district committee to control all racing within its boundary. Each district committee consists of: one elected delegate from each totalisator club within the district (other than the metropolitan club in the district and the hunt clubs); one delegate who represents all totalisator hunt clubs within the district; a number of delegates from the metropolitan clubs which shall not in any case be more than one less than the aggregate number of the delegates from the district clubs plus the hunt club delegate.

19. This is the position after an amendment made to the Rules of Racing at the annual meeting of Conference on 10 July 1970. Before this the delegates from the metropolitan clubs could equal the aggregate number of delegates from the district clubs plus the hunt clubs' delegate, and as the chairman had a casting vote, and had to be elected from the metropolitan club delegates, the metropolitan club could, at least theoretically, have control.

20. At meetings of district committees each delegate has one vote. The secretary of the metropolitan club in the district acts as secretary for the district committee. The district committee usually employs no other clerical staff, and no committee member is paid for his services. The committee may make levies on all totalisator clubs in its district to meet its expenses. In practice, the levies are generally low.

Powers of District Committees

21. The more important specific powers of district committees conferred by the Rules of Racing (none of which are exercised on the day of the meeting) are:

- (a) To hold inquiries, including inquiries into charges preferred by a stipendiary steward or a racecourse inspector against any person, and to impose the penalties allowed by the Rules of Racing.
- (b) To adjudicate on any appeals against the decision of the stewards, or the committee, or the judicial committee of a club within its district.
- (c) To approve any such decision, reverse or vary it, whether or not an appeal has been lodged against it.
- (d) To hold an inquiry into any charge concerning the running or riding of a horse at a meeting within the district.
- (e) To consider all applications from trainers, jockeys, apprentice jockeys and amateur riders for licences or certificates, to obtain any information it thinks necessary or desirable to enable the Executive Committee to come to a proper decision on them, and then to forward them to the Secretary of the Racing Conference, together with any recommendation or comments it wishes to make.
- (f) To approve or reject programmes of race meetings proposed by clubs within the district.
- (g) To administer District Trust Funds. These funds are financed mainly out of certain fines imposed by district committees or clubs and may be used to help disabled or destitute trainers and jockeys, the relatives of any living or dead trainer or jockey, or to provide surgical aid, ambulances and appliances for use at race meetings, or to found and run apprentice riding schools within the district.

The Racing Conference and the Rules of Racing

22. The Racing Conference is, in constitution, simply an association of racing clubs. It is not a statutory body, is not incorporated, and has no statutory authority or powers, though its existence is recognised and accepted in various sections of the gaming legislation. It derives its authority solely from the Rules of Racing. The Rules of Racing operate through their contractual force—all those who participate in racing agree to be bound by them. Thus they bind the Conference itself, district committees, clubs, members of clubs, owners, trainers, jockeys, and it is claimed all who apply for admission to a racecourse on which a meeting is held.

23. The Rules may be amended at any annual meeting of the Conference, but only by a special resolution passed by a majority of not less than two-thirds of the number of valid votes recorded on a motion of which not less than 2 months' notice has been given in the official calendar.

24. The annual meeting of the Racing Conference is empowered to make regulations for the conduct of its business or that of any committee of it, or of any district committee; and also to make such orders as it considers expedient for promoting, regulating, and improving racing in New Zealand.

25. At its annual meeting held in July each year, the Conference considers special resolutions and decides general business, matters of policy, dates for the next succeeding racing year, and the levy for the expenses of the following year's Conference. All totalisator clubs other than hunt clubs are represented. Each metropolitan club is entitled to two representatives and other clubs to one each. Hunt clubs have neither representation nor voting rights though it is not unusual for a delegate from a racing club to be also an official of a hunt club.

Voting Rights

26. The voting rights, as distinct from representation, differ among clubs thus:

Metropolitan Clubs: The 10 metropolitan clubs have 91 votes according to this distribution (votes are not related to the number of racing days).

Table 2 (a)

VOTING STRENGTH—METROPOLITAN CLUBS

Club	Votes	Days Racing
Auckland	16	17
Waikato	11	8
Taranaki	5	5
Wanganui	9	7
Hawke's Bay	9	8
Wellington	14	13
Canterbury	12	12
Dunedin	7	9
Southland	5	6
Greymouth	3	3
	91	88

27. *District Clubs:* The votes of district clubs are related to the number of racing days. Clubs with not more than three days' racing have one vote each; clubs with more than three days' racing have one vote, plus one additional vote for each day over three, thus:

Table 2 (b)

VOTING STRENGTH—DISTRICT CLUBS

No. of Clubs				Total Racing Days	Total Votes
40 (up to 3 days)	..	..	..	73	40
21 (3 + days)	..	..	..	93	51
61 District	..	..	..	166	91
10 Metropolitan	..	..	..	88	91

28. Thus the votes of the 10 metropolitan clubs equal those of all other clubs. Moreover, the President of the Conference, who usually comes from a metropolitan club, has a deliberative vote in his own right as president and as well a chairman's casting vote in the event of a tie.

29. The Conference maintains a substantial administrative organisation in Wellington, under the executive control of the Secretary of the Racing Conference. Administrative expenses are paid from a levy on clubs.

Executive Committee of Conference

29. The Rules of Racing provide for an Executive Committee of the Racing Conference consisting of the President of the Conference, the Vice-President, and one representative of each metropolitan district. Their services are unpaid.

30. The Executive Committee, as well as performing certain specific functions imposed on it by the Rules of Racing may, under those Rules, do all things necessary to efficiently administer the business of the Conference between meetings, and to exercise control over racing. Thus it acts as the day-to-day executive body of racing.

HUNT CLUBS

31. Hunt clubs are registered with the Racing Conference. Totalisator hunt clubs have only one representative on each of their district committees, but have no representation or voting rights at Conference level. This is a cause of much concern to them.

32. Hunt clubs, when running totalisator meetings, race on the tracks of racing clubs, usually paying a rent for the day. On these occasions it is difficult to distinguish their activities from those of ordinary racing clubs. Often the stakes are lower because they use a part of the takings towards the costs of their own hunting meets, and another part to subsidise hunt clubs which do not have totalisator licences. Their meetings have a high proportion of steeple and hurdle races. It is because their racing activities are so like those of the average racing club that we generally include "totalisator" hunt clubs when we speak of "racing".

TROTTING

33. There are no districts nor district committees in the administrative structure of trotting, which is threefold: trotting clubs; the Executive Committee of the Trotting Conference; and the annual meetings of the Conference.

Clubs

34. As with racing clubs, trotting clubs are of two kinds—those which are authorised to use the totalisator at their meetings and those which are not. There are 47 totalisator clubs and 19 non-totalisator clubs registered under the Rules of Trotting. Each club is incorporated under the Incorporated Societies Act 1908. Each elects its own committee to manage its affairs. Larger clubs employ full-time secretaries and other office assistance; most have only a part-time secretary. Clubs elect honorary stewards. Two stipendiary stewards appointed by the Trotting Conference must attend every totalisator meeting, and they alone or with a club steward (approved by the Executive Committee and for the purposes of the Rules assumed to be a stipendiary steward) control the day's racing according to the Rules. Among other powers, stipendiary stewards act as the judicial tribunal of the day. They have the sole power to consider and determine all matters needing judicial attention. We shall deal more fully with their judicial powers later in this report.

35. Clubs may hold totalisator meetings only on days approved by the annual meeting of the Trotting Conference, and each programme of races must also be approved. Within the limits of the Gaming Act, the Rules, and the supervision of the stipendiary stewards, a club may run its meeting in any way it thinks fit. It can charge admission, contract out its catering and other services, and run any number of races it likes, as long as the totalisator is not opened on more than nine times a day.

36. Like racing clubs, some trotting clubs own their own totalisator machines, but most hire them. The stewards of the club supervise the operation of the machine. A totalisator inspector is also present.

Executive Committee

37. The Rules of Trotting also set up an Executive Committee consisting of the President, North Island Vice-President, South Island Vice-President and 10 other people. Five of the 10 must be nominated by South Island clubs, and 5 by North Island clubs.

38. This is the position after an amendment made to the Rules of Trotting at the 1970 Annual Conference. Previously the Treasurer was on the Executive Committee and 6 of the 10 other people were nominated by South Island clubs and four by the North Island clubs. The amendment recognises the growth of trotting in the North Island.

39. The Executive Committee has wide powers, similar in their general scope to those of the Executive Committee of the Racing Conference.

The Trotting Conference and the Rules of Trotting

40. The Trotting Conference, like the Racing Conference, is in form and constitution an association of clubs. It is not a statutory body, nor is it incorporated, but its existence is recognised and accepted in the relevant legislation. It derives its authority solely from the Rules of Trotting, rules which regulate the sport and bind all who take part therein. Like the Rules of Racing they operate on a contractual basis. All who engage in trotting in whatever capacity agree to be bound by them. And so they also govern the actions of licensed trainers and drivers, owners, clubs, and the Conference itself and, again it is claimed, all people who apply for admission to a trotting course on which a trotting meeting is held. The Rules may be amended by special resolution passed at the annual meeting of the Conference or at any special meeting called for that purpose. A special resolution is one passed by a two-thirds majority, of which not less than 1 month's notice has been given in the official calendar. The Conference in annual meeting has power to make all regulations necessary to conduct its business or that of any sub-committee; and also to make orders which in its view are necessary for promoting, regulating and improving trotting throughout the country. Among the special matters to which it turns its attention every year on the occasion of its annual meeting are the fixing of dates for trotting meetings for the next year and the deciding of the amount of the levy made to cover its administrative expenses. The Trotting

Conference like the Racing Conference maintains a substantial administrative organisation under the Secretary of the Trotting Conference, with its headquarters in Christchurch.

Voting Rights

41. It differs considerably from the Racing Conference in representation and voting strengths. In this, perhaps, is seen the clearest indication of the more "democratic" approach which the trotting code favours. Each club is entitled to one representative, each representative to one vote. The Auckland Trotting Club with two representatives, and two votes, is a special exception—the concession being made, it rather seems, to partially redress the difference in voting strength between the North and the South Islands. Trotting is, or has been hitherto, more popular in the South than in the North Island.

NON-TOTALISATOR CLUBS

42. There are 51 clubs without totalisator licences registered with the Racing Conference as clubs conducting race meetings. These, known as "non-totalisator clubs", comprise polo clubs, sports clubs, beach racing clubs, and some hunt clubs. Some have not raced for years. Some conduct only picnic meetings of the simplest kind; others run to more sophisticated racing and amenities; and some have equalisator facilities for their patrons.

43. There are 19 non-totalisator clubs similarly registered with the Trotting Conference. Some of these non-totalisator trotting clubs are quite active and regularly run trials to qualify horses to race at a totalisator meeting. Many provide equalisator facilities. Most of them hold their trials and other races on the courses of totalisator trotting clubs.

44. Non-totalisator clubs do not have any representation or voting rights in their conference structures. They are registered with the respective Conferences, if for no other reason than that the Race Meetings Act 1909 allows meetings only under licence from the Minister of Internal Affairs, and the policy of successive Ministers has been to grant licences only to those clubs registered with one of the Conferences. Furthermore, the authority to deduct a commission from equalisator investments is limited by s. 45, Gaming Act 1908, to clubs which are so registered.

45. In the 1968-69 season, the Minister granted a total of 130 licences to non-totalisator racing and trotting clubs.

TRAINING FACILITIES

46. The 88 racing clubs race on 59 courses. All these courses have training facilities, some better than others. There are also tracks used only for training, for example, those of the Cambridge and Opunake Racing Clubs. Large training establishments are owned and run by the Auckland Racing Club at Takanini and by the Hawke's Bay Jockey Club at Hastings. A number of non-totalisator clubs also have training facilities of varying standards.

47. The Racing Conference has a training track subsidy scheme. There is a levy proportionate to the totalisator turnover of all clubs, and out of this, a subsidy of up to \$2 per month for each horse trained on a club's track(s) is paid to that club. Pressures of urban settlement with rising land costs and planning restrictions have made country clubs' training facilities more appreciated.

48. The Trotting Conference does not subsidise training. A marked feature of trotting is that many horses are trained either fully or partly by owners on their own properties. Moreover, many trainers have their own training tracks, usually short ones of a few furlongs. However, some trotting clubs have excellent training facilities (for example, Franklin Trotting Club) providing stables and yards which are leased to trainers on a long-term basis.

THE JUDICIAL SYSTEMS

49. The judicial systems in the two codes are quite different, and must be outlined separately.

Racing

50. *Club Stewards*: At club level, administrative control of a race meeting and its judicial and disciplinary concomitants are given to honorary club stewards. They may with the permission of the President of the Racing Conference postpone a meeting to another day (subject to the Minister's approval of that day), declare a race void, have horses tested for drugs, require proof before a horse is started in a race that it is not owned by a person ineligible to enter it, determine questions about the totalisator and betting on it, fine, suspend or disqualify officials, trainers, jockeys or other people subject to their control for misconduct or breach of duty, impose upon people committing a breach of the Rules of Racing for which no penalty is elsewhere provided in the Rules a fine not exceeding \$200, disqualify horses, and generally determine in such manner as they think fit any matter arising in connection with the meeting for which no provision is made in the Rules of Racing.

51. Stewards of a club must appoint a judicial committee for each race meeting of not less than three or more than five of their members. The judicial committee considers complaints, objections and protests about racing at the meeting, any matter in connection with the riding or running of any horse, questions of application or interpretation of the Rules of Racing, questions of qualification of people or horses, all matters submitted by the stewards or a stipendiary steward or a racecourse inspector, and generally any matter needing judicial determination under the Rules of Racing.

52. *Stipendiary Stewards*: The Racing Conference itself employs full-time paid "stipendiary" stewards. These, by virtue of their office, are stewards of every race meeting at which they are officially present. As such, they are entitled to attend all meetings, inquiries, or investigations held by the club stewards during race meetings, but they are not entitled to be present during the deliberations of club stewards. They have no judicial powers. They are helped on race days by assistant stipendiary stewards employed part-time by the Conference.

53. It is a concurrent duty of a stipendiary steward to investigate any matter arising in connection with a race or race meeting which in his opinion needs investigation. He may thus initiate inquiries into incidents occurring during the running of races and lay charges against people alleged to have committed breaches of the Rules relating to riding in races. He has also a general duty to closely watch all aspects of a race meeting, ensure that the Rules of Racing are complied with, initiate necessary inquiries, and report to the Executive Committee after each meeting.

54. *Rights of Appeal*: Any person aggrieved by any decision of the stewards, committee, or officials of the club, which is not a decision declared by the Rules of Racing to be final, may appeal to the district committee, and have legal representation. Irrespective of there being any appeal lodged from a decision of the stewards or committee or judicial committee of any club, the district committee itself may approve any such decision in whole or in part, or reverse it, or refer it back for further consideration.

55. There is yet another right of appeal. Any person or club aggrieved by a decision of any district committee may appeal to a tribunal of three judges appointed by the President of the Racing Conference. Again, at this hearing, parties are entitled to legal representation.

Trotting

56. *Stewards*: The judicial system of trotting differs from that of racing mainly by giving its stipendiary stewards greater jurisdiction.

Though the honorary club stewards are responsible for the general running of a race meeting, stipendiary stewards, and their part-time assistants, have superior powers. Two must attend every totalisator trotting meeting, and along with an approved club steward assume executive and, especially, disciplinary and judicial control, similar to that set out in para. 50 above. As full-time officers of the Conference, they continue in office after the meeting to complete any business or matter arising during the meeting. Any matter arising otherwise is dealt with by the Executive Committee of the Conference.

57. *Rights of Appeal*: Any person aggrieved by any decision given under the Rules of Trotting by the Executive Committee, by the stipendiary stewards or by the committee of any club or club officer, may appeal to the Trotting Conference except where the Rules declare that the particular decision is final or is to be made in the discretion of the tribunal giving it, or in respect of fines not exceeding \$50 or suspensions not exceeding one month. Such appeals are heard by three appeal judges appointed by the President of the Trotting Conference. Every person directly affected may be represented by counsel. In addition anybody who has been penalised and who has no right of appeal may apply to the Executive Committee for a reduction or cancellation, which the Committee has full power to grant.

Finlay Royal Commission's Views

58. The relative merits of stipendiary judicial control and of that of honorary club stewards were debated at some length before us, as they were before the Finlay Royal Commission. The Finlay Commission after describing the introduction in 1946 of stipendiary control over trotting said:

159. The fundamental objection to the system is that the stipendiary stewards officiating at any meeting are at one and the same time informants, prosecutors, and judges. In favour of the system it is claimed that the stipendiary stewards are chosen for their experience and knowledge of the sport and that administration by men of that experience and knowledge must necessarily be of a higher quality than work done by men not so well qualified. It is further claimed that the work is done more expeditiously in that professionals act more quickly than amateurs. It is further claimed that bias caused by friendship is precluded from influencing the stewards and that a continuity of supervision is maintained.

160. It may well be that the system is, in many respects, superior to a system based upon amateur administration, but its efficiency must, in the ultimate result, depend upon the efficiency, integrity, and independence of the men in whom authority is vested. The only possible weakness of the system lies in the absence of impartiality in the exercise of the judicial functions delegated to the stipendiary

stewards. It is at that point that the favourable disposition to one another of men engaged in the same vocation and the possible bias that may be caused by constant contact with the persons over whom they are exercising jurisdiction might find most play. Then, too, the universality and autocratic character of the functions delegated to them may result in a dogmatic attitude of mind which would be absent from an administration vested in amateurs.

161. However, these are purely speculative considerations, and the fact remains that the system has won the approbation, up to date, of those most concerned. Its continued future operation will doubtless be regarded with a great deal of interest by all persons associated with the administration of racing in any of its forms so that uniformity in such matters, which is always susceptible of achievement, may ultimately obtain. The functioning of the honorary system maintained by the Racing Conference was the subject of some discussion before us. No adverse criticism of any great weight was directed to it, but particular reference was made to the appellate function of the honorary administrators.

59. The rival views seemed to have been very much the same then as they are now. We deal with them in more detail later. It is desirable however to note now that the Finlay Royal Commission, while not recommending a changed judicial system for trotting, did recommend a change for racing. To overcome some stated difficulties and to maintain uniformity, it suggested that the Racing Conference should appoint a rota of judges for each metropolitan district and that one of those judges should sit as chairman of the judicial committee at every meeting held in that metropolitan district. Legal practitioners with a knowledge of racing should be preferred as chairmen. Since then in some districts (for example in Hawke's Bay) panels of judges have been set up, but the practice is by no means general. The Racing Conference has not itself appointed the suggested rota.

AUXILIARY ORGANISATIONS

Breeders

60. The New Zealand Thoroughbred Breeders Association, Inc., is governed by a national council of 18. There are nine branches throughout the country. Although there are some 3,000 thoroughbred brood-mare owners, the association has only 950 members.

61. The association's main objects are to encourage, promote, advance generally, and ensure co-operative efforts in all matters pertaining to the production and improvement of thoroughbred horse breeding, and to encourage the development of veterinary research and treatment centres for horses. It is financed by subscriptions, a voluntary levy on vendors at the national yearling

sales, interest on investments and by the Racing Conference's allowance of 50 cents from the brand-fee payable for each horse on registration.

62. New Zealand produces about 1,800 thoroughbred foals a year. Overseas sales at the Trentham Yearling Sales have averaged \$966,000 over the past 3 years, and this represents 62 percent by number and 78 percent by value of all yearlings sold at the national yearling sales. We have no figures for private sales but we do know that there are many of these and that they are growing.

63. The New Zealand Trotting Owners, Trainers, and Breeders Association, Inc., comprises mainly breeders, owners and trainers of trotting and pacing horses, but some other people interested in the sport can be members. Its main aim is to advance trotting. It has nine branches and a total membership of about 3,000.

64. There are 1,756 breeders listed in the New Zealand Trotting Stud Book. The 1968-69 season produced 1,502 foals. Overseas sales have been increasing rapidly, 398 horses being sold overseas in 1968-69, compared with 194 sold in 1960-61. In 1968-69, 218 were sold to Australia, 5 to Britain, and 175 to the United States and Canada. Markets have thus been successfully developed.

Owners

65. There is no exclusive owners' organisation in racing or trotting. The New Zealand Racing Owners and Trainers Federation, Inc., as its name suggests, includes both owners and trainers. The aims of this society include the conservation, promotion, and the advancement generally of the interests and welfare of owners and trainers of thoroughbred horses, and all matters conducive to the advancement of the sport. The federation has nine district associations and a membership of 1,454. A number are both breeders and owners. Trotting owners may be members of the New Zealand Trotting Owners, Trainers, and Breeders Association.

Trainers

66. Trainers also have no exclusive organisations. Racing trainers may be members of the New Zealand Racing Owners and Trainers Federation, while the trotting trainers may join either the New Zealand Trotting Owners, Trainers, and Breeders Association, or the New Zealand Trotting Horsemen's and Trainers Association.

67. The New Zealand Trotting Horsemen's and Trainers Association is an incorporated society of those holding trainers or drivers licences issued by the Trotting Conference. It was formed in 1948

to protect and regulate the occupation of drivers and trainers and to further the sport of trotting. It has 478 members, though at present there are 440 holders of professional trainers and horsemen licences, and 522 holders of similar amateur licences. There are as well 62 probationary horsemen and 165 horsemen entitled to drive at matinee and trial meetings only. The membership does, however, cover practically all established stables, and drivers regularly engaged. Most of its members are also members of the New Zealand Trotting Owners, Trainers, and Breeders Association.

68. A professional trotting trainer or horseman may train or drive horses for reward. The amateur trainer can train only those in which he has at least a half interest. An amateur horseman must drive without reward. Amateur licences are consequently taken out mainly by owners who train and drive their own horses.

Jockeys

69. The New Zealand Jockeys Association, Inc., with 300 financial members out of the 345 registered jockeys and apprentices, has as its main aims to promote the welfare of jockeys and to represent them in negotiations with the Racing Conference.

General

70. Any of these organisations may make representations to their respective Conferences, but none, as such, is represented on either Conference. Some breeders and owners are, however, members of racing and trotting clubs, and indeed many represent clubs on their Conferences. The Rules of Trotting prohibit professional trainers or drivers from being members of trotting clubs. In racing, this matter is left to the decision of the clubs themselves.

71. All these auxiliary bodies appeared and gave evidence before us.

Racecourse Inspectors

72. The Racing Conference employs racecourse inspectors, usually recruited from and working closely with the Police. Their duties include policing control of entry to courses of undesirable and disqualified people, patrolling racecourses during meetings to ensure no undesirable or illegal practices are taking place, investigating alleged administration of drugs to horses, interviewing annually all apprentices to ensure that they are properly looked after by their employers and that the terms of their apprenticeship agreement are carried out, and investigating any other matters which the Conference Executive requires.

73. By arrangement, these inspectors also carry out similar work for the Trotting Conference, and also police the regulations made by the TAB under s. 7 (2) Gaming Amendment Act 1949 controlling entry of people to TAB betting premises.

74. It is generally accepted that such racecourse inspection is worth while. We heard no criticism of inspectors, nor any suggestion that their duties be changed.

FINLAY ROYAL COMMISSION VIEWS ON STRUCTURE

75. The Finlay Royal Commission's evidence and views on these organisations are still relevant, for there has been little change since 1947. We will take this up in more detail in chapter 14, remarking here that it saw the need for a body independent of the Conferences which would advise the Minister on all horse racing matters and, especially, would consider administrative proposals and proposals for expenditure by clubs.

76. It recommended a board consisting of a representative of the Racing Conference, a representative of the Trotting Conference, one member of the public and an independent chairman appointed by the Minister. It set out in detail its idea of the board's work. This recommendation was not implemented.

Chapter 5. THE MINISTER AND THE DEPARTMENT OF INTERNAL AFFAIRS

THE MINISTER

1. The Minister of Internal Affairs has charge of the legislation on horse racing and betting thereon. His powers and duties are defined in the Gaming Act 1908 and its amendments, and in the Race Meetings Act 1909. Most of them are fully described in various sections of this report.

2. Briefly, they empower him to:

- (a) Grant totalisator licences to racing, hunt, and trotting clubs up to the numbers specified in the section; and to specify the days on which they must be used. (Section 50 (1) and (2), Gaming Act 1908—see chapter 6.)
- (b) Allow a totalisator licence to be used on other than a Saturday or public holiday if having regard to the conditions and circumstances he considers it expedient. (Section 50 (4A) Gaming Act 1908—see chapter 6.)
- (c) Revoke any licence granted. (Section 50 (6) Gaming Act 1908.)
- (d) Revoke the totalisator licence of a club if satisfied that it has wilfully or negligently failed to use all reasonable means of preventing bookmakers plying their calling on its racecourse. (Section 4, Gaming Amendment Act 1910.)
- (e) Approve the public or charitable purposes to which a club on dissolution must dispose of its assets. (Section 6 Gaming Amendment Act 1924—see chapter 4.)
- (f) Approve a scheme submitted by the Racing and Trotting Conferences for the establishment and operation of TAB off-course betting, and any variation submitted to him. (Section 9 (1) and (5) Gaming Amendment Act 1949—see chapter 12.)
- (g) After consultation with the TAB, recommend to the Governor-General the making of regulations for regulating the establishment and conduct of totalisator agencies. (Section 9B Gaming Amendment Act 1949—see chapter 17.)

- (h) Approve applications by the TAB to receive investments on
 - (i) any horse race outside New Zealand; (ii) a double on two horse races run in New Zealand or overseas on the same day, or on different days at different racecourses or on different days on the same racecourse at the same meeting. (Section 2 Gaming Amendment Act 1967—see chapter 17.)
- (i) Grant or refuse a licence to any club to run horse races, subject to conditions about the number, character, times, and places of the races and management and control; and revoke any licence granted. Racing clubs to which this authority applies are those whose racing is not authorised to use the totalisator. (Sections 2, 4, and 9 Race Meetings Act 1909—see chapter 4.)

3. The Minister also is responsible for policy issues relating to horse racing and betting on it.

THE DEPARTMENT

4. The Department of Internal Affairs administers the various horse racing and gaming statutes, with the Police Department responsible for the penal aspects. The Department of Internal Affairs sees its role as mainly regulatory, with an implied responsibility to protect the public interest in horse racing and gaming. But it must also advise its Minister on policy issues.

Totalisator Inspectors

5. The various Acts impose only one specific duty on the Department—to inspect totalisators and totalisator agencies. “Totalisator Inspectors”, officers of the Department, were first appointed in 1918, and by s. 7 Gaming Amendment Act 1924 were given wide powers of entry, inspection, and enforcement to ensure proper operation of the totalisator.

6. The Gaming Amendment Act 1949 added the supervision of TAB operations to their duties. Inspectors now regularly visit a number of branches or agencies of the TAB.

7. At least one inspector attends every totalisator meeting to fulfil not only the specific statutory duties, but to safeguard the interests of the public and to ensure that taxation on totalisator investments is properly calculated. Thus the inspector independently reconciles the betting on each horse with total betting; calculates club deductions and totalisator duty; calculates dividends; and reconciles all of these with the calculations of the totalisator

manager. He also ensures that the display of odds gives the public a good guide to the approximate dividends. The Department has no other responsibility for or jurisdiction over horse racing.

No Change Needed

8. The Finlay Royal Commission considered departmental supervision essential, and recommended it continue. We agree. We have had no evidence to the contrary, and no suggestions for extension of departmental powers, except that it be given some specific regulatory and inspectorial powers over the use of equalisators and the conduct of jackpots. We shall deal with those subjects later (chapter 18).

Chapter 6. TOTALISATOR LICENCES AND DATES FOR MEETINGS

TOTALISATOR LICENCES

1. In chapter 3 we described the growth and present distribution of totalisator licences issued by the Minister at his discretion under s. 50 (1) and (2) of the Gaming Act. The section limits the number of days on which totalisator licences may be used to 232 for racing clubs, 16 for hunt clubs, and 109 for trotting clubs, though the Minister may grant up to 47 extra licences after consultation with the two Conferences. For many years all the extra licences have been allotted, hence the total of 404 day licences (254 to racing clubs, 17 to hunt clubs, and 133 to trotting clubs). Subsection (4) allows only one totalisator licence to be granted to any hunt club in a year. Subsection (4A) restricts licences to Saturdays or public holidays unless the Minister has good reason to decide otherwise.

ALLOCATION OF DATES

2. The allocation of dates on which licences may be used is one of the thorniest practical problems in horse racing administration for two reasons: first, modern transport now allows people to travel widely to meetings; second, the growth of legal off-course betting through the TAB. There was little trouble before the spread of modern transport and the TAB. Any number of clubs could race on the same day without interfering with each other's attendances or totalisator turnovers, except if they were close and drew on the same public.

Mid-week Racing

3. Before 1953, mid-week racing was not usually allowed, nor, indeed, was there any great demand for it. But gradually, as clubs came to rely more and more on a share of the profits of TAB off-course turnovers, they tended to apply for more mid-week days when no other club would be racing, for then they could be reasonably sure of a substantial off-course turnover coming from a wide area. Free mid-week dates became fewer and fewer. Moreover, some mid-week days are better than others. Mondays are generally considered unsuitable because form publications usually come out on the Tuesday of each week, and this is thought to

discourage betting on a Monday meeting. Tuesdays and Wednesdays are suitable. Thursdays are unsuitable because this is the TAB's weekday holiday. Fridays, too, have disadvantages: weekend shopping takes priority, and totalisator staff is harder to hire, though recently a night-trotting meeting at Auckland proved successful.

4. Nor is the Minister's power to grant mid-week dates unrestricted: he must consider local conditions and all other relevant circumstances. Since 1953 Government policy has generally, but by no means rigidly, restricted mid-week horse racing to country meetings, which are thought to have less effect on industry.

Difficulties of Allocation

5. It is quite difficult, then, to fit 404 days horse racing into dates which do not create substantial competition either for on-course or off-course turnovers. Though under the legislation clubs can apply directly to the Minister, the Rules of Racing require them to put their application through the Conferences, which, after consulting together, recommend to the Minister the clubs to be given licences, and the licence days. Successive Ministers have seemed largely content to act on the advice of the Conferences. As the Conferences have for practical purposes distributed the licences within the statutory limit, they have borne the brunt of the many disappointments and frustrations of clubs, which consider the licences given them to be either inadequate in number or unsuitable in date. And this despite the procedures adopted by the two Conferences to ascertain the wishes of clubs before a list is prepared and advice given the Minister.

Allocation Procedure of Conferences

6. The Racing Conference follows broadly this procedure before it makes its recommendations to the Minister:

- (a) By 30 April each year every club which proposes to hold a totalisator meeting in the next racing season applies for dates to its district committee.
- (b) Any club wishing to race on a date not previously held by it must give its reason not only to the district committee but also to any club which has raced on that date.
- (c) The district committee sends all applications with its recommendations to the Conference Secretary.
- (d) The list of all dates applied for is circulated to every totalisator club. Each can then object to dates applied for by other clubs, or can amend its own application.

- (e) The Executive Committee of the Conference next considers all applications, amendments, and objections, and meets the Executive of the Trotting Conference to try to avoid undesirable clashes of dates.
- (f) When this has been done, the Executive Committee recommends to the annual meeting of Conference the date or dates which should be allotted to each club.
- (g) The annual meeting of the Conference then recommends to the Minister.

7. The Trotting Conference adopts the same general procedure, except that as there are no district committees, clubs apply direct to the Conference Secretary.

8. Any objection involving a conflict of dates between the codes is, after consideration by the Executive Committees, referred to the Combined Committee of the New Zealand Racing and Trotting Conferences. When the two Conferences are unable to agree, the Minister of Internal Affairs is asked to arbitrate. When they do agree the Minister generally acts on their recommendations.

Chapter 7. DISTRIBUTION OF COURSES AND TOTALISATOR LICENCES

Racecourses

1. There are 72 racecourses in New Zealand presently used by racing and trotting clubs holding totalisator licences, 37 in the North Island and 35 in the South Island. In the North Island 24 are used exclusively by racing and hunt clubs, 5 by trotting clubs, and 8 by both racing and trotting clubs; in the South Island 12 are used by racing and hunt clubs exclusively, 8 by trotting clubs, and 15 by both racing and trotting clubs.

Distribution of Totalisator Licences

2. The 404 existing totalisator licences (271 racing, 133 trotting) are spread over the 72 courses. The following table relates the number of licences to courses using them, and distinguishes South Island figures.

Table 3

COURSES AND TOTALISATOR LICENCES

No. of Licences per Course	No. of Courses New Zealand	No. of Courses South Island
1	6	6
2	13	7
3	9	6
4	7	1
5	9	4
6	6	2
7	5	2
8	4	2
9	1	1
10	4	1
11	1	0
13	2	1
14	2	1
18	2	0
19	1	1

3. Table 3 shows that only 23.6 percent (17 courses) are used on 8 or more days each year; only 27.8 percent (20 courses) are used between 5 and 7 days each year; 48.6 percent (35 courses) are used less than 5 times each year.

4. The optimum number and distribution of racecourses which would best serve the two codes and the needs of the public, and the appropriate number and distribution of totalisator licences including redistribution of present licences are all matters which have long concerned those connected with racing and trotting. The establishment of TAB off-course betting has increased their importance. These matters were among the most controversial which we had to consider. They were canvassed before us at considerable length. Their proper consideration in depth demands some statistical background.

Statistical Background

5. We have had prepared various schedules, appendices 5 to 7 in this report, to give essential data further to table 3 above.

6. Appendix 5A-D, based on statistics produced by the Department of Internal Affairs, relates licences, area turnovers and daily turnovers (1968-69) for racing and/or trotting to population determined on the basis of Department of Statistics statistical areas.

7. Appendix 6A-C gives similar information, but on the basis of smaller areas of 40 miles radius from the main horse racing centres. (A 40-mile circle would include racegoers living approximately 50 road miles or an hour's journey from the course. We were often told that racegoers are reluctant to travel further than this.) The radial areas overlap in places: thus in this calculation the same people are often included in more than one circle. Appendix 6c includes some 1969-70 figures.

8. Appendix 7A-C gives similar information (1968-69 figures), but on a basis of different geographical areas.

Horses in Training 1968-69

9. Another factor of importance in any consideration of a distribution of racecourses and totalisator licences is the distribution of horses in training throughout New Zealand. The Racing Conference has figures of subsidies paid for horses trained on different courses and these together with information obtained by us during our visits to different areas point to this percentage distribution among metropolitan districts:

Table 4

GALLOPERS IN TRAINING

Metropolitan District	Gallopers in Training
	Percentage
Auckland	17.2
Waikato	25.5
Hawke's Bay	10.7
Taranaki	5.9
Wanganui	11.7
Wellington	7.0
Canterbury	9.4
Greymouth	1.1
Dunedin	5.1
Southland	6.4

10. The Trotting Conference having no training subsidy scheme has had to confine its information to horses which raced in a given year, and these do not necessarily include all in training. The 1,662 horses which raced in the 1968-69 season were distributed for training purposes in these percentages:

Table 5

TROTTERS IN TRAINING

District	Trotters in Training
	Percentage
Auckland	16.5
Waikato	11.5
Taranaki	1.5
Manawatu (including Wanganui)	2.9
Wellington (including Wairarapa)	2.9
Nelson and Marlborough	1.6
West Coast	1.6
Canterbury	42.7
Otago	4.5
Southland	14.3

Chapter 8. PRESENT FORMS OF BETTING

1. Forms of betting are restricted in New Zealand, and were until very lately confined to "win" or "place" and "doubles". Much betting in other countries, especially in Europe, is multiple in form, and most various.

WIN AND PLACE, AND DOUBLES

2. Win and place bets can be made on-course through the totalisator, or off-course through the TAB. The unit of investment is \$1. The pool of win bets is divided among those holding tickets on the winning horse, and the pool of place bets among those holding tickets on the dividend-paying placed horses.

3. In doubles betting, the bettor must select the winners of two races. On-course, the bets are put through the totalisator as a separate pool. The unit of investment is 50 cents, but some clubs require a minimum investment of \$1. Doubles may, at the discretion of the club, be either "straight out" where payment is made only if the two horses selected both win, or they may be "concession doubles" where the pool is divided in the ratio of 70 percent to those selecting the winners of both races, and 30 percent to those selecting the winner of the first race and the second horse in the second race. Originally clubs operated only one on-course double in a day's racing, but more recently there may be two or even three. The TAB accepts bets on one of these club doubles at each meeting, and that has become known as "the on- and off-course double". Doubles for which the TAB does not accept off-course bets are called "on-course doubles".

4. The Totalisator Agency Board also operates special "off-course" doubles on races run on the same day by two different clubs, such as the Easter Cup run by the New Zealand Metropolitan Trotting Club and the Easter Handicap run by the Auckland Racing Club; or on races run by the same club on different days, such as the Great Northern Hurdles and the Great Northern Steeples, both run by the Auckland Racing Club but on different days. It also operates win and place betting on some overseas races such as the Australian Melbourne Cup. In all these cases it builds and distributes its own pool.

5. Win and place turnover in 1968-69 amounted to \$78,887,874 (61.75 percent of total on- and off-course betting), and doubles turnover to \$48,872,801 (38.25 percent of the total).

JACKPOTS

6. From 1969, to attract people to meetings, some totalisator, and at least one non-totalisator, racing and trotting clubs have operated "jackpots". The first jackpot was conducted by the Bay of Plenty Racing Club at its meeting on 22 March 1969. Since then jackpots have spread, become varied, and have reached large sums.

7. A jackpot is run on-course only. An investor must select the winners of five or six races nominated by the club from the day's programme. The bettor makes his selection on special forms obtainable only on the course. Clubs claim jackpot betting to be justified by s. 45 of the Gaming Act 1908 which allows certain sweepstakes to be held on a racecourse. This section states:

Nothing in this Act shall apply to any sweepstake got up on a racecourse, provided . . . that the several contributions thereto do not exceed five shillings each, and that the whole sum contributed goes to the winner without any deduction on any account:

Provided that, where the sweepstake is conducted in respect of any horse race by a racing club (being a racing club registered as such in accordance with the rules of the New Zealand Racing Conference or the New Zealand Trotting Conference) that is not authorised to use the totalisator, the racing club may deduct, by way of commission, from such whole sum as aforesaid an amount not exceeding ten per cent thereof.

8. Though the maximum investment so permitted is 50 cents, a bettor may put in as many entries and as many combinations of horses as he wishes at 50 cents each. The betting is recorded manually and the investments are kept completely separate from those going through the totalisator. No totalisator duty is payable under present legislation and a totalisator club receives no commission. A non-totalisator club, however, may deduct a club commission of 10 per cent. The whole pool in the case of totalisator clubs, and the pool less the 10 percent commission in the case of non-totalisator clubs, must be paid to the person or persons who have selected the required number of winners. If no one wins the "jackpot" on the day, the pool is generally carried forward to the next meeting of the same club, and so on until it is won. But some clubs arrange among themselves that if it is not won at one club's meeting, the pool is carried forward to the next meeting of one of the other clubs. More recently some clubs have arranged for the jackpot to be terminated by a fixed date by awarding the jackpot to whoever selects most winners on that particular day.

9. Jackpots are expensive for clubs, but those who run them expect that they will attract more people on to the course, and thus increase totalisator turnovers.

10. Recently one jackpot pool reached \$482,687. We think it extremely unlikely that the framers of s. 45 contemplated this development.

EQUALISATORS

11. Some clubs which do not hold totalisator licences use equalisators, another form of sweepstake conducted under s. 45 quoted above. The term "equalisator" is, so we were told, unknown outside New Zealand. It applies to a sweepstake run in this fashion: tickets are available with letters of the alphabet covering the number of horses starting in a race—if there are eight starters tickets A to H are sold. The bettor cannot nominate the horse on which he wishes to bet. He must take the next lettered ticket or tickets available for sale. At that point of time, the letter on the ticket is not related to a particular horse. An equal number of tickets for each letter is sold. After the closing of betting and before the start of the race, club officials make a draw to allocate letters to horses.

12. As an equal number of tickets is sold on each horse and as the whole amount invested, less the commission of 10 percent which a non-totalisator club is entitled to deduct, must be paid to winners, the dividend payable depends entirely upon the number of horses starting in the race. In an eight-horse race the dividend for each 50-cent winning ticket is calculated in this way: 8 horses at 50 cents equals \$4, less commission 10 percent equals a dividend of \$3.60.

13. This form of betting is nowhere near as attractive as those whereby the bettor can select his own horse. It is usually adopted by clubs because they cannot get totalisator licences. We have no information about the turnovers of these clubs.

Chapter 9. FINANCES

1. The earnings of those engaged in horse racing depend largely upon the amount of stake money which, in turn, depends upon what clubs can afford in stakes. Club income is therefore a convenient starting point.

2. In our preface we explained that though it was necessary to use throughout this report mainly figures for the 1968-69 horse racing year ending 31 July, the inferences to be drawn from these figures must be subject to the qualification that an overall improvement is now apparent for 1969-70, and possibly may still be continuing.

CLUB INCOME

3. The Racing Conference supplied an income and expenditure account covering all totalisator racing clubs for the 1968-69 season. The Trotting Conference supplied a similar account for totalisator trotting clubs. These together show that the total income of those clubs, after deducting the totalisator operating costs, was \$8,485,437 (racing \$6,006,106 and trotting \$2,479,331). The sources were totalisator income, TAB profits, and other income.

Totalisator Income

4. This is made up of club commissions on on-course totalisator investments, rebate of totalisator duty, unclaimed dividends, and fractions. We very briefly explain these. Some we have mentioned before.

5. Clubs are entitled to deduct commission from their on-course totalisator investments at the rates fixed by s. 2 Gaming Amendment Act 1968. The current rates are 7.50 percent on win and place investments and 10.18 percent on doubles investments.

6. The rebate of duty is provided for in s. 2 (3) Stamp Duties Amendment Act 1967 and is the equivalent of $2\frac{1}{2}$ percent on the first \$100,000 of each club's totalisator turnover with a maximum of \$2,500 to a club.

7. Racing and trotting clubs may retain unclaimed totalisator dividends, because, not knowing the names of bettors, they cannot possibly meet the requirements of the Unclaimed Moneys Act 1908 to refer them to the particular owners. Nor need clubs pay out as dividends any fractions of 10 cents thrown up by the calculation (s. 2 Gaming Amendment Act 1968) unless the fraction amounts to more than 5 cents in which case 5 cents is to be paid. These unpaid fractions thus become part of the revenue of the clubs. In 1968-69 fractions totalled \$254,572. We have no figures for unclaimed dividends, as some clubs allow these to the totalisator contractor as part of his fee, but the total amount is not small.

8. After deducting the expenses of operating totalisators, the net income from these sources was \$3,818,382 (racing \$2,709,674 and trotting \$1,108,708).

TAB Profits

9. The clubs share the profits of the TAB which are mainly derived from commissions the TAB is entitled to deduct from bets made through it. The commissions are at the same rate as club commissions except that the TAB is entitled to 8 percent on win and place bets and 10.68 percent on doubles bets where it operates its own pool on overseas betting and special doubles (s. 2 Gaming Amendment Act 1968). The method of distributing profits is explained in chapter 12. The amount received by clubs in 1968-69 shown in the income and expenditure accounts mentioned above was \$1,899,836 (racing \$1,367,141 and trotting \$532,695). The slight difference from the actual TAB profit distribution of \$1,894,260, is probably due to clubs not all having the same balance date.

Other Income

10. This is a miscellany of other items including: (i) farming revenue or rent from leasing land or other property; (ii) rents received from other clubs for the use of the racecourse; (iii) nomination and acceptance fees paid by owners; (iv) track fees for horses trained on the course; (v) members' subscriptions; (vi) charges for admission to the racecourse; (vii) sale of race books; (viii) sale of privileges (e.g., catering); (ix) sponsors' contributions to stakes. The income from these sources was \$2,767,219 (racing \$1,929,291 and trotting \$837,928).

CLUB EXPENDITURE

Stakes and Trophies

11. From a total revenue of \$6,006,106, racing clubs spent \$3,050,290 in stakes and trophies. Trotting clubs, from a revenue of \$2,479,331, spent \$1,389,450 in stakes and trophies. Just over half of total horse racing revenue was spent in this way.

Other Expenses

12. The balance paid for: (i) maintenance and improvement of courses including training tracks, stands, totalisator buildings, etc.; (ii) conference levies and, in the case of racing clubs, district committee levies; (iii) rentals payable to other clubs where meetings were held on other clubs' courses; (iv) expenses of running race meetings; (v) administration costs; (vi) interest on borrowings for capital improvements.

PROFIT AND LOSS

13. In the final result, 63 racing clubs made losses totalling \$439,291, and 25 made profits totalling \$48,051, an overall loss of \$391,240. Twenty-seven trotting clubs made losses of \$127,033 and 20 made profits of \$26,071, an overall loss of \$100,962. These results allow for depreciation on improvements and plant of \$379,371 and \$127,026 respectively.

14. It is worth mentioning in relation to these figures that though clubs had received and taken into account an increased commission rate of 2.68 percent on on-course doubles betting resulting from the 1968 Amendment, they could not in that year take into their accounts its effect on TAB profits because those profits are ascertained at the end of the racing season (31 July), and are not paid out to clubs until the following October. In fact, the amount of TAB profits available for distribution in October 1969 from the Board's operations in the 1968-69 season rose by \$1,125,653 from the previous season's figure of \$1,894,260 to \$3,019,913. This growth can be attributed mainly to the increased rate of commission on doubles off-course betting. If the increased TAB profit had been actually received by clubs in the 1968-69 year, it would have more than absorbed both codes' losses of \$492,202. Indeed it would have created an overall profit of \$633,451. It will, of course, be brought into the 1969-70 club accounts, and this, together with a substantial rise of \$9.3 million in total betting turnover in that year means that the accounts of most clubs, instead of showing a loss, should show reasonable, and in some cases substantial, profits for 1969-70.

ASSETS

15. Clubs, while in difficulties for income, are strong in assets. At July 1969, the assets and liabilities were stated in their accounts thus:

	\$	\$
Racing clubs	12,775,420	
Trotting clubs	5,164,980	
	<hr/>	17,940,400
Less liabilities (racing clubs) ..	2,272,398	
Less liabilities (trotting clubs) ..	1,073,397	
	<hr/>	3,345,795
		<hr/> <hr/>
		\$14,594,605

16. The assets are, of course, stated at book values. Buildings and plant are brought in at depreciated figures, but owing to their specialist character, would not realise much on the open market. But the market value of the land, which is usually a substantial element, would generally be far above that of the book figures. And there are also large areas of reserve land (see appendix 8) devoted solely to horse racing though usually vested in trustees. This land is not included in the figures given above. When racing reserves are included, one gains a truer idea of the large amount of capital used, much of which is unencumbered.

OWNERS' FINANCES

Racing

17. The figures supplied by the Racing Conference show that in the 1968-69 racing season, 3,870 horses raced on an average of 8.5 times each. Of these 1,668 earned no money at all, 839 between nothing and \$400, 965 between \$401 and \$2,250, and only 398 more than \$2,250. The costs of training vary somewhat from place to place. Racing costs are affected by the distances horses need to travel to meetings and the value of the races contested, the nomination and acceptance fees varying with the size of the stake. A survey made by the Racing Conference suggests that costs vary from \$2,000 to above \$3,000 a year for a horse of average ability raced a reasonable number of times and not travelled extensively. Owners who train their own horses avoid some training costs, but do not save racing costs.

18. On the basis of an average cost of only \$2,000 (which we assume includes fees payable to jockeys for unplaced rides), the 3,870 horses which raced in the 1968-69 season cost their owners for training and racing a minimum of \$7,740,000. Stakes

(\$2,985,714) and trophies (\$43,203) offered by clubs in the same year amounted to \$3,028,917. (This excludes \$5,104 for the stakes and trophies given for trotting races in racing programmes.)

19. But part of these stakes had to be paid to trainers and riders of placed horses: trainers customarily receive 10 percent, riders in both flat and hurdle races must by the Rules of Racing be paid a portion of the stakes (see para. 31 below). Taking an average of 14 percent as a reasonable deduction to cover these percentages to trainers and jockeys, the total figure is \$418,000. This leaves \$2,610,917 for owners, compared with the estimated cost of training and racing the horses of \$7,740,000. And so the net stakes and trophies received by owners in the 1968-69 season amounted only to slightly over one-third of the cost of training and racing the horses.

Trotting

20. The Trotting Conference figures show that in the 1968-69 season, 1,662 horses raced at totalisator meetings for an average of 9.6 starts a horse. Of these, 583 earned nothing, 872 earned less than \$2,000, and only 207 earned more than \$2,000. In addition, approximately 400 horses competed at non-totalisator meetings in qualifying test races, in which pacers must usually qualify before they can compete at a totalisator meeting. Straight trotters need not qualify.

21. A Trotting Conference survey of the costs of training and racing trotters showed an average yearly cost of \$2,179 a horse. The costs of training are no doubt less when the horse is trained or part-trained by the owner, and it is certainly less to train a horse for, and race it at, non-totalisator meetings (an estimated average of \$700) as it is then trained only over part of the season and does not travel much. If \$2,000 a horse be accepted as a round figure for the horses competing at totalisator meetings, as the Conference suggested (though this seems generous if the Racing Conference's figure is correct), the 1,662 horses cost their owners \$3,324,000 to race and train, and the 400 at non-totalisator meetings cost \$280,000—a total of \$3,604,000.

22. In 1968-69 trotting clubs paid \$1,380,335 in stakes and \$9,115 in trophies. (Racing clubs also provided \$5,104 in stakes and trophies for trotting races on their programmes.) Usually 10 percent of stakes won is paid to trainers (\$138,544 in 1968-69), and horsemen, other than the actual trainers of the horses, receive a driving fee (para. 44 below). A reasonable estimate of horsemen's fees earned in the season would be about \$50,000.

23. The net stakes and trophies received by owners in the 1968-69 season may thus be estimated at \$1,206,010. This figure should be compared with the estimated cost of training and racing the horses—\$3,604,000. On this calculation owners received about one-third of their costs.

Both Codes

24. Despite the low average return, many people want to race gallopers and trotters. There is certainly no shortage of horses. In many districts, clubs have continually to eliminate or ballot out horses, and still have to run races in divisions to restrict the fields to reasonable or safe numbers. There were 3,870 galloping horses raced in 1968-69, owned by 6,561 owners. Many are held in partnership, probably to spread costs. There are no accurate figures for the owners of the 2,062 trotting horses raced at totalisator meetings and at non-totalisator qualifying trials in 1968-69. There were 517 new trotting owners registered in the season.

25. It may be concluded that many owners look on their racing activities as a pastime and do not always expect to recover costs.

BREEDERS' FINANCES

26. Some breeders in both codes race horses as well as breed them. To the extent that they race, their revenue is materially affected by the size of stakes. Sale prices of yearlings and untried horses, or of horses that have raced, are also indirectly influenced by stakes. A local or overseas buyer, in deciding his price, will consider among other things the stake money the horse might win, here or overseas.

27. We had no specific information about breeders' finances except that overseas sales in both codes have been steadily increasing, and that for the year to 30 June 1969, 968 horses worth \$2,788,115 were exported, earning valuable overseas exchange. The two Conferences and the breeders' organisations did however submit that a strong and viable horse racing industry within New Zealand is essential if the standard of horses is to keep improving, and overseas sales keep developing. We agree.

TRAINERS', JOCKEYS' AND DRIVERS' FINANCES

Racing

28. Of the 3,870 galloping horses raced in 1968-69 season, 3,058 were trained by the 377 trainers licensed by the Racing Conference. The remaining 812 were trained by owners or part-owners who,

because of their ownership, did not need to obtain licences. The Racing Conference contended that the training fees charged by the licensed trainers barely covered the costs of feed and labour, and that trainers relied chiefly on their customary 10 percent share of stakes for their personal income.

29. *Rises in Training Expenses*: The New Zealand Racing Owners and Trainers Federation made a like claim and produced evidence from selected trainers to demonstrate the rise between 1960 and 1970 in the cost of typical items of training expenses. Their comparisons were:

	1960	1970
	\$	\$
Wages of senior stable hands (plus keep)	15	40
Wages of stable boys or girls (plus keep)	10-12	20
Veterinary fees per average attendance	2	4
New set of shoes	3	5.50
New alumite racing plates	3.50	6
Removal of plates	1.50	3.50
Costs of plating and re-shoeing	2	4
Costs of dressing feet	0.75	2
Costs of feed (these tend to vary from one district to another)—		
Oats (per bushel)	1.20	2
Chaff (per sack)	3	5.50
Bran (per sack)	2	4
Molasses—		
5 gallons	2	3
44 gallons	15	25
Staff boarding costs per week—		
Senior staff	5	11
Junior staff	5	11
Scale pay for apprentices (per week)	4	10
Away from home expenses per man or boy per day	4	9
Straw for bedding (per bale)	0.30	0.71
Painters per hour	0.85	1.28
Plumbers per hour	0.80	1.30
Carpenters per hour	0.80	1.25
Accident fees payable to Conference	4.00	10.50
Gear, e.g., Covers	8	15
Sheets	8	12

30. These figures were meant to show proportionate increases only, and not necessarily to establish costs over the whole country, for these costs vary from place to place.

31. *Minimum Riding Fees*: The Rules of Racing fix minimum riding fees for jockeys. These are related to the stake money. The fee is calculated in this way:

- (a) That fee payable to riders of horses which finish first, second, third, fourth, or fifth is 4 percent of the stake payable to the owner of the horse in flat races and 9 percent in hurdle and steeple races, but the rider of the winner must receive not less than \$3 more than the scale fee in (b), and the riders of the other placed horses not less than the scale fee in (b).
- (b) That fee payable to other riders (usually known as the "losing fee") was:

Winner's Stake	Flat Races	Hurdle and Steeple Races
Minimum fee	\$ 7	\$ 11.50
\$100-\$200 ..	9	16.00
\$201-\$300 ..	10	17.00
\$301 and over	12	19.00

32. The Racing Conference produced the following table to show the gross riding fees earned on the above scale for the financial year ended 31 March 1969.

Table 6

GROSS RIDING FEES EARNED 1968-69

Gross Riding Fees	Earned by		Number in Each Income Group
	Flat Riders	Hurdle Riders	
\$5,001 and above ..	17	..	17
\$3,001-\$5,000 ..	17	1	18
\$2,001-3,000 ..	18	6	24
\$1,001-\$2,000 ..	21	21	42
\$501-\$1,000 ..	12	12	24
\$250-\$500.. ..	6	11	17
Under \$250	14	21	35
	105	72	177

33. The table, prepared from gross riding fees payable under the Rules of Racing, does not include additional payments made by owners to jockeys, or earnings from other employment. We were told that additional payments by owners were few and not very large.

34. From their earnings jockeys must pay their own travelling and accommodation expenses as well as buy and maintain their riding equipment. It will be seen that only a few can make a reasonable living by riding. In November 1969 the Racing Conference surveyed the occupations of the then 187 licensed jockeys. This showed that 22 were full-time jockeys; 25 held dual jockey and trainer licences; 58 worked in stables; 82 worked in occupations not connected with racing.

35. The Racing Conference maintained that the rewards paid should be sufficient to attract men with the skill necessary to follow an occupation which can be dangerous. The number of licensed jockeys fell from 245 in 1950-51 to 177 at the annual relicensing in May 1969.

36. Towards the end of our hearings a new factor bearing on jockeys' earnings from riding fees was brought to our attention. In July 1970 the Racing Conference raised the minimum fees by \$2 so that the scale fees for losing rides became:

Winner's Stake	Flat Races	Hurdle and Steeple Races
	\$	\$
Minimum at non-totalisator meetings	9	13.50
\$100-\$200	11	18.00
\$201-\$300	12	19.00
\$301 and over	14	21.00
Minimum at totalisator meetings	14	21.00

37. At our request the Conference then made sample calculations of the effect the increase would have had on jockeys' earnings if the increase had applied to 1968-69. In round figures, the results were that the gross riding fees of jockeys earning above \$5,000 would have increased by about \$875 a year; those in the \$3,001 to \$5,000 group by \$600 to \$735; those in the \$1,501 to \$3,000 group by \$150 to \$250; and those in the \$500 to \$1,500 group by \$40 to \$75.

38. Table 6 shows that only 35 jockeys earned above \$3,000. The expected increase for these is somewhat large (from \$600 up to \$875), but these are the jockeys who travel extensively, at considerable expense, to obtain maximum riding opportunities. Most are in the other five groups up to \$3,000. The increases for these range from under \$40 up to \$250. This may be some help to them, but will not greatly compensate for rising costs.

39. Apprentice jockeys are credited with the same riding fees as other jockeys. They must work full-time for the trainer to whom they are indentured. He gives them their keep and a small wage

fixed by the Racing Conference. The fees are paid into the Apprentice Jockeys' Fund, administered by the Conference, and when the apprentice reaches 21 years of age the amount credited is shared between him and his trainer in terms of his apprenticeship agreement. Some leading racing clubs maintain schools for apprentices, which teach them a variety of subjects, concentrating on the principles, techniques, and practices of their calling.

40. The club is responsible for paying all riding fees earned by jockeys and apprentices. It requires payment of the minimum riding fee before a jockey is weighed out, and deducts the balance (if any) from the owner's stake.

Trotting

41. Few racing trainers ride in races: most professional trotting trainers drive the horses they train, hence the large number holding trainer-horsemen licences. In trotting, owner-trainers are also licensed, most having an amateur trainers' licence.

42. At 31 July 1969, there were 283 licensed professional trainer-horsemen, 89 professional trainers and 68 professional horsemen. There were also 182 amateur trainer-horsemen, 325 amateur trainers and 15 amateur horsemen licensed. Amateur trainers and drivers cannot charge for training or driving.

43. Though many owners train and drive their own horses, some employ professional horsemen to drive in races. Nevertheless very few of the 68 professional horsemen depend solely on driving fees for a living. Most work primarily in training establishments and take out horseman-licences to earn extra money as opportunity offers. As in racing, the professional trainer charges the owner a training fee for each horse, and by custom usually receives 10 percent of the stakes won by the horse.

44. *Driving Fees*: The Rules of Trotting set the minimum fees owners pay to professional horsemen. These fees are related to the amount of stake money the horse earns, and in the case of unplaced horses, to the amount payable to the winner of the race. The drivers of placed horses must be paid 5 percent of the stakes payable to the owner up to \$400 and $2\frac{1}{2}$ percent of any amount in excess of \$400, but not less than \$2 more than the fee for a losing drive in the same race. Fees for drivers of unplaced horses at totalisator meetings are:

Winner's Stake	Fee
	\$
Less than \$60	4
\$60-\$300	8
\$301 and over	10

Fees for drivers of unplaced horses at other meetings (non-totalisator, qualifying trials, etc.) are:

Winner's Stake	Fee
Less than \$60	\$ 2
\$60-\$300	6
\$301 and over	8

45. Again, as in racing, the club is responsible for paying all driving fees to professional drivers. The Rules also require that the losing fee be deposited with the club and that any balance due be deducted from stakes.

46. The New Zealand Trotting Horsemen's and Trainers Association gave evidence that trainers do not, as a rule, make a reasonable living from training fees. They depend on their percentages from stakes, and their driving fees for horses other than those trained by them. Many supplement their incomes in other ways, for example by farming part of the land on which they have their stables.

NON-TOTALISATOR CLUBS

47. Revenues of non-totalisator clubs are inevitably small, as they are forced to rely on membership fees, entrance fees (when charged) and, if there is an equalisator, on the 10 percent commission. But their expenses are also small compared with those of totalisator clubs. Very few maintain either courses or training tracks; they do not have public amenities of a high standard, and their stakes are usually low. Most have difficulty in covering their outgoings, and have relatively few assets.

TRUST FUNDS

Racing

48. The Racing Conference has a General Trust Fund the income from which gives:

- (a) An indemnity to owners and trainers against liability to pay compensation or damages for the death or injury to people employed in the management, training, riding, and care of horses in training, when an accident takes place during their employment.

- (b) A fund from which financial help may be given to trainers, jockeys, apprentices, stablemen, etc. (or to their dependents), in respect of other accidents or misfortunes suffered during their employment.

49. The fund derives from: an annual accident fee of \$10.50 a horse paid by owners; all fees for trainers', jockeys', and amateur-riders' licences and certificates; a levy of 2 percent on the gross amount of fees earned by jockeys and apprentices; and some fines.

Trotting

50. The Trotting Conference has for many years had a Provident Fund financed by a levy on clubs for purposes very like those of the racing General Trust Fund. It is used, in the main, to help retired drivers and trainers and their dependents. The claims are not as heavy as those on the racing General Trust Fund because there is also a trotting Accident Indemnity Fund.

51. The Accident Indemnity Fund is financed in this way: Everyone who receives a trainers' or horsemen's licence must pay a special fee fixed by the Executive Committee of the Trotting Conference. As licences are issued annually the fee is also an annual one. This money is used to pay premiums on an insurance policy to cover all licensees against *any* death or accident, not only those arising out of the licensee's occupations.

52. The Trotting Conference has also a sulky fund built up by an annual payment by licensed trainers. It is used to cover the costs of repairs to sulkies damaged at race meetings.

GENERAL

53. We have now outlined the sources of income of the main groups engaged in horse racing and have pointed to the connection between income and stakes. Up to the end of the 1968-69 season income was far from buoyant. [A substantial improvement has occurred since.] One is helped to gain some picture of the horse racing industry's financial growth (or lack of it) from a comparison between 1950-51 (the year before the TAB became fully operative) and 1968-69.

54. Using round figures, then, in 1950-51, \$54 million passed through the on-course totalisator; this had dropped to \$51 million in 1968-69 despite an 841,000 increase in population and an increase of 53 race days from 351 to 404. In 1950-51 club commissions totalled just over \$4 million; in 1968-69 despite an increase of 2.68 percent in doubles commission from 1 August 1968, total commissions decreased by \$12,000.

55. On the other hand, off-course TAB turnover increased from a nominal $\frac{1}{4}$ million in 1950-51 to over \$76.7 million, and TAB profit paid out to clubs during 1968-69 reached almost \$1.9 million. It is the TAB payout which, very largely, enabled clubs to increase stakes by 42 percent (\$1.3 million) from \$3.1 million in 1950-51 to \$4.4 million in 1968-69. However, the number of races grew from 2,280 to 3,433, so the monetary increase was only \$185 per race.

Table 7

HORSE RACING FINANCIAL COMPARISON,
1950-51 AND 1968-69

	Number of Races	Betting		Club Commission	TAB Profit Distribution	Stakes and Trophies	
		On-course	Off-course			Total	Average per Race
		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$
1950-51 ..	2,820	54,008	251	4,051	N/A	3,111	1,103
1968-69 ..	3,433	50,998	76,763	4,039	1,894	4,423	1,288
Increase ..	613	..	76,512	..	1,894	1,312	185
Decrease ..	..	3,010	..	12	..	..	..

56. The Half Percent Amenities Levy, a percentage of on- and off-course totalisator turnover deducted and payable through the two Conferences to totalisator clubs to help provide and maintain public amenities and course improvements, is more fully discussed in chapter 10. The levy produced \$634,829 last year, with a total for the fund of almost \$7.7 million for the two codes since 1955, and thus gave some relief to clubs who might otherwise have been unable to do as much as they have done.

57. But even with the levy, and TAB profits, there was evidence that many clubs still found it difficult to find enough money for maintenance let alone extension or replacement. The President of the Poverty Bay Turf Club drove this point home when he said:

In 10 years we have only spent \$10,372 on maintenance. We have been able to hold our maintenance very substantially by working bees. Every year we have four or five working bees. We have up to 30 or 40 committee men, stewards, members, anything up to 20 tractors, chainsaws, etc. and the only way we have been able to stop our buildings from falling down and to keep our courses and fences in order is by working bees. That is why our maintenance is so low.

And later:

We have no money at all. We are fighting a losing battle all the way. We are running our racing club with working bees, and we are employing the least number of employees we possibly can. We are really struggling, and unless we can find about \$50,000 in the next very few years, we will be watching the races from a pile of borer dust and rotten wood.

We conclude from our discussions with clubs and our inspections that the Poverty Bay Turf Club has by no means been alone in its difficulties; many others, especially in the country, have also been struggling.

Chapter 10. THE AMENITIES LEVY

1. The history of the Half Percent Amenities Levy goes back to the beginning of TAB operations. To give the Board the capital it needed to set up totalisator agencies, to repay borrowed moneys and to build capital reserves, s. 5 of the Gaming Amendment Act 1950 required racing and trotting clubs to deduct a levy of one-half percent from all totalisator on- and off-course betting and to pay it to the Board for the 5 years from 1 November 1950.

2. In 1953, the Racing and Trotting Conferences unsuccessfully asked the Government to reduce taxation on betting. During the discussions it was suggested that the half percent levy should, when the five years were up, be continued for another five years to 31 October 1960, and the amount paid to the Conferences towards the cost of amenities and improvements on racecourses. Later the Conferences formally applied for this, with the result that it was authorised by legislation. During our inquiry, there was much discussion and criticism of the administration of the levy.

3. The relevant legislation, set out in full, gives a starting point for later discussion.

S.5D, Gaming Amendment Act 1949 as inserted by s. 8 Gaming Amendment Act 1953

(1) Every racing club, hunt club, or trotting club using the totalisator at any race meeting held on or after the first day of November, nineteen hundred and fifty-five, and before the first day of November, nineteen hundred and sixty, shall in respect of each race held at that race meeting deduct, by way of levy, from all investments registered on the totalisator for that race, including any investments received at any totalisator agency and registered as aforesaid, an amount equal to a half percent of the aggregate amount of those investments, and shall in accordance with this section pay the amount so deducted—

(a) In the case of a racing club or hunt club, to the New Zealand Racing Conference:

(b) In the case of a trotting club, to the New Zealand Trotting Conference.

(2) . . .

(3) . . .

(4) . . .

(5) All moneys paid to the New Zealand Racing Conference or the New Zealand Trotting Conference under this section shall be paid by the Conference into a separate account to be kept in the name of the Conference, and shall be used by the Conference—

- (a) In the case of moneys paid to the New Zealand Racing Conference, solely for the purpose of assisting racing clubs and hunt clubs to provide, maintain, and replace amenities for the public and course improvements on the racecourses where their meetings are held:
- (b) In the case of moneys paid to the New Zealand Trotting Conference, solely for the purpose of assisting trotting clubs to provide, maintain, and replace amenities for the public and course improvements on the racecourses where their meetings are held.

(6) The separate account referred to in subsection five of this section shall be administered by the Executive Committee of the New Zealand Racing Conference or the New Zealand Trotting Conference, as the case may be, and that committee shall in its discretion determine to what clubs payments shall be made out of the account, the amounts that shall be paid, and, subject to the provisions of subsection five of this section, the purpose for which the payments may be applied, and the decision of the committee thereon shall be final.

(7) Moneys paid pursuant to this section by any racing club or hunt club or trotting club to the New Zealand Racing Conference or the New Zealand Trotting Conference or by either of those Conferences to any such club shall be deemed not to be income for the purposes of [the Land and Income Tax Act 1954]. . . .

4. When the original expiry date, 31 October 1960, was reached the levy was extended to 31 October 1965, and later to 31 October 1970. It is important to note that the section directs that the levy is to be paid to the respective Conferences for specific purposes, but distribution among clubs is to be at the discretion of the Executive Committees of the two Conferences.

ADMINISTRATION BY RACING EXECUTIVE COMMITTEE

5. When the Half Percent Amenities Fund was first established, the then Executive Committee of the Racing Conference decided, in the exercise of its discretion, that it should be distributed in this way. No money would be paid to any club which raced on the course of another club; and the moneys in the fund would be credited to the remaining clubs on this basis:

- (a) Fifteen percent of the fund would be credited equally to all such clubs;
- (b) Each club would receive a varying share of the remaining 85 percent in the ratio that the total on- and off-course totalisator turnover of meetings held on its racecourse bore to the like total turnover on all racecourses.

6. The 15 percent equal distribution aimed to help those clubs with small totalisator turnovers. Relating the turnover to racecourses, as distinct from clubs, meant that for the purposes of the calculation the turnover of "tenant clubs" on a racecourse would be added to the turnover of the "host club" on that course.

Procedure for Payment to Clubs

7. Although credits were to be made to the clubs each year, in no circumstances was a club to be paid until it had complied with the following conditions.

- (a) A club with a particular project in mind had first to apply to its district committee which would send the application on to the Executive Committee with a recommendation for approval or otherwise. If the Executive Committee then approved it, the club could proceed.
- (b) When the project, or enough to justify a progress payment, had been completed, the club must give its district committee sufficient details of expenditure to satisfy the committee. Large projects would usually need an architect's certificate. If satisfied, the district committee would advise the Executive Committee that it had certified the amount involved against previously approved expenditure. A cheque would then be sent to the club for the amount of the certified expenditure or, if the club had a lesser amount standing to its credit in the fund, such lesser amount. The balance of the approved expenditure could not be met out of the fund until the club's credits had been sufficiently built up.

8. This procedure has been applied from the start of the levy over the 14 complete years to 31 October 1969. Clubs received total credits of \$5,735,754. Approvals were given for a total of \$8,393,326. District committees certified that \$7,683,353 of this work had been completed; clubs were paid \$5,374,600. At the time of our hearing, clubs had not been reimbursed for \$2,308,753 of the certified work completed. Appendix 9 shows details of racing club expenditure of the Amenities Fund to 31 October 1969. The total expenditure certified by district committees (\$7,683,353) may be broken down into these broad classes:

	\$
Construction, alteration, etc., of grandstands ..	5,295,921
Racecourse surrounds and amenities	1,782,513
Track improvements	289,552
Starting stalls	108,847
Stable facilities	206,520
	<hr/>
	\$7,683,353
	<hr/> <hr/>

9. In the financial year ended 31 October 1969 the total amount credited to clubs was \$488,809. The largest club credit—to the Auckland Racing Club—was \$58,382 and the smallest, to the Kumara Racing Club, \$1,062.

ADMINISTRATION BY TROTTING EXECUTIVE COMMITTEE

10. The Trotting Conference has distributed its share of the levy somewhat differently.

- (a) Twenty percent is retained by the Conference in its "Amenities Fund Account" for 1 year. At the end of that year, the amount becomes available for distribution.
- (b) Fifteen percent of the total amount available for distribution in any year (which includes the amount brought forward from the previous year's retention) is distributed equally among all totalisator clubs.
- (c) The remaining 85 percent is distributed to totalisator clubs in the ratio that their combined on- and off-course totalisator turnover bears to the total combined on- and off-course turnovers of all clubs.

11. No club can spend any of its allocation until the Executive Committee approves the plans and specifications of the proposed work, after a special subcommittee has examined the proposal. The executive claims that by this means it has rigid control over expenditure.

12. Thus a club must seek the Trotting Conference's approval of any project on which it proposes to spend money from the amenities fund. However, it must also apply each year to spend the whole or part of its allocation on the approved project. Clubs sometimes proceed with capital works in the expectation that money from the allocation will be available in future years to complete the project. We were given no figures to show the extent to which clubs have gone ahead with projects in such an expectation.

13. The total amount received by the Trotting Conference from 1 November 1955 to 31 October 1969 was approximately \$1,957,000. Details of expenditure are given in appendix 10. The amounts spent by clubs on various works approved by the Executive Committee may be broken down into these broad classes:

	\$
Construction, alteration, etc., of grandstands ..	1,174,436
Totalisator amenities	30,627
General course amenities	256,530
Race control equipment—filming, photo finish, and swabbing clinics	10,669
Track improvements and horse accommodation ..	101,379
Lighting for night trotting	278,810
	\$1,852,451
	\$1,852,451

Chapter 11. TAXATION

1. Most Governments approve the taxation of gambling. New Zealand is by no means an exception. Indeed, in the eyes of many, we have been unduly severe in our taxation of the totalisator, our major instrument of gambling. In 1968-69 totalisator duty, after allowing certain rebates, was \$11,574,855.

2. The development of the different forms of duty, rebates, and refunds cannot be easily summarised in words. Any verbal description is confusing. The following summary should be read with appendix 11 which sets out the various changes in order of date.

Rates of Duty

3. *Early Duties*: There was no tax at all on betting until 1891 when a duty of $1\frac{1}{2}$ percent on gross totalisator turnover was imposed. This duty was increased in 1909 to $2\frac{1}{2}$ percent and until 1927 was also levied on the gross revenue clubs derived from admission and most other charges. In 1930 it was increased to 5 percent, until 1951, when the rate was fixed at $2\frac{1}{2}$ percent on the first \$40,000 of totalisator turnover and 5 percent on the balance. In 1965 the amount at $2\frac{1}{2}$ percent was increased to \$100,000.

4. Although in the 1930s there was no alteration in the rate of duty which clubs had to deduct from totalisator investments, there were some changes in the amounts which clubs had in fact to pay to the Government. In 1932, legislation authorised clubs to retain for their own use one-fifth of the tax collected, so that the actual duty then received by the Government was 4 percent. This applied for the 2 years ended 31 March 1934. In 1933 legislation authorised clubs to retain one-tenth of the duty for the year ended 31 March 1935. The Government therefore received a duty of $4\frac{1}{2}$ percent. In the following year this rebate was again increased to one-fifth and extended to 31 July 1939, when it ceased.

5. *Refunds of Duty*: Certain refunds of duty had also been made which were of special advantage to smaller clubs. In 1925, when the duty was $2\frac{1}{2}$ percent the Minister of Finance was authorised to refund $1\frac{1}{4}$ percent on turnover, with a maximum of \$500 to any club. The amount of this refund was to be used to build permanent improvements on the racecourses. In 1931 when the duty was 5 percent, the refund was increased to $2\frac{1}{2}$ percent with a maximum of \$1,000 for clubs which could show that their financial position warranted the increased concession. In 1935 the refund of $2\frac{1}{2}$ percent

was extended to all clubs. In 1951 this refund was built into the duty by making the first \$40,000 (subsequently amended to \$100,000) assessable at $2\frac{1}{2}$ percent and the excess at 5 percent. It remained at those figures until 1967.

6. *Dividend Duty*: An added duty, known as dividend duty, had been levied in 1915 at the rate of 5 cents on every \$2, calculated on the amounts available for distribution as dividends after deduction of the totalisator duty and club commissions. This duty was increased to 10 cents on each \$2 in 1921, and continued until 1967.

7. *Totalisator Duty*: In 1967 the two separate duties were combined (s. 2 Stamp Duties Amendment Act 1967) in a totalisator duty of 9.32 percent on the total totalisator turnover. This was approximately 0.03 percent less than the total of the two former duties, the reduction being made for administrative reasons. It enabled the balance remaining in the place pool to be evenly divided into the appropriate number of dividend-paying horses in the race. The rate of totalisator duty has stood at 9.32 percent since then.

8. *Rebates*: From the time the duties were combined in 1967, a rebate of $2\frac{1}{2}$ percent on the first \$100,000 of each club's on- and off-course turnover has been allowed. TAB investments, other than special doubles and overseas betting, are taxed in the hands of clubs, not of the Board. Consequently the TAB does not receive any benefit from this rebate which applies only to money put through the totalisator.

9. *Income Tax*: Racing and trotting clubs in New Zealand are liable for income tax. The tax legislation generally exempts societies or associations established substantially or primarily to promote any amateur game or sport for the recreation or entertainment of the general public. But racing and trotting are expressly excluded from this exemption (s. 86 (1) (p) Land and Income Tax Act 1954). Club profits have in general not been large over recent years; thus the amount of income tax paid (1968-69, \$19,624) has not been a heavy burden on either racing or trotting.

10. *Miscellaneous*: The Finance Act 1915 introduced a different kind of duty of 1 percent on all stakes won by owners. The rate of duty was increased to 10 percent in 1921; reduced to 5 percent in 1924; further reduced to 1 percent in 1935. It was abolished by the Stamp Duties Amendment Act 1965. Horse racing paid Amusement Tax on admission charges from when it was first imposed by the Finance Act of 1917 until it was abolished in 1965.

11. *Sweepstakes*: Sweepstakes (including jackpots) are not dutiable, as they do not fall directly within the ambit of any of the above duties.

Conferences' Proposals for Reducing Duty

12. The two Conferences have many times approached the Government for some reduction in totalisator duty, but with little success. The duty, the reply has been, is not imposed on clubs but on the bettor, the clubs merely acting as Government tax-collectors. The Conferences have argued that duty and commissions have so reduced the amount available for dividends, that a reduced taxation and the consequent higher dividends would encourage more betting, raise turnover, and so increase the total amount of duty collected. Such submissions to the 1967 Taxation Review Committee (Ross Committee) did not result in a favourable recommendation; not, so it seems to us, because the case *against* any reduction was convincing, but rather because the case *for* a reduction did not appear sufficiently strong. These arguments have been repeated to us with greater detail and stronger emphasis. We discuss them in chapter 13.

Chapter 12. TOTALISATOR AGENCY BOARD

INTRODUCTION

1. The introduction of off-course betting through the TAB in 1951 was the most notable event in betting on horse racing in New Zealand since the statutory exclusion of bookmakers from racecourses in 1910. Although some system of off-course totalisator betting was operated earlier by Tote Investors Limited in Britain and also by the Pari Mutuel Urbain in France, this was something completely new in New Zealand. It brought a radical change to New Zealand betting.

2. With the exclusion of bookmakers (1910) and making them illegal (1920), the only legal horse race betting thereafter, apart from small sweepstakes, was through the totalisator, a machine restricted by legislation to racecourses. There was no legal off-course betting, and illegal bookmaking inevitably flourished.

3. The magnitude of the illegal betting, which at least equalled and possibly exceeded the amount of legal betting, was one of the main concerns of the Finlay Royal Commission. It concluded that public demand was such that off-course betting could not be suppressed, and hence the only practical solution was to regulate it.

4. The Finlay Royal Commission emphatically opposed any form of licensing bookmakers. It considered that if a system of off-course betting could be devised which would ensure that betting money would go through a totalisator, such a system would be honest, would prevent soliciting of bets, would advance horse racing as a sport, would give racegoers more amenities, and would make the payment of taxation certain. A totalisator service might not be as universal or as convenient as that given by the illegal bookmakers. But, if bookmakers were resolutely suppressed, a totalisator service must surely produce good results and improve and extend with experience.

5. The Commission favoured, among the several schemes put forward, that of the Racing and Trotting Conferences, which in essence is the one now in force (see chapter 3).

THE APPROVED SCHEME

6. The Gaming Amendment Act 1949 established the Board as a corporate body having perpetual succession and gave it the usual corporate powers. It then required the Racing and Trotting

Conferences to submit to the Minister for his approval a detailed scheme covering Board membership and certain particulars of proposed operations. This was done on 20 September 1950. There have been some amendments to the original scheme. The present form was approved by the Minister on 3 November 1967.

7. The scheme provides for a Board of not less than six and not more than eight members, two of whom are to be the Presidents of the New Zealand Racing Conference and of the New Zealand Trotting Conference, who are to be chairmen in alternate years. Half of the remaining members are to be members of clubs affiliated to the Racing Conference, and half members of clubs affiliated to the Trotting Conference, and they are appointed by the respective Conferences. The Board has eight members at present. As will be seen, there are no members from outside the two horse racing organisations.

8. The scheme requires the Board to establish and operate sufficient totalisator agencies and other offices which in its opinion, taking account of the amount of local business and the costs in staff and premises, will ensure that people anywhere in New Zealand are offered reasonable and convenient facilities for off-course betting. These agencies may be set up and run directly by the Board or by an agent under an agreement with the Board.

9. The Board has power (s. 7 of the 1949 Act) to make rules not inconsistent with the Act or the scheme to regulate its proceedings and direct the operations of the scheme, or the carrying out of its functions. Its current rules are dated 3 November 1967.

ORGANISATION

10. The Board decided from the outset that its organisation would have, broadly, an administrative and operational head office, a number of branch offices in cities and major towns, and agencies grouped under each branch. The branches would take bets (and as such are "agencies" under the Act), and also serve as collating centres for the agencies attached to them. The final collating would be done in Head Office, and the total bets would be transmitted by telephone to the Board's agent on the course who would arrange for these bets to be included on the totalisator.

11. The Board began its betting operations on 28 March 1951 with two experimental branches at Feilding and Dannevirke, selected because both towns had populations of about 5,000. The Board considered this the minimum population for the economic running of a branch. To gain practical experience, four agencies were attached to the branches and began business in May 1951.

12. There are now 25 branches, 24 of these handling betting as well as being management and collating centres for agencies attached to them. One acts only as a final collating centre for all other branches.

13. Branches have a minimum of permanent staff appointed by the Board, helped by casual staff on race days and on the day before race days. There are 191 permanent and about 1,000 casual staff in head office and branches. Three hundred agents run their agencies under contract and employ about 1,500 casual staff on race days.

DAYS AND HOURS OF BUSINESS

14. The TAB accepts bets at branches and agencies for all racing and trotting meetings in New Zealand when a totalisator is operating on the course. Branches and agencies are open for business on the day before a meeting, the day of a meeting, and the day after. They do not however open on Thursdays, and thus the Conferences do not programme race meetings for Thursdays.

15. Hours of business vary. Agencies in cities or larger towns observe "standard hours", that is they are normally open a little longer each day than other agencies.

16. Since 1957, the Board's sample checks at agencies have shown a steady decline in the amount of Friday betting and also in the dividends collected on Mondays. In 1957, Friday betting was 39 percent of the total and in 1969 only 18 percent. The Board considers that off-course bettors have come to delay betting until race days. It seems that bettors wish to have the advantage of knowing the latest scratchings, weather and track conditions, riders and drivers, and other information published by newspapers on the morning of the races. On the basis of the information from this sample checking, the Board reduced the hours of business of the agencies (but not of the branches) from 9 May 1969.

BETTING PROCEDURES

17. There are three ways of betting through the TAB: cash betting, telephone betting, and postal betting.

Cash Betting

18. The bettor attends at an agency or branch and nominates his bets and pays cash—cheques are not accepted. He receives a ticket for each bet showing the meeting, the race, the horse number corresponding with the list of acceptances displayed in the agency, the type of bet (win, place, or double) and the amount. The tickets are written manually on printed forms. The bettor collects his winnings

by presenting his ticket at the agency or branch at which he made the bet. Cash betting of \$70,889,781 represented 92.35 percent of all off-course betting for the year ended 31 July 1969.

Telephone Betting

19. The bettor opens what in effect is a current account at a branch or agency by making a deposit of not less than \$4. He can then bet by telephone during the normal business hours of the branch or agency to the extent of his credit. Winnings are credited to his account, from which he may make withdrawals. Telephone betting has the advantage that the bettor can use winnings to cover bets later the same day. Telephone betting of \$5,868,300 was 7.64 percent of all off-course betting for the year ended 31 July 1969.

Postal Betting

20. Postal betting is run only by one branch at each of the four main centres. The bettor posts his instructions about bets to the branch, with the money which must be in a form determined by the Board as equivalent to cash. The instructions must be posted in time to reach the branch not later than 6 p.m. on the day before the race day. Winnings are sent by post. Postal betting of \$4,660 for the year ended 31 July 1969 was only 0.01 percent of total off-course betting.

Time Limits on Betting

21. Until recently win and place bets had to be made not later than $1\frac{1}{2}$ hours before the advertised starting time of the race, and doubles bets not later than 2 hours before the starting time of the first leg of the doubles races. On 1 February 1969 the times were reduced to 70 minutes before the advertised starting time of the race for win and place betting, and 90 minutes for doubles betting.

Substitute Horses

22. If the horse nominated by the bettor for the first leg of his doubles bet is withdrawn, his bet is refunded. But if the horse nominated for the second leg is withdrawn, the TAB substitutes for that horse the favourite for the race shown by the TAB doubles bets. The horse is known as the "off-course substitute". The bettor must accept that horse or claim a refund not later than 15 minutes before the closing time for the doubles bets.

CAPITAL

23. The Board received its original capital from the betting public by deducting an extra one-half percent from on-course and off-course turnover for 5 years from 1 November 1950. This produced

\$1,850,880 of which \$150,880 was written off as establishment expenses, leaving a net capital of \$1,700,000. In addition a Capital Reserve has been created from profits on the sale of assets. This at 31 July 1969 stood at \$145,321.

24. Finance for further capital spending was later raised by borrowing from clubs: \$60,000 at each October from 1957 to 1960 inclusive, and \$100,000 at October 1961, making a total of \$340,000. Clubs contributed to these loans in the ratio their respective shares of the Board profits for the year in question bore to the total profit for that year.

Balance Sheet

25. The balance sheet of the TAB at 31 July 1969 is shown as appendix 12. This shows capital and capital reserves of \$1,845,321, fixed assets (at cost less depreciation) of \$3,492,123, and current assets of \$3,704,686—a total of \$7,196,809. Mortgages and loans of \$1,270,000 plus current liabilities of \$4,081,488 give total liabilities of \$5,351,488. The mortgage figure includes the sum of \$930,000 charged on the Board's head office premises in Wellington. The profit of \$3,019,913 from 1968–69, which had not been paid out at 31 July 1969, is included as a liability. Funds to meet this are shown among assets as money on deposit.

Premises

26. The policy of the Board has been to lease offices wherever possible, to buy or build only when necessary to gain offices on essential sites, and to sell and lease back freeholds, except where capital appreciation and/or rental income is expected to be the greatest in the future. The Board claims that available capital has been used to the fullest possible extent. At present the Board owns 40 of its 325 offices, as the following division shows:

—	Owned	Leased	Total
City offices	8	17	25
Suburban offices	20	115	135
Country offices	12	153	165
	40	285	325

VOLUME OF OFF-COURSE BETTING

27. Some details of the Board's off-course betting turnovers since its inception are set out in appendix 13. They include, besides the amounts bet through the Board's services each season on racing

and on trotting, a division of the amounts between win and place, and doubles. Totals have increased every year except in 1958-59 and in 1967-68, the decreases of which are said to reflect the effects of the rather severe Budget of 1958 and the "mini" Budget of 1967. Betting is sensitive to general economic conditions. The introduction of night trotting in 1960 gave a more than normal increase in turnover, and the allocation of 24 additional totalisator licences in 1964 coincided with, if it did not cause, a quite large increase of almost \$9 million for the year ended 31 July 1965.

ADMINISTRATION COSTS, INCOME, AND PROFITS

28. The Racing and Trotting Conferences told the Finlay Royal Commission that the cost of administering the proposed off-course betting scheme would be between 5 and 7 percent of betting turnover. That Royal Commission in its report expressed the view that "it would be unwise to place any part of this cost upon bettors, for that would encourage illegal bookmaking which could operate free of any such imposition". It considered that the Government should not bear any of the cost of such a scheme, meaning, presumably, by some special rebate of duty. It concluded (para. 122) :

. . . the burden of cost should fall upon the Racing and Trotting Conferences. It is the sport which they foster which has given rise to the betting which is to be handled; whilst it is upon betting that the clubs they represent are dependent to a very great extent for their income. The handling of off-course betting is therefore essentially an undertaking for the racing authorities. That the cost will be as high as 7 per cent we doubt. If the system secures the whole annual turnover of £24,000,000 [\$48,000,000] which is now handled by the bookmakers, the administrators of it will derive from the undertaking an annual income of £1,800,000 [\$3,600,000]. The cost could not approximate such a huge sum. There seems an ample margin to assume a profit even if the £24,000,000 [\$48,000,000] is substantially overestimated or the scheme fails to attract even less than half of the money which now goes to the bookmakers.

29. The 1949 legislation establishing the TAB authorised it to receive the same commission on bets made through it as the clubs received from their on-course betting, then 7.5 percent. When the commission on doubles betting was increased to 10.18 percent in 1968 the increase was given to both clubs and the TAB. And when the TAB was empowered to conduct betting on overseas races, and on special doubles in New Zealand, it was authorised to deduct commission of 8 percent on such win and place bets, and 10.68 percent on such doubles betting.

30. The Board's income derives from these different commissions, and also from unclaimed dividends, fractions, from some rents of

premises, and interest on investments, mainly short-term deposits of profits accumulated before distribution. These added items are a comparatively small part of the Board's income.

31. When considering TAB operating costs, a reasonable starting point is the 1953-54 season. By then the Board's operations were extensive and turnover had reached \$36,606,300. In that year expenses amounted to \$1,784,000—4.87 percent of turnover. Turnover has steadily increased since then, involving greater expenditure. Individual items of cost have risen, too, because of the general increases in salary and wage rates, telephone charges, rent, rates, etc. Furthermore, the change to night trotting by some clubs, the granting of extra totalisator licences and the consequent increase in midweek race days have all extended the days and hours on which agencies must be open to the public. This had added to the costs of the Board's operations. In 1968-69 costs were \$4,786,797, or 6.24 percent of a turnover of \$76,762,642. Over the years the percentage of costs to turnover has fluctuated between a low of 4.87 in 1953-54 and a high of 6.24 in 1968-69. This has been within the range originally estimated by the two Conferences.

32. The Board's profits have likewise varied between 2.51 and nearly 4 percent of turnover. Their lowest points were 2.70 percent in 1965-66, 2.73 percent in 1966-67, and 2.51 percent in 1967-68. The increased revenue from the extra 2.68 percent on doubles betting raised the profit rate for 1968-69 to 3.93 percent and brought it close to the 1953-54 peak of 3.96 percent. For the year 1968-69, the commission received by the Board was:

Table 8

	Off Course	Special Doubles	Overseas (Win and Place)	Total
	\$	\$	\$	\$
Racing ..	5,065,249	37,621	14,562	5,117,432
Trotting ..	1,712,539	27,816	..	1,740,355
Total ..	6,777,788	65,437	14,562	6,857,787

33. Appendix 14 illustrates the movements of turnover, expenses, and profits between 1953-54 and 1969-70. The Board told us that constantly rising costs demand an annual increase of nearly 5 percent in turnover to maintain the previous year's profit level.

34. The total profits distributed by the Board (including those for the 1968-69 season) amount to \$28,975,556. Duty levied over the period on off-course betting was \$88,478,691.

DISTRIBUTION OF PROFITS

35. The Gaming Amendment Act 1949 authorises the TAB to distribute, from time to time, among racing and trotting clubs, in the manner specified in the approved scheme, any of the Board's surplus moneys not needed for the Board's purposes. The approved scheme provides that:

- (a) The Board shall be entitled to retain at its discretion the whole or part of the profits made in any year;
- (b) All profits not retained shall be divided into two parts, to be known as the "racing fund" to be distributed to all the totalisator racing clubs and the "trotting fund" to be distributed to all the totalisator trotting clubs. These two funds are to be calculated in the proportion that the on- and off-course betting of each code bears to the total on- and off-course betting for the year;
- (c) The Board in determining the distribution of these funds may first set aside some proportion of each fund and divide this equally amongst all the clubs in that fund, and shall divide the balance (or the whole) between the clubs in the proportion that their on- and off-course betting bears to the total on- and off-course betting of all the clubs in that code.

36. For some years the Board divided 15 percent of each code's fund equally among the totalisator clubs in that code, and the balance among those clubs in the ratios which their combined on- and off-course turnovers bore to the total turnover of all those clubs in the code. It reduced the first percentage to 10 for the year ended 31 July 1969. The increased profit for the year, however, ensured that no club received from the equal distribution less than it had received the previous year.

37. Although the approved scheme entitled the Board to retain at its discretion part or the whole of its profits in any year, the Board has each year distributed the whole of its profits. Consequently it has not built up reserves from this source to buy premises, or for possible further mechanisation of its betting procedures.

38. In this chapter, too, we have had to use 1968-69 figures though those for 1969-70, released as this report was in the course of printing, will be fed into the later chapter 17 which contains our recommendations on the TAB.

PART III

In Part III we discuss the issues raised by the several items in our Warrant, with the exception of greyhound racing.

Chapter 13. THE FINANCES OF THE RACING AND TROTTING INDUSTRY

1. The first specific matter raised by item 1 (a) of our Warrant is “. . . the finances . . . of the horse racing and trotting industries”. As we have explained, we believe them to be one industry rather than two. In chapter 9 we have set out in considerable detail the finances of racing and trotting clubs and the various other sectors of the industry—owners, trainers, jockeys, drivers—based on the 1968-69 figures presented to us. We have also explained earlier why it was necessary to use those figures. We can however include in this chapter such relevant figures for 1969-70 as are available at the time of printing this report, and shall with their added assistance, examine the finances of the industry and the proposals for change.

PREVIOUS INQUIRIES

2. The Finlay Royal Commission was mainly concerned with the contemporary contest between the proposers of a legal off-course betting scheme and bookmakers. Its fundamental task was not to investigate the financial situation of the industry. It does make some reference to the finances of non-totalisator clubs but none in respect of totalisator clubs.

3. The Reid Committee saw the burden of taxation on horse racing as unduly oppressive, and, it would seem, as the main cause of the clubs' financial problems. It said “Unless the Government comes to a realisation of the position, racing clubs in New Zealand are going to go through a very difficult period. We consider that the limited concessions that have been made are totally inadequate”.

4. In 1967 the Taxation Review Committee (Ross Committee) set up by the Government reported that it did not consider the case for taxation relief was sufficiently strong to justify a recommendation. It agreed, however, that the economic condition of the horse racing industry was not then satisfactory, saying:

We agree that the present condition of the racing industry in New Zealand is not a satisfactory one and we sympathise with the industry's predicament. In our view its problem cannot be solved or even significantly alleviated simply by changing the method of tax treatment of the industry. While we cannot make any positive recommendation for tax relief, nevertheless we have no hesitation, in the light of the industry's difficult financial state, in recommending that there should be no increase in the rates of totalisator or dividend duty.

5. We have remarked (chapter 11) that the Committee's recommendation concerning this taxation was negative rather than positive. Moreover by its use of the word "simply" in the passage quoted, it implied that if the industry was prepared to make necessary internal reforms and brace itself economically for the future, some concessions might be justified.

THE CONFERENCES' PROPOSALS

Introduction

6. The Conferences, auxiliary organisations, and clubs all stressed the need for reducing the allegedly high rate of taxation on betting. Some made an associated request for an increase in club and TAB commissions. As a preliminary to a description and a consideration of what they proposed, we will summarise here the details of current deductions set out in chapter 9.

7. The current rate of duty on betting on horse racing is 9.32 percent on all betting turnover, with a rebate equal to $2\frac{1}{2}$ percent on the first \$100,000 of the combined investments on the totalisator. Club and TAB commission is 7.50 percent on win and place betting, and 10.18 percent on doubles. In addition, there is the amenities levy of one-half percent on combined totalisator turnover which is deducted by clubs. Total deductions are therefore 17.32 percent on win and place, and 20 percent on doubles betting.

8. The Half Percent Amenities Levy does not apply to the special and overseas betting run by the TAB for which it operates its own pool as there is no totalisator. On this betting, the TAB deducts a commission of 8 percent on win and place, and 10.68 percent on doubles, making the total deductions here, too, 17.32 percent and 20 percent.

9. In the 1968-69 season the total duty received by the Government was \$11,574,855. Clubs and TAB received \$10,895,814 in commission and the Half Percent Amenities Levy produced \$634,829. Clubs and TAB also retained fractions amounting to \$532,057, and unclaimed dividends, for which no total figure is available as some clubs allow totalisator operators to take these as part of their fees and have no record of them. The TAB unclaimed dividends were \$388,577.

The Racing Conference

10. The Racing Conference's proposals for solving the financial problems of the racing industry are, in brief:

- (a) Reduce Government duty from 9.32 to 5 percent on betting turnover, and abolish the present rebate of duty.

- (b) Increase club and TAB revenue by changing the commission from 7.50 percent on win and place betting and 10.18 percent on doubles to a flat rate of 10 percent on both forms.
- (c) Increase bettors' returns by reducing the total deductions from betting from 17.32 percent on win and place and 20 percent on doubles to a flat rate of 15.50 percent on both forms.
- (d) Leave the Half Percent Amenities Levy unaltered.

11. The Conference worked out the monetary effects of its proposals using 1968-69 figures from *racing only* (rounded to the nearest \$000).

(a) <i>Reduction of Government Duty—</i>		\$	\$
From 9.32 to 5 percent ..	3,992,000		
Less elimination of rebate ..	216,000		
			3,776,000
(b) <i>Increased Club and TAB Revenue—</i>			
Commission changed from 7.50 on win and place and 10.18 percent on doubles to a flat rate of 10 percent	1,325,000		
Less loss of rebate	216,000		
			1,109,000
(c) <i>Increased Return to Bettors—</i>			
By reducing total deductions (duty plus commission) from 17.32 on win and place and 20 percent on doubles to 15.50 percent on both ..			\$2,667,000

12. The Conference claimed that racing needed increased revenue:

- (a) To help clubs to increase stakes to allow owners a return of 50 percent of costs (\$1,471,000).
- (b) To enable clubs to halve nomination and acceptance fees (\$243,000).
- (c) To help clubs which run at a loss (\$391,000).
- (d) To set up a special fund to assist the breeding industry, to finance a superannuation scheme for jockeys, to help develop centralised training tracks and maintain present training tracks, and for other special purposes (one-half percent of totalisator turnover, \$462,000).

The cost of these proposals would be \$2,567,000

13. The money would come from:

The extra 2.68 percent commission on TAB doubles betting	\$ 829,000	\$
Increased TAB profits from closing un-economic TAB agencies	80,000	
Increased revenue from proposed commissions	1,109,000	
		<u>2,018,000</u>
To be absorbed by the industry ..		<u>\$549,000</u>

14. The Conference said:

The new formula would therefore not, by any means, cure all of racing's financial ailments. It would, however, allow the Clubs to alleviate the declining position of owners, trainers, and jockeys and at least to improve their own financial position, it would return increased dividends to the public who richly deserve them, it would give the Conference an effective fund which could be used for the overall benefit of all sectors of the racing industry, and it would still leave the Government with the handsome sum of \$4,621,220 by way of taxation *on racing alone*. In addition it could confidently be expected that the reduced deductions from the investor's dollar and the increased dividends which he would receive would lead to an increased turnover in investments and a revival of interest in racing. This should be of benefit to both the Clubs and the Government. The Conference believes that within a few years the Government would regain the income which under this proposal it would reallocate to Clubs and to the public and that Clubs would not only make up the deficit in the figures shown above but could gain sufficient additional income to meet any rising costs anticipated in the future.

The Trotting Conference

15. Although the Trotting Conference's views of the needs of the industry were much the same as those of the Racing Conference, its approach to the solution was somewhat different. Whereas the Racing Conference sought a substantial reduction in taxation accompanied by an increase in club and TAB commission, with a final overall reduction in the "total take" to 15.50 percent, the Trotting Conference sought a substantial reduction in taxation which would wholly be taken up by a corresponding increase in club commission and by some new levies. The "total take" would therefore be the same as now.

16. In more detail, the Trotting Conference asked for:

- (a) A reduction in duty from 9.32 to 6.82 percent (a reduction of 2.5 percent).
- (b) An increase in club commission on on-course betting from 7.5 to 8.5 percent on win and place, and from 10.18 to 11.18 percent on doubles (an increase in both cases of 1 percent).
- (c) A commission to clubs of 1 percent on off-course betting.
- (d) TAB commission on off-course betting to remain at 7.5 percent on win and place betting and 10.18 percent on doubles betting.
- (e) The Amenities Levy to remain at one-half percent.

- (f) A breeding and special purposes levy of one-half percent on on- and off-course betting to be paid to the Conferences to provide a fund to assist the breeding industry, and for other purposes.
- (g) A stakes levy of 1 percent on on- and off-course betting to be paid to the Conferences to provide a stakes subsidy fund.
- (h) Continuation of the present rebate of duty.

17. Table 9 summarises these trotting proposals.

Table 9

Proposal	On-course		Off-course	
	Win and Place	Doubles	Win and Place	Doubles
	Percent	Percent	Percent	Percent
Club commission (b) and (c)	8.5	11.18	1.0	1.0
TAB commission (d) ..	..	..	7.5	10.18
	8.5	11.18	8.5	11.18
Amenities levy (e) ..	0.5	0.5	0.5	0.5
Breeding and special purposes levy (f) ..	0.5	0.5	0.5	0.5
Stakes levy (g) ..	1.0	1.0	1.0	1.0
	10.5	13.18	10.5	13.18
Duty (a) ..	6.82	6.82	6.82	6.82
Total deduction ..	17.32	20.00	17.32	20.00

18. Such a change in duty rate on 1968-69 betting for *trotting only* would result in reducing the amount of duty payable by \$878,855 from \$3,276,371 to \$2,397,516. Trotting's revenue would increase by the same amount and would be absorbed thus:

	\$
(a) Additional finance for clubs of one percent on turnover	351,542
(b) A breeding and special purposes fund of one-half percent on turnover	175,771
(c) A stakes subsidy fund of one percent on turnover	351,542

19. The additional revenue for clubs would cover present losses, and help to keep pace with rising costs, to maintain and to improve facilities and to increase stakes. The breeding and special purposes fund would help the breeding industry by supporting equine research

and ultimately the establishment of a National Stud. The stakes subsidy fund would be used mainly to increase stakes for slower class races, to subsidise classic and semi-classic races and for breeders' stakes races.

20. The Conference stressed the small returns to owners, trainers, and drivers, the need to increase stakes to improve their positions, the need to continue to improve public amenities, and to help breeders. It said ". . . there is definite need for financial relief so that the sport can provide an adequate reward for those participating therein".

THE BASES OF THE CONFERENCES' PROPOSALS

21. Briefly, both Conferences' proposals were based on:

- (a) The number of clubs which lost money in the 1968-69 season.
- (b) The low rewards to people engaged in (and especially those dependent upon) the industry.
- (c) The need to give more support to the breeding industry.
- (d) The allegedly much higher rate of tax in New Zealand compared with other countries, even after allowing for the fact that fractions and unclaimed dividends are taken by clubs and TAB in New Zealand.
- (e) The alleged stimulation of betting resulting from lower deductions.

Racing Submissions

22. In giving a general picture, the Racing Conference said:

It is submitted that lack of finance is the basic problem of the racing industry and the principal cause of any dissatisfaction within it.

Statements have been made from time to time from Government sources that before the racing industry can be considered for financial relief from the Government it must put its own house in order. Two comments should be made on this statement. First, the industry has been prevented by political pressures from proceeding with a greater degree of regionalisation than has already taken place, and has also been refused the right to reduce losses by closing agencies of the Totalisator Agency Board which, over a period of years, had consistently been conducted at a loss because of the small demand from the public for the services provided by those agencies. Secondly, the racing industry has never sought direct aid from the Government but rather has asked that there be a reapportionment between Clubs and the Government of the amount deducted in commission from the investments made by the public on the totalisator.

23. *Club Losses*: The Conference pointed to the large number of clubs which suffered substantial losses in the 1968-69 season and said:

At the present time Clubs have accumulated losses which may be brought forward for taxation purposes of an amount of \$2,204,902.51 which indicates that the present difficult financial position of Clubs has been building up over a period and has now become very serious. It has passed beyond the stage . . . where the Government can continue to avoid facing the issue merely by stating it will consider the problem when racing has first put its house in order.

. . . The greatest problem is the fact that over recent years costs have been increasing at a far greater rate than income has risen. Clubs have continued in existence because they have used capital reserves, increased their capital indebtedness or deferred essential works. Unless there is a radical change in financial policy for the country, it is inevitable that the currency will continue to depreciate in value, and this aspect is of significance when considering any proposed remedies for the present financial position of the racing industry.

. . . It is considered that gate money is already as high as possible, and any increase would result in a decline in attendance. Members' subscriptions have already been increased in recent years. Owners contribute approximately 19 percent of net stake money through payment of nomination and acceptance fees. This is considered to be too high but any reduction would, at present, mean that stakes would require also to be reduced.

24. *Low Returns to Owners*: Referring to the low returns to owners, the Conference said:

It is hardly necessary to stress that a return to owners in New Zealand by way of stake money amounting to less than one-third of the annual cost of training and racing makes it impossible for the majority of owners to recover their annual costs, let alone replace their racing stock. The steadily declining position of the owner in relation to stakes over the last 20 years is at least one of the reasons why the number of horses being raced last season was almost the same as that of the 1951-52 season. The inability of owners as a whole to race for a return which is anywhere near their costs has no doubt also contributed to the fact that approximately the same number of horses as raced 20 years ago is now owned by a substantially increased number of people. In other words because their position has declined so markedly owners are now being forced more and more to race horses in partnership with other people in an endeavour to reduce their losses.

The Conference accepts that today's stakes are inadequate but it can only make significant increases given significantly increased income.

In the 1968-69 season the total stakes received by owners represented only 29.9 percent of the cost of racing the horses. Twenty years ago, in the 1949-50 season, the stakes offered were \$2,022,288. The Conference has been advised by the Department of Statistics that to produce a figure which would have the same purchasing power for owners today as the stakes offered in the 1949-50 season had then, the 1949-50 stakes should be multiplied by a formula of $^{1167}/_{545}$. This produces

a figure of \$4,330,294 as compared with the stakes offered last season of \$3,028,917. Even if last season's stakes were increased by \$1,301,376 to bring them to the same real money value as 20 years ago, however, they would still have represented only 42.9 percent of the costs incurred by owners. [The correct percentages are 33.7 instead of 29.9 and 48 instead of 42.9.]

It is accepted in other countries that stakes should be at a level equivalent to a minimum of 50 percent of the costs of training and racing horses, although in some countries the desired level is 100 percent.

It must also be stated that in some overseas countries the owners pay no entry fees for many races, whereas in New Zealand entries are paid for all races. Total nomination and acceptance fees paid by owners in the 1968-69 season amounted to \$486,025 or, in other words, owners contributed 18.6 percent of their own net stakes. It is considered that entry fees should be reduced by half which would assist every owner.

25. *Insufficient Incomes of Trainers and Jockeys*: We also quote from the Conference submission on the earnings of trainers and jockeys:

Fees charged by trainers barely cover the cost of feed and labour. Trainers rely in the main on their 10 percent payments from stakes earned by the horses they train to provide their personal wages or income. Because the vast majority of owners already race their horses at a loss, trainers cannot make their training fees sufficient to provide a living from this source alone, and many are compelled to undertake secondary employment. An adequate level of stake money could help to correct the present individual financial problems of trainers.

. . . The rewards paid to jockeys should be sufficient to attract men with the skill necessary to follow an occupation which can be dangerous. Jockeys are paid a losing fee in each race, but riding fees based on these fees are insufficient for other than a minimum living, and in fact many riders find it necessary to engage in secondary employment. . . . The decline in the value of stakes has affected jockeys as well as owners and trainers.

26. *Support for the Breeding Industry*: The Conference next made the point that the breeding industry had developed important overseas markets, and such development must be supported by a healthy and vigorous racing industry with enough stake money to justify paying reasonable prices for well-bred bloodstock. The French bloodstock industry, so it said, had been greatly helped by breeders' awards attached to the stakes. It saw a need for equine research to help to improve the quality of bloodstock.

27. *Rate of Taxation*: It compared rates of taxation in New Zealand with those of other countries. However, some of these comparisons did not show the full picture. Taxes on betting in some countries are on graduated scales, and rates can be misleading unless turnover is known. In other cases, licence fees are also payable to

the Government, as are taxes on admission charges. The information submitted was, however, sufficient to show that the rate of taxation on horse-race betting in New Zealand is generally higher than in most other prominent horse-racing countries. Nevertheless, because of the incompleteness of the information supplied, we sought more detail from some countries. We present this in paragraphs 58-66 below.

Trotting Submissions

28. The Trotting Conference submissions were generally similar and there is thus no need to repeat them. They directed our attention to the low returns to owners, trainers, and drivers which are self-evident from the information given in chapter 9. They claimed a clear need for financial relief to adequately reward those participating.

29. In his final address, counsel for the Trotting Conference spoke of the financial state of the industry and said:

Although there have been violent differences of opinion on a number of matters which have been canvassed before this Commission, at least there has been one common denominator—the financial difficulties of racing and trotting. . . .

It is submitted that many of the major problems said to be present in racing and trotting today, have been caused by the difficulties over finance and by the tax burden which is being borne by the two codes.

The Trotting Conference submits that, leaving aside the question of control, there are two key factors which will determine the future of trotting in New Zealand. One is the easing of the financial burdens of the sport and the other is the granting of more totalisator licences. . . .

The cornerstone of the argument seeking financial relief is the request for a reduction in totalisator duty. . . .

The Trotting Conference is not blind to the fact that any Government is continually under siege by various sections of the community who are seeking financial relief in the form of reduced taxation. Having made this concession, however, trotting submits that a case for relief has been made out and that the present financial position of the horse racing sports amply qualifies them for favourable consideration.

OTHER SUBMISSIONS

30. The other main parts of the industry and many racing clubs made similar submissions, reinforcing their arguments with further information. The New Zealand Racing Owners and Trainers Federation gathered data from a number of trainers showing an almost doubling of cost over the past 10 years in most items of trainers' expenses (see chapter 9). The New Zealand Trotting Horsemen's and Trainers Association claimed that training fees

merely covered costs, and that trainers depended on their percentage of stake winnings to give them their livings. Some have been forced to race horses themselves "to maintain stable strength and reputation until ownership conditions improve".

31. The New Zealand Thoroughbred Breeders Association supplied a schedule of exports and imports of bloodstock (thoroughbreds and standard bred) over the last 5 years. We print this as appendix 15. It shows the large rise both in number and value of exports over the period: 690 horses sold for \$1,560,752 in the year ended 30 June 1965 increased to 968 sold for \$2,788,115 in the year ended 30 June 1969. The Association said:

. . . the thoroughbred breeding industry in this country is long since past the stage where its historical role as a stepchild of the racing industry should continue; . . . it is at a stage where its modest contribution to the economy should receive recognition from the Government and where the fundamental role it plays in the racing industry warrants it having a small share of the revenue garnered from it, not for the immediate benefit of individual breeders but for the advancement of the industry as a whole.

TREASURY'S OPPOSITION

32. In opposing the reduction of totalisator duty, Treasury made the following main points.

- (a) Tax is not imposed on horse racing as such but on betting on horse races. For all practical purposes the tax is paid by the betting public and not by racing and trotting clubs from their own revenue. Clubs are collectors of the tax for the Government.
- (b) The prime purpose of the tax is to raise revenue, not to discourage gambling. It follows that the rate of tax, given the level of other deductions, should not be increased beyond the point at which the total revenue from the tax would fall. Treasury considers the rate of tax at present is below that point.
- (c) All taxes have various economic effects which the Government should take into account in deciding what types and rates of taxes should be imposed. There is also the question of equity between different parts of the community. The merits of a reduction in the rate of totalisator tax must be considered in relation to the merits of reductions in other forms of taxation. In Treasury's opinion a reduction in taxation on betting should have a low priority compared to reductions in taxation from other sources. Taxation on betting does not affect the cost of living and does not adversely affect incentives to work and save.

- (d) There is no shortage of horses, or of owners with horses wanting to race, and there is unlikely to be an abrupt decline in the near future if the financial position is not improved. It would be difficult on either economic or social grounds to justify the granting of financial help to clubs for the benefit of owners of race horses at the expense of other forms of Government expenditure.
- (e) Clubs could reduce costs by centralisation and thereby have extra money for increased stakes. Some clubs could also look at other revenue sources.
- (f) Breeders have the problems facing many other industries which are expanding from being a domestic supplier to being an overseas supplier as well. Extra money for expansion is needed. But that raises matters of liquidity rather than of profitability of operations. Some highly priced stallions are bought by syndicates to spread costs and by this and other means the industry will be able to prosper without special Government help. Treasury does not support the use of public funds to establish a national stud.
- (g) There is no doubt some substance in the claim that the improved 1970 position of clubs does not fairly indicate the prospective future, because of likely cost increases.
- (h) There are differences between New Zealand and other countries which could affect the level at which diminishing returns from betting on horse races could apply.
- (i) The on-course totalisator and the TAB are the only legal methods of betting on race horses, and so have a monopoly. Bookmaking is illegal. There are bookmakers operating legally and competitively in some other countries. There are also substantial other gambling avenues available—football pools, casinos, etc.
- (j) All forms of betting at a totalisator meeting, including jackpots, should be subject to tax.

33. Put briefly, the Treasury view is that the present system of racing taxation should remain basically unchanged. There should be no decrease or increase in the rate of totalisator duty.

OUR GENERAL SURVEY

The Past

34. We will examine and comment on the 1968–69 data before introducing some 1969–70 figures and discussing the improvement they show. Then we search, as we must, for sustained trends.

35. Advantage is gained from comparing 1968–69 data with those of 1952–53. We take 1952–53 here because that was the first year in which the TAB could be said to be in full operation and

the bookmaker practically eliminated. On-course betting in the year 1952-53 totalled \$47,560,466. In the year 1968-69 it was \$50,997,933, a remarkably small difference considering the changes which have taken place in the purchasing power of money over the 16 years. The commission on the small increase was plainly insufficient to compensate for changes in costs.

36. But while there was no worth-while increase in on-course turnover over those 16 years, clubs have recently received two quite considerable aids to revenue. As we have said in chapter 9, commission on doubles betting was increased by 2.68 percent from 1 August 1968. This produced in the 1968-69 season additional revenue of \$213,182 from on-course doubles betting. Moreover, in 1965 the rebate of duty was increased from 2.5 percent on the first \$40,000 of each club's totalisator turnover to 2.5 percent on the first \$100,000. Most clubs qualify for the full benefit of this rebate, which gives them an extra \$1,500 a year.

37. TAB turnover rose from \$26,118,268 in 1952-53 to \$36,606,300 in 1953-54 and steadily to \$76,762,742 in 1968-69. Running costs also rose, absorbing more and more of income. Nevertheless, the profits of the TAB became a large source of club revenue—\$1,894,260 in 1968-69. This came from the 1967-68 operations of the TAB, and was not affected by the Board's increase in commission of 2.68 percent on doubles betting from 1 August 1968.

38. Then, too, it must be remembered that clubs had, since 1 November 1955, the benefit of the distributions made by the Conferences' Executive Committees of the Half Percent Amenities Fund. These, however, were rightly treated by most clubs as capital receipts and spent on improving courses and buildings.

39. But nevertheless it is clear that in the year 1968-69 many clubs lost money even after trimming their expenses on maintenance and improvements. Nor can the situation be attributed in any large part to increase in stakes, which rose in total amount mainly because more races were run. But the average rise per race between 1950-51 and 1968-69 was only \$185 (chapter 9). And when it is remembered that stakes are the main source of revenue for so many people in the industry, the validity of the Conferences' submissions that returns to such people have not kept pace with inflation, and are in today's terms inadequate, becomes plain.

The Present

40. The betting turnovers for the 1969-70 season (which we have very recently obtained) revealed large increases over 1968-69, as table 10 below shows.

Table 10

Season	On-course	Off-course	Total
1969-70 ..	\$ 54,667,881	\$ 82,409,999	\$ 137,077,880
1968-69 ..	50,997,933	76,762,742	127,760,675
Increase ..	3,669,948	5,647,257	9,317,205

41. The increase in on-course turnover produced about an extra \$257,000 in club commission. Clubs also received in 1969-70 the large TAB distribution resulting from the 2.68 percent increase in commission on off-course doubles betting during 1968-69. It was this increase in doubles commission which was largely responsible for the rise in the TAB distribution from \$1,894,260 in October 1968 to \$3,019,913 in October 1969. The increased revenue to clubs from these two sources was \$1,383,425 (\$257,772 and \$1,125,653). In addition there would most probably be some small increases in fractions and unclaimed dividends.

42. Although accounts for clubs for 1969-70 are not available to us at this stage, it is reasonable to expect that this increased revenue in that season should have enabled clubs:

- (a) to operate without the large overall losses incurred in the 1968-69 season;
- (b) to cope with rising costs of running meetings, and maintaining the courses and facilities;
- (c) to overtake some maintenance work previously deferred because of lack of finance;
- (d) to make some increases in stakes.

[We have been told that stakes were increased by about \$446,000 (\$289,000 racing and \$157,000 trotting).] It seems most probable, however, that costs will continue to rise. These could bring further financial problems unless turnover continues to improve.

43. We could interpose here the observation that whether clubs show profits or losses depends largely on the level of stakes they provide, and consequently is not of itself a sufficient indication of the financial health of the industry. A better test is, perhaps, the financial capacity of clubs to maintain and improve facilities for the public and to increase stakes to the extent that the rewards of those dependent on them keep pace with cost-of-living rises.

44. The TAB operations for the 1969-70 season, too, showed a substantially improved result. Commission increased by \$428,971, fractions and unclaimed dividends by \$59,201, and interest and rent received by \$39,515—a total increase in revenue of \$527,687. TAB expenditure grew by only \$26,729, so that the profit for the year rose by \$500,958 from \$3,019,913 in 1968-69 to \$3,520,871 in 1969-70. The Board has decided to distribute the whole of the profit on the same basis as the previous year. Distribution is usually made in October and will come into clubs' 1970-71 accounts.

45. As we said in chapter 12, the TAB contended that an annual increase of nearly 5 percent in turnover is needed to maintain the previous year's profit level. But in the 1969-70 season the Board was able to keep costs down to practically the same total expenditure as in 1968-69 on a substantially larger turnover. While there were increases in some items of expenditure these were offset by savings made by reducing the hours of five of the smallest agencies, by changes in methods of telephoning the collation of bets, by non-replacement of some permanent staff, and by reducing depreciation. However, it is true that the Board's present form of operations involves a very high clerical content, and that makes it especially vulnerable to the effects of wage increases. So while it has been able to hold expenses in 1969-70, it may be unable to do so in the current year, when the effects of presently occurring rises in wage rates, and recent taxation measures, make their impacts felt.

The Future

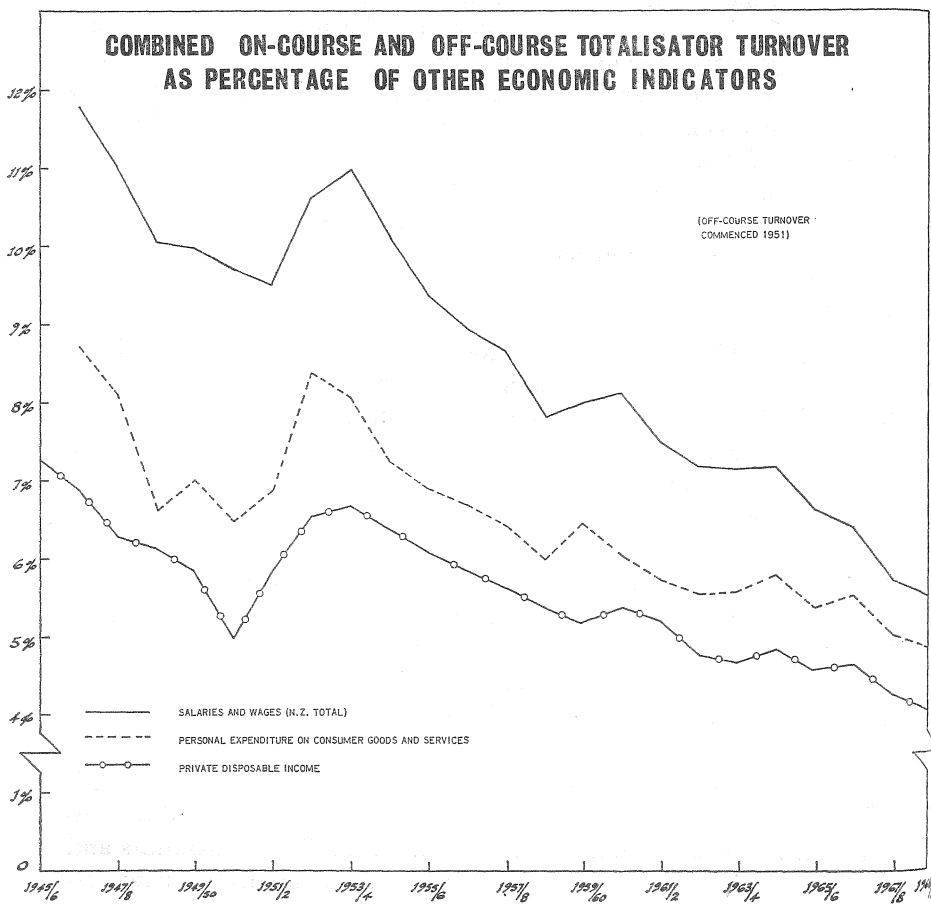
46. It would not be prudent for us, or for clubs, to regard the recent improvement as necessarily the turn of the financial tide and the beginning of a more prosperous trend. Indeed, no plan for the future can be founded on any one or two years' figures. Sustained trends, and comparisons with other sectors of the economy, are far more reliable guides, especially as we must, as we have said, consider not merely today or tomorrow but also the years ahead.

47. For this reason we sought further statistics and, especially, graphs, which were prepared at our request by the TAB. We think that they, better than any other information set before us, give an insight into the economic future of the industry. We shall print the graphs here and discuss them and their supporting schedules in some detail.

48. The supporting schedules are printed as appendices 16 A-B to this report. They give for the years 1945-46 up to 1968-69, on-course turnovers, off-course turnovers, total totalisator turnovers and the comparable figures of the other indicators used. We now discuss each of the graphs separately.

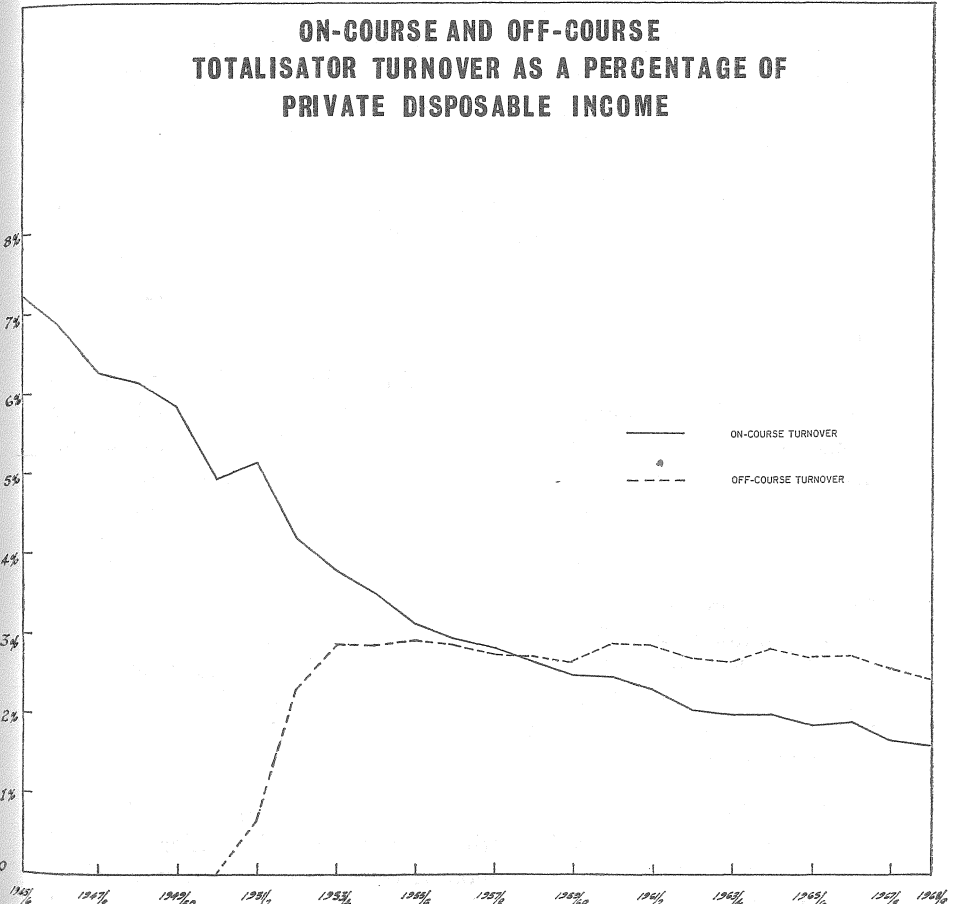
49. *Graph A.* This shows the combined on-course and off-course totalisator turnover as a percentage of:

- (a) Salaries and wages: These are the gross amounts for salaries and wages paid to New Zealand residents, but do not include pay and allowances to the armed forces nor social security benefits nor pensions.
- (b) Personal expenditure on consumer goods and services: This is the value of personal expenditure on consumer goods and services by households and non-profit making organisations.
- (c) Private disposable income: This is the income from all sources for the private sector, less direct taxation. The income includes company income before distribution of dividends, salary and wage payments, farming income, pay and allowances of the armed forces, social security benefits and pensions, and other personal income.



50. Graph A shows a dramatic decline in betting as a percentage of all three economic indicators. The pattern is remarkably consistent between the years 1951-52 and 1968-69. Previous years should be disregarded for then bookmakers were operating off-course, and their turnovers were not recorded. After the TAB was set up, recorded betting figures rise rapidly on this graph until 1953-54 but from then on there is a steep and almost continuous decline. The drop has been 11 percent to $5\frac{1}{2}$ percent in relation to salaries and wages, from about $8\frac{1}{2}$ percent to just under 5 percent in relation to personal expenditure on consumer goods and services, and from $6\frac{3}{4}$ percent to just over 4 percent in relation to private disposable income. Apart from inevitable fluctuations, the trends have been falling with a consistency which leads us to doubt whether the bottom has yet been reached.

**ON-COURSE AND OFF-COURSE
TOTALISATOR TURNOVER AS A PERCENTAGE OF
PRIVATE DISPOSABLE INCOME**



Graph B

51. *Graph B.* This shows separately the on-course and off-course totalisator turnovers as percentages of private disposable income. It illustrates the rapid drop in on-course turnover in relation to private disposable income from $7\frac{1}{4}$ percent in 1945-46 to $3\frac{1}{4}$ percent in 1955-56, and then a slower decline to a little more than $1\frac{1}{2}$ percent in 1968-69. For off-course turnover there is a sharp rise in the first few years of its introduction—from practically nil in 1951 to nearly 3 percent in 1953-54. The line is then fairly constant, with minor fluctuations, until 1966-67, and in the following year it shows a drop to just under $2\frac{1}{2}$ percent. This trend has continued to 1968-69.

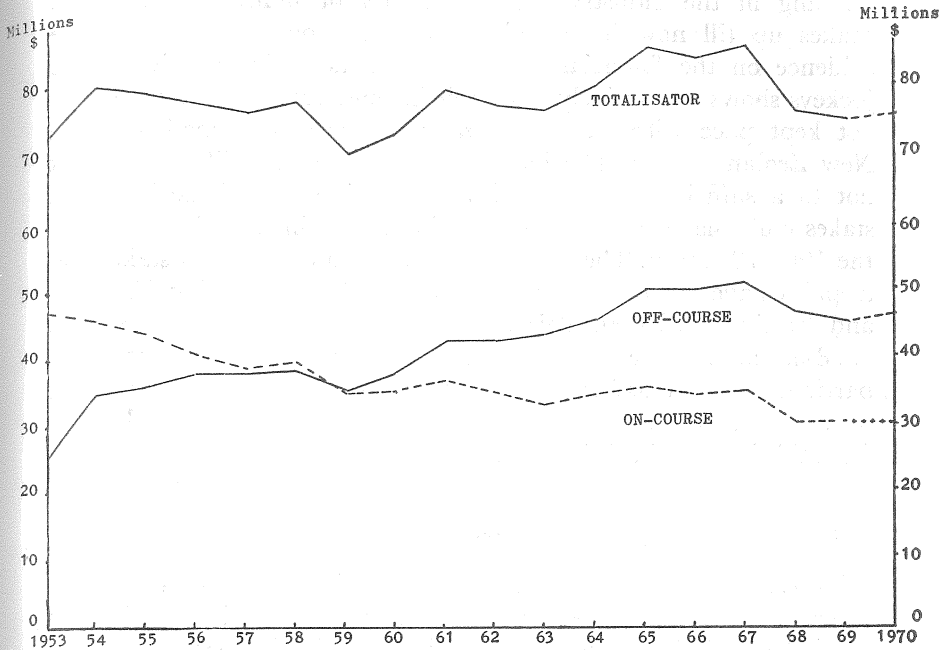
52. From this it appears that off-course turnover may have found its level in relation to private disposable income at between $2\frac{1}{2}$ percent and $2\frac{3}{4}$ percent. It seems however that on-course betting has not yet found a stable level. The indications are that it will drop further in relation to private disposable income.

52. *Graph C.* This shows the on-course and the off-course betting and the combined betting adjusted each year in terms of the Consumers Price Index, and takes 1952 as the base year. The Consumers Price Index has been taken from the *New Zealand Yearbook* from 1952 to 1967, and from the *Monthly Abstract of Statistics* for 1968 and 1969. The Consumers Price Index is generally accepted by economists and others as a reasonable indicator of percentage changes in prices of selected commodities, and of price movements in the economy generally. This is perhaps the most useful and pointed graph of all.

53. On-course betting was $\$47\frac{1}{2}$ million in 1952-53. It rose to $\$51$ million in 1968-69. When this latter figure is adjusted to the Consumers Price Index it becomes only $\$30$ million—a substantial decrease from the 1952-53 figure. Off-course betting was $\$26$ million in 1952-53. It rose to $\$76\frac{3}{4}$ million in 1968-69. Again when the same adjustment is made, it becomes $\$45\frac{3}{4}$ million. The combined on- and off-course betting rose from $\$73\frac{1}{2}$ million in 1952-53 to $\$127\frac{3}{4}$ million in 1968-69. Adjusted to the index, the comparison is $\$73\frac{1}{2}$ million in 1952-53 with $\$76$ million in 1968-69. Thus the combined betting (with some small fluctuations) has really only held its own when adjusted in that way. And this despite the increase in racing days from 359 to 404, and the increase in population from 2,037,553 to 2,780,839.

54. All these graphs show the same general pattern and lead to the same conclusion. Betting is getting a smaller and smaller share of the people's available spending money. In terms of real money values there has been no increase in betting over the nearly 20 years covered by the graphs.

**OFF-COURSE, ON-COURSE AND COMBINED TOTALISATOR TURNOVER
ADJUSTED BY CONSUMERS PRICE INDEX (1952 = 1,000)
(TURNOVER FOR 1970 IS ESTIMATED)**



Graph C

55. It is necessary to remember, however, that these graphs generally do not include the 1969-70 betting, which was up substantially on the previous season. But doubtless so were salaries and wages, personal expenditure on goods and services, private disposable income, and the Consumers Price Index. Data on all these indicators are not yet available to extend the graphs into 1970, but we think it unlikely that there will be any marked variation in the trends shown in past years.

COMMENTS ON THE BASES OF THE CONFERENCES' CASE

Club Losses

56. The information produced in submissions and evidence supports the argument that clubs have been struggling for some years. Their income has been substantially improved by the increased TAB distribution which they received in October 1969 and further improved as a result of the substantial rise in betting in 1969-70. Although the upward movement of betting has continued in the first 3 months of 1970-71, it is for the reasons already given too soon to say whether this is temporary or not. It is manifest that unless betting turnover can be increased each year to cope with rising costs, the financial position of clubs could quickly deteriorate again.

Incomes of People Working in the Industry

57. As we have said earlier in this chapter, the incomes of people working in the industry depend directly or indirectly on stakes. Stakes up till now have had to depend upon club income. The evidence on the financial returns of owners, trainers, drivers, and jockeys shows conclusively that their incomes from the industry have not kept pace with wages generally and are often inadequate in New Zealand terms. The incomes of these people will to some but not to a sufficient extent be lifted by their share of the increased stakes clubs have been able to pay from their improved revenues in the 1969-70 season. The information now available is that stakes and trophies have been increased by about \$446,000—racing \$289,000 and trotting \$157,000. This is approximately a 10 percent rise on 1968-69, and, as we have also said (chapter 9), jockeys' incomes in particular will be assisted by the recent increase in minimum riding fees. A corresponding decrease in the owners' net stakes will result from this increase in riding fees.

Rates of Duty in New Zealand and Other Countries

58. We sought information on horse racing taxation from some other countries to supplement and clarify that supplied by the two Conferences. It is collected together in appendix 17. Because all bets on horse racing must in New Zealand be put through the totalisator (on-course) or the TAB (off-course), we quote overseas rates of duty only in respect of the on-course totalisator and the TAB equivalent.

59. Accurate comparisons of rates of duty are difficult. Overseas rates are extremely various, differing according to the amount of the betting turnover, between metropolitan and country clubs, between on-course and off-course betting, and between different forms of betting. We shall try to make what comparisons we can.

60. *Rate of New Zealand Duty*: It helps if we repeat some information detailed earlier. In New Zealand the rate of duty is 9.32 percent on turnover irrespective of the type of betting and for both on-course and off-course bets, with a rebate of $2\frac{1}{2}$ percent on each club's turnover with a maximum of \$2,500 per club. Fractions and unclaimed dividends are retained by clubs and by the TAB. On the 1968-69 season's turnover, the rebate, fractions, and unclaimed dividends amounted to approximately 1.18 percent of turnover, so that for comparison with countries where fractions and unclaimed dividends are paid to the Government (as is more usual), the New Zealand rate should be taken as approximately 8.14 percent.

61. *Duty in France*: In France the basic rate of duty is 7.5 percent on-course and 6.25 percent off-course for metropolitan courses, and 6.5 and 6.75 percent respectively for country courses. In addition there is a graduated duty on *winning* bets, starting at 10 centimes on a 5-to-1 dividend, and rising to a maximum of 13.90 francs on a 200-to-1 dividend. There is a higher graduated tax on "tierce" *winning* bets, starting at 10 centimes on a 5-to-1 dividend and rising to a maximum of 35.90 francs on a 200-to-1 dividend. This latter graduated duty is scaled so that the average rate is between 20 percent to 22 percent on this betting. Fractions and unclaimed dividends are paid to the Government. The equivalent of 1.50 percent of off-course turnover is returned by the State to the industry to assist breeding.

62. *Duty in Australia*: In Australia the rates of duty vary from state to state; in some there are different rates for different types of betting, for metropolitan courses and country courses, and for on-course and off-course betting. The rates range from 3.5 percent to 8 percent for metropolitan courses and from 3 percent to 5.75 percent for country courses. Fractions and unclaimed dividends are usually paid to Government, in some cases after a deduction is made to pay minimum dividends. In Victoria, however, unclaimed dividends off-course are retained by the TAB, and in Western Australia, off-course fractions.

63. *Duty in South Africa*: In South Africa rates of duty also vary from state to state. There is no off-course totalisator system. In Cape Province the rate of duty is 7 percent up to a 12,000 rand turnover, and 8 percent above. There is also a tax on admission charges. Half the fractions are retained by the clubs, and half paid to the Government. In Transvaal the rate overall is 7.5 percent, and in the Orange Free State and Natal 5 percent. There is a tax of $33\frac{1}{3}$ percent on admission charges in Transvaal. In the Orange Free State the fractions and unclaimed dividends are shared between the Government (one-quarter), and clubs (three-quarters).

64. *Duty in Britain*: In Britain the rate of duty is 5 percent on on-course and 6 percent on off-course turnover.

65. *Duty in U.S.A.*: In the United States there are wide differences among states and between the two codes, with rates varying according to turnover. In some states there are also taxes on admission fees and daily licence fees. The treatment of fractions and unclaimed dividends varies. Rates of duty range between 4 percent and 8 percent but a comparison of rates alone is not meaningful.

66. *Summation*: On the information available, some reasonable comparisons are possible with Australia, with South Africa (except Cape Province), and with Britain. On these figures New Zealand has the highest rate of duty, but as the Treasury points out, in our country the clubs and the TAB have a monopoly of betting on horse racing which those of the other countries or states do not enjoy.

The Alleged Stimulation of Betting

67. The two Conferences, the auxiliary organisations, and many clubs were strongly of the opinion that the "overall take" from betting is too high and that a reduction would stimulate betting. Most, however, were seeking a reduction in tax, but not in club and TAB commission. Our immediate reaction is that if reducing tax will stimulate betting to the extent that the increased turnover at the lower rate will lead to no loss of tax, the same argument can be made for reducing club and TAB commissions.

68. The Racing Conference said:

If there is justification for the Government to tax the public for the privilege of losing their money through betting on the totalisator, it is submitted that the amount taken should be only such as not to embarrass the economic well-being of the sport. There is ample evidence from overseas countries, and indeed from New Zealand as illustrated by the extra 2.68 percent deduction from doubles betting, that an increase in deductions from the totalisator results in decline of turnover and can, in fact, produce less revenue than from a lower deduction. There is also evidence that the maximum taxation from betting which will not unduly harm the sport is 15 percent, of which 10 percent should be paid to clubs and 5 percent to the Government.

69. It is true that there is some evidence from other countries that reductions and increases in betting on horse racing have coincided with increases and decreases in total deductions from betting. The Director of the Pari Mutuel Urbain—the French off-course totalisator—gave information on deductions in France. In his letter he said:

Finally I should like to add that the Horse Racing Associations appear to have been able to convince the Ministry of Finance that this deduction from the bets on the first three placed horses [Tierce Betting] is too large. In fact, we have established that, since the special schedule on the first three placed horses had replaced the schedule which was applied to all bets, the stagnation and even a decline in these bets had set in between 1967 and 1970; only at present have the bets on the first three placed horses resumed their normal progress.

The figures he quoted to illustrate his observations on tierce betting were: 1966, 3,381 million francs; 1967 3,292 million francs; 1968 3,040 million francs; 1969 3,579 million francs.

70. The Secretary of the Horserace Totalisator Board, London, gave information about British deductions. In his letter he made somewhat similar comments about a decrease in betting following an increase in tax. We quote:

. . . With the introduction of Betting Duty in October 1966 the Board was obliged to increase its statutory deductions to recover the duty. This had an immediate effect on dividends, and turnover fell as a result. Betting Duty was increased in March 1968 and a new tax based on the rateable value of off-course betting premises was introduced in October 1969. Dividends have been adversely affected and in consequence turnover has declined. . . .

71. The New Zealand Racing Conference produced figures to show similar trends in some states of the United States of America, and in the province of Ontario in Canada. These related to changes made from about 1946 to 1953 and could be therefore somewhat out of date. However, we quote two:

Cleveland. In 1954 when the mutuel [totalisator] "take" in Ohio was 14 percent the Randall Park track had a daily average attendance of 7,986 and a mutuel handle of \$482,727. With the increase in the "take" to 16½ percent the mutuel handle by 1962 was down to \$328,796, a decline of 31 percent, while attendance dropped to 5,130, a loss of 35 percent. . . .

The Province of Ontario. . . . In 1950 the mutuel "take" in Ontario was 21½ percent with 12½ percent going to the Province of Ontario. In 1954 this was reduced to 15 percent with 6 percent to the Province and 9 percent to the racing associations. In 1950 the average daily handle of the tracks in Ontario was \$227,070. In 1964 it was \$507,474, an increase of 123 percent. Revenue to the Province of Ontario increased from \$4,115,652 in 1954 to \$5,967,894 in 1964 while purses increased from \$1,652,850 to \$4,449,725. . . .

72. These statements and figures viewed on their own could be quite persuasive. There may, however, be other factors which we should (but cannot) take into account before a proper analysis is made and sound conclusions reached—for example, the economic conditions in the country; the increase in racing days or numbers of races; the introduction of new betting methods; the availability of alternative means of gambling; the different rates for different types of betting; inflation.

73. We accept that a greater amount returned to bettors in dividends could encourage them to reinvest and thus increase betting, but in the absence of any information on the interplay of these other factors we cannot reach any firm conclusion on the true relationship.

74. Some reliance was placed on the fact that the New Zealand figures changed after the commission on doubles betting was increased by 2.68 percent from 1 August 1968. (The commission-rate on win and place betting was not changed.) Appendix 18 compares

doubles betting and win and place betting, both on-course and off-course, with the total betting for the past 6 years. The percentage rise or fall in both types of betting compared with the total betting is also shown. From 1964-65 to 1967-68 the percentage of doubles betting increased slowly, while win and place declined. In the year 1968-69, the relationship changed. Win and place betting grew while doubles betting declined, and this trend has continued into 1969-70.

75. An immediate reaction to this could be that this change in betting relationship must have been the result of increasing the commission on doubles betting. There are, however, other factors which cloud the situation. In 1968 concession doubles were first introduced. Previously doubles were "straight out" where the whole pool less deductions is paid to the holders of tickets selecting the winners of both races. With "concession" doubles, 70 percent of the pool is divided among the holders of tickets on the winners of both races, and the other 30 percent is divided among the holders of tickets on the winner of the first race and the second horse in the second race. Concession doubles have the effect of spreading the dividends among more people. Some say this encourages betting; others that it discourages betting, for it has the concurrent effect of reducing the dividend that would have been payable had the double been straight out. They say that one of the main attractions of doubles betting is the expectation of high dividends for small outlays.

76. A further intruding factor was the introduction of jackpot betting in March 1969. Many clubs told us that jackpot betting had reduced betting on on-course doubles. Some said that the pools on those doubles dropped by approximately the amount invested on the jackpot. An on-course double is usually allotted to two early races on a programme. The jackpot also starts on early races. The two therefore compete to some extent for the same money available for betting early in the day. But if this were the explanation, it would be expected to have reduced betting on on-course doubles more than on off-course ones. This, however, is not the result shown by the data in Appendix 18.

77. We therefore sought other explanations. They could lie in the increase in the number of races in the season through more clubs adopting the maximum nine-race programmes. But that could be offset to some extent by the increase in the number of on-course doubles. Trying to increase turnover, some clubs have been running three doubles a day instead of two as before.

78. And for these different reasons we conclude that the effect of the increase in the rate of commission on the volume of doubles betting in New Zealand is doubtful. There are too many possible factors involved.

79. The Department of Internal Affairs contends that only large changes in total deductions have more than limited effects on dividends paid. It gave the following comparison of doubles dividends per unit of investment on the basis of the present 20 percent deductions and the former 17.32 percent.

Table 11

Dollar Dividend on 20 percent Deduction		Dollar Dividend on 17.32 Percent Deduction	
Win	Concession	Win	Concession
\$	\$	\$	\$
10.00	4.25	10.30	4.40
25.00	10.70	25.80	11.10
50.00	21.40	51.65	22.10
100.00	42.85	103.40	44.30
500.45	214.45	517.20	221.65

80. The Department also provided us with figures showing the effect a reduction of 2 percent would have on win and place and doubles dividends.

Table 12

Win Dividends	
At 17.32 Percent Deduction	Become at 15.32 Percent
\$	\$
3.00	3.05
4.00	4.05
5.00	5.10
10.00	10.25
25.00	25.65
50.00	51.30
Place Dividends	
\$	\$
1.50	1.50
2.00	2.00
3.00	3.05
6.00	6.10

Concession Doubles Dividends

At 20 Percent Deduction		Become at 18 Percent	
Win	Concession	Win	Concession
\$	\$	\$	\$
10.00	4.25	10.25	4.35
25.00	10.70	25.60	10.95
50.00	21.40	51.25	21.95
100.00	42.85	102.50	43.90
500.00	214.30	512.50	219.65

81. On these figures it seems that a substantial reduction would be needed to stimulate betting to any marked extent. No doubt the public are aware of discernible reductions in dividends, and they do favour that betting which gives them the best return, but we believe that many bettors are not precisely aware of current deductions or are uninfluenced by them. In short we believe the stimulation theory leads to a somewhat uncertain case, though it should not, perhaps, be entirely discarded.

CONCLUSIONS

82. After examining the mass of information, and the arguments advanced, we conclude that the road to financial improvement in the industry lies not in repeated claims for higher commission deductions from betting, or for the diversion of some duty revenue to clubs, but in increased efficiency based on the most rational use of its resources. In later chapters we give in detail our views how this should be achieved. We shall say that the Conferences must have better regard to likely patronage in different areas. More control, and better administration are essential. Horse racing is big business and must have a top management to suit. For too long the industry has consumed its energies, and its betting public, with too many courses and, in some areas, too many days racing. Courses and dates must be used to the best advantage. The days of laissez-faire must be left behind and replaced with forward planning and better management.

83. In short then the industry's salvation must be found within the industry itself. We quote with broad approval the statements of the Treasury:

At a time when clubs are asking, through their Conferences, that legislation be amended so that revenue at present derived by Government from taxation should be diverted to racing purposes, it is necessary to consider not only the present financial circumstances of clubs but also what steps they could take themselves to improve their

finances. Even if it were established that the clubs were in a difficult financial position, it would not necessarily follow that a reduction in taxation on betting was the most appropriate remedy.

The insured value of racing and trotting clubs' buildings, and plant and equipment is about \$26 million. Much of this amount relates to assets used only on race days such as grandstands and totalisator buildings. These facilities are used from a maximum of 19 days a year down to as little as one day a year. For galloping meetings, the average number of meetings per racecourse in 1968-69 was 4.5 (271 days' racing on 60 racecourses). From a national viewpoint this represents a very uneconomic use of facilities. From the viewpoint of individual clubs, it means that the cost of depreciation and maintenance of fixed assets is very high per day of racing. Although standard accounting practice requires that the cost of capital assets be written off over their useful life, from a national viewpoint the total cost of constructing say a new grandstand is incurred at the time of construction, since that is the time when labour and materials are diverted from other possible uses. Treasury's main concern, therefore, regarding the centralisation issue is that further substantial capital expenditure on assets which are used so infrequently should not be encouraged. This implies that the smaller clubs, or those with the poorest public facilities, should race on other clubs' courses so far as practicable, rather than spend further large sums on providing better facilities on their own courses which would only duplicate those already existing on other courses where they might reasonably be expected to hold their meetings. We have no precise recommendation to make on this point, but it is clearly relevant to the manner in which the Half Percent Levy Fund is administered in the future. Treasury is not in favour of increasing clubs' commission by the amount of the levy, and of abolishing the levy as such, as this would not encourage clubs to use their funds more economically.

The 1969 annual report of the Totalisator Agency Board contains a graph showing that total totalisator betting turnover has declined from an amount equal to about $6\frac{1}{2}$ percent of private disposable income in 1954 to a little over 4 percent in 1969. Whatever the reasons for this may be, it would seem unlikely that this long-term trend will be reversed, and the racing industry must therefore decide how it should adjust to changing economic and social conditions. If clubs decide, for reasons which may appear to them to be perfectly valid, to continue holding their meetings on the present number of courses, despite the financial advantages which could be expected from a much greater degree of "centralisation", then they cannot reasonably ask Government for additional financial assistance, either at the expense of Government revenue or at the expense of the betting public.

84. *Taxation Relief*: In these circumstances should the Government be called upon to grant major taxation relief, especially when it is recalled that substantial help was given in 1968 by the increase of club and TAB commission rates by 2.68 percent, and that it was this which led substantially to the growth in club and TAB revenues in 1969-70? We must remember, too, the increase of \$9.3 million in on- and off-course turnover in that year, and that the rise in turnover seems to be sustained. Betting for the first 3 months of the current

season has continued to grow. Meanwhile the country is plainly in the grip of an inflationary period and costs are mounting at a rate which is giving concern to the Government and the people. We are confronted then with buoyant revenue in a period of financial uncertainty, when it is being urged from a variety of responsible and informed quarters that steps must be taken to reduce an excess of money in the community. The Government agrees with this and has before Parliament a bill to increase both direct and indirect taxation.

85. Furthermore, in considering whether taxation relief should be recommended we cannot confine our attention to income. We must bear in mind the very large assets of clubs, in particular. Not all these assets are fixed and incapable of conversion into money—a number of clubs have large sums invested in readily convertible forms. There is, especially, the sum of \$340,000 lent by clubs to the TAB for establishment purposes. This could, and no doubt would, be repaid if it were not for the fact that profits retained for that purpose by the Board would attract tax. We shall however later make a recommendation which should enable appropriate reserves to be established without that consequence. Thus the industry has assets which if necessary could be mobilised and used where most needed.

86. We would be burying our heads in the sand if we thought that in these conditions substantial taxation relief for horse racing would be acceptable to New Zealand. Nonetheless we would recommend it if we thought the welfare of the industry demanded it, but we do not think that. However, we believe that some small adjustments are needed to provide for special needs at this point of time, but in the main the industry is able to stand on its own feet. We are convinced that with its large assets and substantial income, it has the capacity to do that, if it is prepared to view itself as one industry and not as a number of disassociated activities, and to mobilise and rationalise its present diversified efforts. The case presented by the two Conferences on behalf of clubs for taxation relief and/or increased commissions must, we are satisfied, be rejected.

87. *Workers Dependent on Stakes*: A good case can, however, be made for outside assistance for the workers dependent on the industry—trainers, jockeys, drivers, stable hands, etc. They need help if they are to receive a reasonable standard of living from their work. All sections of the industry agree that there is only one practical way to do this—by increasing stakes, the benefit of which filters down through the various participants in the industry. Stakes are primarily the responsibility of the industry itself: it must do what

it can to maintain them at proper levels and to see that they are spread reasonably through the races for the different classes of horses. We believe it is doing its best. It is alive to its obligation and has made use of some of the increased revenue in the 1969-70 season in this way. But more is needed. Help must come from the Government. The problem is not one for the industry alone: there are community implications when one section receives rewards for its labours which are inadequate compared with those of other like sections. For this reason, and because the substantial tax revenues received by the State demand a progressive and a healthy industry, it is legitimate to say that the State should help to some extent. We think that aid should come in the form of a special stakes fund financed out of Government taxation on betting, and that this should be administered by the National Racing Authority which we propose in chapter 14—not by individual clubs or the Conferences.

88. We would place this fund with the Authority, because its administration must ensure that the amounts paid are not treated by clubs as ordinary income. It must be linked to minimum stakes schedules for each code, schedules which are related to suitable classifications of horses. The schedules would have to be carefully constructed to make certain that clubs contribute sufficiently from their own resources or do not excessively endow top classes out of their own funds while relying on the proposed stakes fund to bolster stakes in lower classes. The schedules should be approved by the Authority.

89. Subject to what we say later in this paragraph, we think that the special stakes fund should give the same additional amount for each race, irrespective of the class of horse catered for. This would give stakes for lower classes the greater proportionate increase. That is where we think help is most needed. There is an exception, however. We see no need to use the fund for subsidising races for top-class horses. The classes to benefit should be fixed following detailed study, and discussion with the two Conferences. We discuss the method of financing the fund, and its size, later in this chapter.

Fractions and Unclaimed Dividends

90. We have mentioned more than once that clubs and the TAB retain dividend fractions and unclaimed dividends, as part of their revenues. The amounts are substantial. In the 1968-69 season TAB fractions were \$277,485, and unclaimed dividends \$388,577, a total of \$666,062. The clubs got \$254,572 from fractions, but no figures are available about their unclaimed dividends. We have estimated the amount at \$254,990. The estimated total for fractions and unclaimed dividends in 1968-69 may be taken as \$1,175,624, the equivalent of approximately 0.9 percent of betting turnover. In

effect, it should be regarded as an offset against the duty of 9.32 percent. In some other countries the whole or a part of fractions and unclaimed dividends are paid to the Government.

91. We fail to perceive any grounds, legal or moral, upon which the retention of fractions and unclaimed dividends by clubs or the TAB can be justified. Both clearly belong to the bettor. When it is impossible to make payment to the bettor, they should be paid to the Government. This is and has long been the rule of law which generally applies to moneys of this character and we see no reason why horse racing clubs and the TAB should be treated differently from others. We recognise, however, that clubs certainly would suffer seriously if they were to lose the amounts which they receive at present from these sources, so we will recommend a compensating reduction in duty. To those who might say there is little point in changing the present practice in this way, we reply that by doing so a principle is maintained.

92. *TAB Development*: We explain in chapter 17 why we think finance is needed for future development of TAB facilities (especially the mechanical selling of tickets and the use of computers), and the need for this expenditure being managed and scrutinised in the public interest. It is impossible at this point of time to predict the eventual sum; one can say only that it will be substantial but its expenditure will be spread over some years. There is also need to put the Board in a position to repay its indebtedness to clubs if it, or clubs, so wish.

93. The amount necessary for this development and repayment should not be found by increasing the deductions from bets. The proportions bettors are already giving to the industry and to taxation, are every bit as high as they should be. We would be strongly against increasing them. We are of the opinion that the Board itself can well (and should) finance further development from the large profits it is making. We do favour however the practice of allowing the profits of the TAB retained expressly for capital development or for repayment of moneys borrowed for establishment being exempted from income tax. Unless this is accepted, the amount which must be set aside for tax will be roughly double the projected expenditure, and that would result in an erosion of the Board's distributable profits which clubs would be unable to bear. There is a precedent for this concession to be found in the course taken by the Government when establishing the Board in 1949. It allowed for capital purposes a one-half percent levy on both on- and off-course turnover over a period of 5 years (chapter 12). Our proposal does not involve any significant loss of tax now paid. Under s. 5c (2) Gaming Amendment Act 1949 the Board is not required to pay income tax on profits

it distributes to clubs, provided the distribution is made in the same financial year as the profits are earned or within six months of the end of the year. The distributions are assessable in the hands of the clubs, but few clubs show sufficient profits to incur income tax. The retention by the TAB of part of its profits without liability for income tax would not therefore involve any loss of present taxation revenue. Such an exemption from tax would be in line with the general attitude adopted by State Governments in Australia where it is accepted that the State should help, usually by taxation rebates, the establishment and extension of TAB activities. Most Australian states allow such rebates which vary from the equivalent of 0.25 percent to 1.25 percent of off-course turnover.

94. *Other Special Help*: The Conferences also advocated special help by a diversion of taxation for a better and more extensive compensation scheme for jockeys, the establishment of a National Stud, and the promotion of research on horses. Each of these is worth while. We shall discuss them in more detail later. But whether they should be promoted by diverting Government tax is a different question. We are satisfied that the answer to that question is, *No*. In chapter 19 we point out that the proposed National Racing Authority will be able to consider whether these matters should be supported out of TAB profits. Alternatively the Conferences could themselves make independent provision for them.

OUR PROPOSALS

95. We have said that we are satisfied that there is no case for substantial taxation relief, but that there are some deserving special needs, in particular, to improve the incomes of trainers, jockeys, and drivers who depend on the industry for their living, and to raise money to enable the TAB to expand and develop. The practical question for us is how these aims can best be achieved without unreasonable loss of revenue to the Government, and without imperilling clubs' finances. There is more than one possible opinion on the optimum arrangement and on the extent of any aid. We shall give ours.

96. We have already said that we do not approve meeting the financial problems of the industry by increasing the rate of "total take" from investments. In our opinion this has reached the limit. The bettor should not be asked to make any greater contribution. Appendix 17 also compares the total deductions from betting in New Zealand with those of some other countries. Here again it is difficult to get a meaningful comparison with France, Britain, and the United States. The comparison however shows New Zealand's total deduction of 17.32 percent on win and place and 20 percent on doubles betting to be well in excess of those in Australia and

South Africa which range from 13 to 15 percent (except for the 16.66 percent on doubles and quinella betting in Western Australia).

97. Nor do we think that the total deductions need be reduced. As we see no case for reducing duty (except for the specific purpose we have mentioned), reducing deductions in the bettor's interests could only be done by lowering the clubs' commission rate. It will be obvious from what we have said earlier that in the present financial state of the industry such a step should not be taken at the moment. If our proposals lead to the financial improvements we expect, that step may be possible in the future.

98. We considered an alternative that Government taxation be levied on off-course turnover only; that clubs would not receive any profit from the TAB and would depend solely on commissions at higher rates from on-course turnovers. We did some experimental calculations to see how this would work out in practice. We concluded that a proposition of this nature could have considerable merit. But it was not advanced in submissions nor discussed outside the Royal Commission itself, and then only at a late stage of our deliberations. It would need far more detailed investigation and discussion than we have been able to give. If acceptable, it could dispose of many of the more involved questions of horse racing administration—for example, about numbers of licences and racing days. In particular, it would remove the competition between clubs for off-course turnover. It is however of such a radical and far-reaching character that it would need examination by all likely to be affected. We think it worthy of study, and recommend that the National Racing Authority, which we later propose, set in train an appropriate investigation. We would be prepared to make available to that Authority the calculations which we have already made.

Aims

99. In our judgment then, the financial adjustments necessary should have three aims:

- (a) To establish a stakes subsidy fund by a levy of one-half percent of turnover, which on 1968-69 figures would produce something over \$600,000 a year.
- (b) To pay fractions and unclaimed dividends to the Government with a compensating adjustment of commission to give clubs and TAB an equivalent alternative income.
- (c) To build a TAB capital fund by allowing it to retain from its annual profits, without liability for income tax, the equivalent of up to one-half percent of the off-course turnover including special doubles and overseas betting. On the 1968-69 turnover this should produce up to \$383,814, and on 1969-70 turnover up to \$412,050.

Consequential Adjustments

100. Two distinct formal actions are necessary before the first two aims can be achieved: first, present rates of duty must be formally altered; but that is not enough, for s. 2 of the Gaming Amendment Act 1968 would require the benefit of any reduction, other than one in the form of a rebate for a specific purpose, to be passed on to bettors in dividends. Second, then, authority must also be given to clubs and the TAB to deduct the equivalent percentages from turnovers.

101. (a) *Stakes Subsidy Fund*: Present rate of duty should be reduced by one-half percent on on- and off-course turnover, including special doubles and overseas betting. (On 1968-69 turnover this would involve \$638,803.) Concurrently, clubs and the TAB should be given authority to deduct by way of levy one-half percent on on- and off-course turnovers, including special doubles and overseas betting, to be paid to the National Racing Authority and received by it as non-taxable for the purposes of a Stakes Subsidy Fund.

102. (b) *Compensatory Commission for Fractions and Unclaimed Dividends*: Present rate of duty should be reduced by 1 percent on on- and off-course turnover, including special doubles and overseas betting. Fractions and unclaimed dividends should be paid to the Government. (Available figures indicate that an average of these for the three seasons 1967-70 amounted to 0.9 percent of turnover.) Concurrently there should be authorised a corresponding increase of 1 percent in the commission clubs and the TAB may deduct from on- and off-course turnover, including special and overseas betting. Though the 1 percent reduction in duty we recommend will give clubs and the TAB a little more than they will lose, we see considerable advantages in adopting the round figure.

103. (c) *TAB Capital Fund*: The Land and Income Tax Act 1954 should be amended to exempt from liability for income tax profits retained annually by the TAB to provide a capital fund: the annual amount so exempted to be limited to the equivalent of one-half percent of the off-course turnover, including special doubles and overseas betting. This concession should be maintained only as long as is necessary to meet reasonable capital requirements. At this point of time the total cannot be estimated with any precision. In paragraph 93 above we have explained why this will not result in any significant loss of Government revenue. For that reason, and because it does not involve an alteration in duty, commission or levies deductible, we do not include this item in the following paragraphs detailing the consequences of our proposals on Government revenue and such deductions.

Effects of the Proposals

104. These adjustments in duty and commission will have three main effects. The first is an apparent taxation loss of one-half percent for a stakes subsidy levy. But this will be short-lived, if it in fact occurs. We give three reasons for this belief. The adjusted rates of duty should apply to jackpots and to any other type of betting on horse racing which may be introduced (see chapter 18). The TAB should develop and improve its service to the public, with a consequential rise in turnover and hence a greater tax return. The same-day payout we recommend (chapter 17) will accelerate the circulation of betting money, especially when a night trotting meeting follows a meeting earlier in the day. The TAB estimates that same-day payout could increase its turnover by up to 10 percent. Again this will produce more duty. To these must be added some increase due to population growths. As we have already said there will be no loss of duty arising from the TAB retention of profits for developmental purposes.

105. The second effect is that clubs and the TAB will be left broadly with the same income from betting. The annual distribution of TAB profits to clubs will however be reduced by the amount retained by the TAB for capital. Clubs' total revenue will be reduced by this amount (up to \$383,814 on 1968-69 figures). As with taxation, however, the same three reasons should result in this loss of revenue to clubs being largely temporary. It would also be slightly offset as the extra commission of 1 percent recommended should more than compensate for the loss of fractions and unclaimed dividends.

Table 13

BETTING FIGURES FOR 1968-69

—	Win and Place	Doubles	Total
<i>Through Totalisators—</i>	\$	\$	\$
On-Course ..	43,043,362½	7,954,571	50,997,933½
Off-Course ..	35,662,488	40,305,523½	75,968,011½
	78,705,850½	48,260,094½	126,965,945
<i>TAB Pool—</i>			
Special Doubles ..	..	612,707	612,707
Overseas Win and Place ..	182,023	..	182,023
Total ..	78,887,873½	48,872,801½	127,760,675

Source: Annual Report of TAB for 1969.

Table 14

PRESENT AND PROPOSED DEDUCTIONS FROM INVESTMENTS

Deduction	On-course		Off-course	
	Win and Place	Doubles	Win and Place	Doubles
<i>Totalisator Duty—</i>	%	%	%	%
Present rate	9.32	9.32	9.32	9.32
<i>Less—</i>				
(1) Reduction for Stakes Subsidy Fund (para. 101)	0.50	0.50	0.50	0.50
(2) Reduction to offset gain from fractions, etc. (para. 102)	1.00	1.00	1.00	1.00
Proposed totalisator duty ..	7.82	7.82	7.82	7.82
<i>Club and TAB Commission—</i>				
Present rates	7.50	10.18	7.50	10.18
Plus Compensation for loss of fractions, etc. (para. 102)..	1.00	1.00	1.00	1.00
Proposed commission rates ..	8.50	11.18	8.50	11.18
<i>Other Deductions—</i>				
(i) Amenities Levy (unchanged)	0.50	0.50	0.50	0.50
(ii) Stakes Subsidy Fund ..	0.50	0.50	0.50	0.50
Total other deductions ..	1.00	1.00 *	1.00	1.00
Total proposed deductions from turnover (which are identical with present deductions)	17.32	20.00	17.32	20.00

NOTE—Under the present provisions the Half Percent Amenities Levy does not apply to special doubles and overseas betting, but on these investments the TAB gets an extra one-half percent commission so that total deductions are the same. This provision should continue.

106. Finally the total deductions from a bettor's betting will remain as now. The bettor will not pay more.

107. We have prepared tables to demonstrate the workings of what we propose. In them we give the betting figures for 1968-69 (table 13), then collate the separate adjustments in rates of duty, rebate of duty, commission, and levies proposed in the preceding paragraphs (table 14); the monetary effects of the adjustments

applied to 1968-69 betting figures (table 15); a short comparison of present and proposed total revenues from betting, on the 1968-69 figures (table 16).

Table 15

EFFECTS OF ADJUSTMENTS ON 1968-69 BETTING

Present Deductions				Proposed Deductions			
<i>Clubs Receive—</i>							
Commission		\$	\$			\$	\$
7.5% on ..	43,043,362½	=	3,223,252	8.50% on ..	43,043,362½	=	3,658,686
10.18% on ..	7,954,571		809,775	11.18% on ..	7,954,571		889,321
	50,997,933½		4,033,027		50,997,933½		4,548,007
Rebate of Duty	.. ..		332,440				332,440
Fractions (actual)	.. ..		254,572				—
Unclaimed Dividends (est.)	.. ..		254,990				—
Total to clubs	.. ..		\$4,880,029	Total to clubs			\$4,880,447
<i>TAB Receives—</i>							
Commission—							
7.5% on	35,662,488		2,674,686	8.50% on ..	35,662,488		3,031,311
10.18% on	40,305,523½		4,103,102	11.18% on ..	40,305,523½		4,506,157
8.00% on o'seas				9.00% on o'seas races	182,023		16,382
races ..	182,023		14,562	11.68% on spec. dbls.	612,707		71,564
10.68% on spec.							
doubles ..	612,707		65,437				
	76,762,741½		6,857,787		76,762,741½		7,625,414
Fractions and Unclaimed Dividends (actual)	.. ..		666,062				—
Total to TAB	.. ..		\$7,523,849	Total to TAB	.. ..		\$7,625,414
<i>Other Deductions—</i>							
Amenities Levy	0.5% on			0.5% on	\$126,965,945	.. ..	634,829
\$126,965,945 Stakes Subsidy Levy			634,829	0.5% on	\$127,760,675	.. ..	638,803
<i>Government Receives—</i>							
Duty—							
9.32% on \$127,760,675	.. ..		11,907,295	7.82% on \$127,760,675	.. ..		9,990,885
Less rebates ..	.. ..		332,440				332,440
							9,658,445
Fractions and unclaimed dividends ..	.. ..			.. ..	.. ..		1,175,624
Total to Government..	.. ..		\$11,574,855	Total to Government	.. ..		\$10,834,069

Table 16

TOTAL REVENUES FROM BETTING (1968-69 FIGURES)

	Present	Proposed
	\$	\$
Clubs.. ..	4,880,029	4,880,447
TAB	7,523,849	7,625,414
Amenities Levy	634,829	634,829
Stakes Subsidy Levy	.. ..	638,803
Government	11,574,855	10,834,069
	24,613,562	24,613,562

NOTES to table 16: The results of the proposals are: Clubs receive \$418 more; TAB receives \$101,565 more; Government receives \$740,786 less. The Government's prospective loss is compounded of the Stakes Subsidy \$638,803, and the difference between the 1 percent compensatory commission and the estimated return from fractions, etc., of \$101,983.

These tables, based on 1968-69 figures, assume that the compensating advantages to the Government and clubs which we have referred to in paragraph 104 will not eventuate. We repeat our belief that, in point of fact, there should be no, or very little, loss either to clubs or to the Government if our proposals are adopted.

108. Though we have now made our proposals about the primary issues of horse racing finances, we are left with two specific but inter-related matters which must be discussed within the framework of this chapter. They are the Half Percent Amenities Levy Fund, and the situation of non-totalisator clubs.

THE HALF PERCENT AMENITIES FUND

109. Chapter 10 describes the setting up in 1955 of the Half Percent Amenities Levy Fund, and its administration since 1955. The levy was originally imposed for a 5-year term but has been extended from time to time. It is due to expire on 30 October 1970.

110. As chapter 10 explains, the 1953 Amendment to the Gaming Act gave the Executive Committees of the two Conferences a full discretion in distributing the two codes' shares, and in deciding which of their clubs should receive payments and the amounts the clubs should receive. Clubs were required to spend the money to provide, maintain, and replace public amenities and improve the courses at the racecourse where their meetings were held. But the two Executive Committees decided—we understand after the matter had been discussed in their Conferences—that the Fund should be distributed annually among all clubs on practically the same basis as that on which TAB profits were distributed. The codes have differed somewhat in the mechanics of payment, but such differences are immaterial to the present discussion. One result of this pattern of distribution over 15 years is that many clubs now regard their allocation as being theirs by right, and ignore what we think was the motive behind Parliament's establishment of the Levy.

111. The Reid Committee criticised the administration of the Fund by the Executive Committee of the Racing Conference. It was satisfied that "at district committee level and Executive Committee level insufficient forethought had been given in approving expenditure of moneys from the levy". Many strong criticisms emerged in the course of our inquiry, the burden of which was that by their more or less automatic distribution, the Executive Committees had failed to distinguish sufficiently between those clubs

which needed help to give better racing facilities and public amenities, and those which did not; and that the Executive Committees had not sufficiently supervised spending with the result that large sums were wastefully spent on courses and buildings the public did not need, or in some cases, could not use. Critics stressed the truth that this money came from the bettor by way of a compulsory deduction: his interests should be the important, or at least a material, consideration in determining where and in what amounts it was to be spent.

112. The Department of Internal Affairs, too, voiced some dissatisfaction, saying:

The legislation gives the Executive Committee of each Conference the power to distribute the levy funds among clubs as it sees fit and in practice the first 15 percent of the total pool in each fund is distributed equally among all clubs within that fund and the balance (or 85 percent) in each case is paid to each club in accordance with the amount it has contributed.

Thus the Conferences have not chosen to use their discretionary power to disburse the levy fund on a discriminatory basis so as to encourage capital expenditure on courses where this is economically desirable, and to discourage it where it is not.

113. The Conferences, however, thought that these criticisms were over-severe and that, if there had been unnecessary spending, the amount was not great. They maintained that the levy was vital to the existence of horse racing, for without it clubs could not properly serve the public, and would thus lose public support.

114. We are firmly of the view that by adopting the method of distribution mentioned, and by maintaining it over the 15 years of the levy, the Executive Committees have departed from what we believe was the spirit behind the legislation, namely to help the clubs provide better courses and amenities not so much in their own interests as in those of the racegoing public. We maintain further that the Executive Committees have not only lost sight of this, but have also put clubs' interests before those of the industry as a whole, and have cast away, or failed to use, the very wide discretion which the legislation gave them. In doing that they have also discarded a wonderful opportunity to promote the regionalisation which they themselves see as necessary in some areas. Indeed, the Racing Executive Committee by giving clubs money to spend on courses which it believes should be closed, positively delayed the evolution of regionalisation.

115. We do not overlook that this pattern of distribution, when it was first adopted, was approved by the then Minister of Internal Affairs. But Parliament had made the Executive Committees, not

the Minister or the two Conferences, directly responsible for administering the Fund. We believe the Committees have failed to do this job adequately—a strong condemnation, but one which must be made.

116. We believe, too, that the Committees have also failed to supervise particular expenditures well enough. We saw many instances of spending on projects or items which we think should not have been approved.

117. We have been forced therefore to conclude that the administration of this public fund must be taken from the two codes and their administrators and placed with another body altogether, the proposed Authority. At the same time we agree with the two Conferences that this financial help needs to be continued, and we recommend that the Fund be made permanent. When a club needs and deserves helping, it should be able to plan ahead and arrange its finance in the confident knowledge that support will not be suddenly withdrawn. We commend for examination the practice adopted by the Racecourse Development Board of Victoria which approves club development in advance and makes suitable arrangements with a club's bankers to guarantee stated sums to meet interest and capital repayments over a period of years. But our recommendation for permanency is subject to the condition that the Fund be administered by the Authority.

NON-TOTALISATOR CLUBS

118. The two Conferences sought an increase from 10 to 15 percent in the commission that non-totalisator clubs may deduct from investments on their equalisators. The Trotting Conference said:

Non-totalisator clubs perform very important functions in the sport of Trotting. They provide races in which horses can qualify. They give horses the opportunity to compete under race day conditions. Generally, they promote the sport and act as "feeder organisations" for the totalisator clubs. Under present economic conditions the non-totalisator clubs are faced with increased operating costs and difficulties in providing adequate stakes. For these reasons, they now seek financial relief in the form of increased commission on Equalisator investments.

119. The Waiuku Racing Club, the only non-totalisator club to make a submission on the matter, asked that the maximum commission be increased to 25 percent. The club supplied figures showing its average annual income and expenditure. Income averaged \$1,210, expenditure \$1,588, and the loss \$378. The main income derives from members' fees (\$400), gate and car fees (\$195), and deductions from

the equalisator (\$400). The main expenses are stakes and trophies (\$850), and printing and advertising (\$340). As is usual with non-totalisator clubs, much work is done by committee men and members without payment. An increase in the commission from 10 to 25 per cent would give this club \$600 extra income and more than recoup its annual loss. Other non-totalisator clubs did not make submissions on this issue because it was being covered by the two Conferences.

120. Non-totalisator clubs in our view contribute to the New Zealand horse racing scene. It would be a pity if they disappeared. Some run truly picnic meetings with local colour in places where there is not much other sport. Others give horses the chance to experience conditions like those of totalisator race meetings. Some hold qualifying trials to let pacers qualify for a start at totalisator meetings.

121. The Finlay Royal Commission recognised the need to retain non-totalisator clubs. It recommended that the two Conferences be authorised to make an annual levy on totalisator clubs to give the non-totalisator clubs extra income equal to the amount they paid in stakes in 1946. It said that the levy should be struck in the proportion that fractions retained by each totalisator club bore to the total sum retained by all clubs. But nothing was done about this.

122. Our impression from the submissions and from discussions with representatives of non-totalisator clubs is that they find it hard to exist on their present income. We favour increasing the percentage that may be deducted from equalisator investments to 15 per cent, and a continuation of its freedom from taxation. Such an increase would have little effect on equalisator dividends, thus:

Table 17

Percentage of Commission	Number of Starters	Betting Unit	Dollar Unit Pool	Club Commission	Dollar Dividend
10	7	50 cents	3.50	35 cents	3.15
15	7	50 cents	3.50	52 cents	2.98

RECOMMENDATIONS

We recommend that:

- (1) (a) The rate of duty on all betting including special doubles and overseas betting be reduced by one-half percent.
- (b) A Stakes Subsidy Fund be established by a levy of one-half percent on all betting including special doubles and overseas betting.

- (c) The amount produced by this levy be paid to the National Racing Authority proposed in chapter 14 without liability for income tax, and administered by it in the manner we have suggested in paragraph 88.
- (2) (a) The TAB be authorised to retain from its annual profits, without liability for income tax, and for as long as is reasonably necessary, the equivalent of up to one-half percent of the off-course turnover including special doubles and overseas betting, to establish a fund for the further development of the TAB, and for the repayment of moneys borrowed from clubs (paragraphs 92-3).
- (b) This fund be administered by the TAB in a separate capital account.
- (3) (a) Fractions and unclaimed dividends be paid by clubs and TAB to the Government (paragraph 91).
- (b) Club and TAB commission be increased by one percent to compensate for this loss of revenue (paragraph 102).
- (4) The Half Percent Amenities Levy on all investments on the totalisator continue on a permanent basis providing its administration be in the hands of the National Racing Authority (paragraph 117).
- (5) The TAB continue to receive the additional one-half percent commission on special doubles and overseas betting where the TAB operates its own pool (paragraph 93).
- (6) The deductions from betting to give effect to the above recommendation be fixed by legislation at:

—	On-course	Off-course	
		Through Totalisator	TAB Pool
	%	%	%
<i>Club and TAB Commission—</i>			
Win and Place	8.50	8.50	9.00
Doubles	11.18	11.18	11.68
Amenities Levy	0.50	0.50	..
Stakes Subsidy Levy	0.50	0.50	0.50
Duty	7.82	7.82	7.82
Totals—			
Win and Place	17.32	17.32	17.32
Doubles	20.00	20.00	20.00

NOTE: The above duties should continue to be subject to a rebate equal to 2½ percent on first \$100,000 of totalisator turnover with a maximum of \$2,500 to any one club.

- (7) Non-totalisator clubs registered in accordance with the rules of the New Zealand Racing Conference or the New Zealand Trotting Conference be authorised to deduct, by way of commission, an amount not exceeding 15 percent from investments on equalisators run by them (paragraph 122).
- (8) The National Racing Authority undertake in co-operation with all organisations and sectors of the industry likely to be affected an investigation of the possible effects of Government taxation being levied on off-course turnover only, and of clubs not receiving any share of TAB profits, but relying on commissions at increased rates on on-course turnover (paragraph 98).

Chapter 14. THE STRUCTURE OF THE RACING AND TROTTING INDUSTRY

1. This chapter deals with the second of the specific matters mentioned in item 1 (a) of our Warrant, namely, "... the structure of the horse racing and trotting industries".

INTRODUCTION

Development of a Control Structure

2. The development of club and conference control of racing and trotting in New Zealand, supplemented in the case of racing by district committees, has already been detailed in chapter 4. This system evolved to meet the needs of a developing colony, later a dominion, with a widely scattered population which made some form of centralised control a clear necessity. The system has served the two codes, and indeed New Zealand, remarkably well. It has produced administrators of considerable capacity, men whose integrity or ability rarely came under question. It gained the confidence of the public. Under its direction racing and trotting developed in a healthy way with racecourses multiplying (some say excessively) and reaching standards in tracks and public facilities which, taking into account the size of our population and resources, were (and still are) extraordinarily high. Our horses became known round the world for their quality. The administration generally showed itself long sighted; for example, its sponsoring of the TAB scheme in the late 1940s earned admiration everywhere.

Criticisms of Present Structure

3. But as the golden age of the horse passed, attendances and the amount of on-course betting declined, and with them the industry's income. Then horse racing men began to question whether an administrative structure originally designed to meet Victorian and Edwardian conditions was sufficiently dynamic and flexible for the hard challenges which, at least from the mid twentieth century, became more aggressive year by year. Those whose livelihood depended upon the health of horse racing (owners, trainers, drivers, and jockeys) especially urged changes. Some blamed top administration for what they saw as a loss of public support, alleging that present administrators lacked the ability of their predecessors. Others claimed that the fault lay more in an out-dated machinery of administration which needed replacement. Such a situation was

obvious (they claimed) from the patent inability of the two Conferences to dispose of major questions, especially when there was a division of opinion between them, or even among different interests in the same code.

4. Some of these complaints were voiced publicly for the first time before the Finlay Royal Commission. We shall therefore turn to its recommendations later.

5. The establishment of the TAB off-course betting scheme in 1951 gave a breathing space. Some thought that it would remedy all ills; but in fact it intensified rather than diminished the problems and (so it is now said) demonstrated even more clearly the need for change. Then, as we have noted in chapter 2, the Racing Conference itself set up the Reid Committee in 1965, an action which did not lead to any major alteration. The criticisms, and especially those touching the administrative structure, continued to grow. They weighed heavily in the decision to set up this Royal Commission (chapter 2). And when we began our hearings, these criticisms took up a prominent place in the submissions made to us. There can be no doubt that they have raised some of the most important and difficult questions which we have had to face.

Matters to be Considered

6. We repeat that we are not concerned solely with circumstances and problems of today. Those of the future, arising out of the quickly growing changes discussed in our preface, are, if anything, more important. Horse racing will more and more be forced to fight for public support. The challenges to it will rarely be constant and, if it is to progress in a healthy way, its administration must be capable of meeting rapid change through a flexibility and strength essential for contest in a competitive late twentieth century world. We have to consider whether it presently has those qualities and, if not, what should be done.

7. It is desirable, then, to deal at some length in this chapter with the more important of the evidence relating to present administration and control. Much of this was critical, and touched many different areas—such as the absence of adequate procedures for decisions and action to be taken on matters of significance, the alleged domination of racing by metropolitan clubs, the lack of representation in the administrative structure of both codes of the auxiliary organisations of breeders, owners, trainers, jockeys, and drivers, and many others which we have mentioned in chapter 2.

8. But chief among all matters covered by submissions and evidence was an asserted need for some new body, standing apart

from the two Conferences and being something more than a joint session of their representatives. It was said that such a body must be largely independent; be capable of deciding issues affecting both codes; be able to form a barrier against political pressures, which, so the evidence said, had in the past stultified some movements towards change; and be a capable appeal tribunal for certain classes of disputes. As the need for such a body raised manifest and predominant concern, we shall consider the subject first.

NEED FOR A CONTROL OR ADVISORY AUTHORITY

Finlay Royal Commission

9. The need for some such body was first canvassed before the Finlay Royal Commission, and accepted by it. The Commission's report said (para. 187) :

Outside the control exercised by the two Conferences over that extremely important but nevertheless limited range of affairs to which their functions extend, the only source of control over racing in either of its forms is the authority vested in the Minister of Internal Affairs at his discretion to grant, refuse, or determine licences to use the totalisator. It thus results that each club has almost entire and independent control of its own administrative policy, and almost unlimited control of its own financial policy. How much it spends of its available funds, upon what it spends them, and when, are, within very wide limits, the sole concern of the club itself.

It justified its recommended advisory board (see chapter 3) mainly on the need to control the conflicts between clubs on the one hand and the public on the other, though the board it proposed was to have much wider advisory powers. It continued (para. 190-1) :

What is indicated as necessary in this respect is some at least partially independent authority with power to consider the administrative proposals and expenditure by clubs. Such an authority could also do much to offset the effects of the bias in favour of owners to which we have previously referred. Only those functions of clubs which they exercise free of any control by Conference need be affected. Any interference with the powers and authorities of either Conference would be wholly unjustified. Both have functioned with an efficiency, an impartiality, and a dignity which demands the highest commendation, and any interference with either would be not only unwise, but detrimental.

No such interference would be involved if, as we recommend, a Racing Advisory Board were constituted to advise the Minister on all topics pertaining to racing in both its forms. Such a body could maintain contact with clubs and become seized of a knowledge of the affairs and circumstances of each. It could thus keep the Minister in touch with developments in a way that is not now

possible. Its operation would, in particular, ensure expenditure when expenditure is required and for the purposes for which it is required. Generally, such a board would tend to secure uniformity of administration throughout the country. Incidentally, it would also operate as a spur to progress and a restraint against unwise development. Its introduction would, we are convinced, be wholly beneficial.

10. The recommendation for such an advisory body met opposition within the two codes who (as we have said earlier) did not implement it; nor did the Government take positive action to have it adopted.

Reid Committee

11. The Reid Committee of Inquiry was set up by the Racing Conference in 1965 (chapter 2) to review and report on the present rules and constitution of the Racing Conference and make recommendations and amendments, and to report generally to the Racing Conference on matters relating to the betterment of racing.

12. The Reid Committee noted the recommendation of the Finlay Royal Commission but did not support it. However, it thought some executive change was desirable and said:

. . . but having regard to the importance of racing as a sport, to which is attached a large industry, the time has arrived when the Conference should appoint a senior executive officer, either as Director or General Manager, as the chief executive officer of the Conference responsible to the Executive Committee, and charged primarily with the overseeing of the general administration of racing throughout the country apart from the secretarial and accounting section of the Conference activities. We are not attempting to define in detail the duties that we suggest that such an officer should undertake, but we consider he could relieve the President of the onus of making decisions on day-to-day matters, and in particular that he could maintain a close liaison with the secretaries of district committees and all totalisator clubs and Government. We consider that this proposal merits the fullest possible examination.

The Racing Conference did not adopt this recommendation either.

Deputations to Minister

13. Then followed the period of unrest, the deputations to the Minister and the requests by breeders, owners, trainers, and others for a Royal Commission, which we have already described.

14. We now come to the submissions and evidence to the present inquiry.

Submissions for a Board from Auxiliary Organisations

15. The New Zealand Racing Owners and Trainers Federation advanced a bold proposal for a new statutory body to control,

develop, and organise all aspects of the industry. It also recommended that this body assume control of, and responsibility for, the operation of the TAB, a proposition we deal with in chapter 17. The Federation said:

In the light of the present day needs of the racing industry, it is the considered view of the Federation that the Conference, as a ruling body, is out-dated, unwieldy, inefficient in any executive sense and incompetent to control and direct the industry to its best advantage and to the best advantage of those engaged and employed in it. By its very structure the Conference is open to parochialism and the restrictive forces of sectional interests.

16. To support this blunt criticism, the Federation referred to the report of the Reid Committee and the Racing Conference's inaction on the Committee's recommended appointment of a general manager, and on its other recommendations for regionalisation of courses and better control of the Half Percent Amenities Fund. It also referred to conflicts associated with the issue of further totalisator licences, the allocation of race meeting dates, and the distribution of TAB profits, all of which, it considered, could not be satisfactorily determined under the present administrative structures. It claimed that there was need for a control body, not merely an advisory body but "an authority with authority".

17. At the same time the Federation believed that the Racing Conference should retain its domestic functions, but under delegation from the controlling authority: in particular, it should continue to formulate and administer the Rules of Racing, and the day-to-day conduct of racing, and keep many of its present duties—for example, keep the Stud Book, publish the official calendar, license trainers and jockeys, appoint stipendiary stewards and racecourse inspectors, register ownership of horses and joint interests therein.

18. In the opinion of the Federation the desired body could be directed by a council of seven members, with a chairman appointed by the Government, another member not having racing or trotting affiliations also appointed by the Government, one member nominated by each of the New Zealand Racing Conference, New Zealand Trotting Conference, New Zealand Racing Owners and Trainers Federation, New Zealand Trotting Owners, Trainers, and Breeders Association, and one nominated to represent the breeding industry of both codes. It discussed the possible representation of yet other interests, but decided against it. Finally it suggested that the authority be financed by an extra deduction from betting offset by a reduction in the rate of taxation.

19. The Federation also considered that the present conference structure could be considerably improved. Racing Conference

annual meetings formed a cumbersome and unwieldy machinery, and under the present rules too much power was vested in the metropolitan clubs.

20. The New Zealand Trotting Owners, Trainers, and Breeders Association also favoured a board with executive powers. While accepting that the administration of clubs was a matter for the clubs themselves, and that the collective interests of clubs was a matter for the Conferences, it thought that there were some areas which should be controlled by an independent body representing all racing and trotting interests. These areas would include specifically: the control of a stake subsidy fund financed by a deduction from bets; appeals from the Conferences' exercise of disciplinary powers; the fixing of racing and trotting dates; the management of the TAB; and the issue of further licences and their allocation.

21. In its opinion such an authority should have an independent chairman appointed by the Government, and representatives of the Racing and Trotting Conferences, racing and trotting owners', trainers', and breeders' organisations, and of the general public. It thought that such a combination would best serve the interests of the two codes.

22. The New Zealand Thoroughbred Breeders Association, too, argued for a statutory board something like the New Zealand primary industry boards, working in collaboration with Government departments, with powers and duties oriented towards supporting the breeding industry. It saw racing and trotting as two completely separate industries, and, perhaps naturally enough, was not gravely concerned with the latter. It suggested that racing should have a separate board of nine with a chairman appointed by the Governor-General, two members from the Racing Conference, four members appointed by the New Zealand Thoroughbred Breeders Association, and two advisory officers from the Public Service appointed by the Ministers of Agriculture and Industries and Commerce.

23. The New Zealand Trotting Horsemen's and Trainers Association originally contended that the control of racing and trotting by one body was not practicable. Moreover, it was neither desirable nor necessary that the Government or any Government agency should share in administration. But it saw a need for more co-operation between trotting clubs on the one hand, and trainers and drivers on the other. It also saw a need for a major reorganisation of the present Trotting Conference Executive, for a delineation of its powers, and for the representation of licence holders. But in his final address, counsel for the Association took a harder line and

suggested one board of control for all horse racing, with seven members, three nominated by racing interests, three nominated by trotting interests and one representing the public interest.

24. Some private witnesses also advocated a board of control, and one, an independent tribunal for the isolated purpose of determining conflicts over allocating dates of race meetings. We think it unnecessary to discuss these individual submissions in any detail.

Submissions Against a Board

25. But any suggestions of material change in the present structures of administration and control were strongly, indeed vehemently, opposed by the two Conferences. Their opposition was supported by some clubs, for example, the Westland Racing Club and the Wellington Trotting Club. We think it may be true to say that most club members throughout the country would prefer to leave things as they are. It is other sections of the industry which are disturbed.

26. *Trotting Conference Opposition:* An extract from the final submissions of the Trotting Conference conveniently gathers together the grounds on which the opposition was generally based:

Trotting considers that the present system of control, involving as it does the supervision by the Parliament of New Zealand of the total number of totalisator licences available to racing and trotting and their apportionment between the two codes, the allocation of those licences by the Minister of Internal Affairs, the supervision of totalisators by the Department of Internal Affairs and the administration and control of racing and trotting by the two Conferences and their constituent clubs, should remain unaltered in the future

Trotting submits that before this Commission makes any recommendations as to control, which would lead to a departure from the status quo, it should analyse and examine with the greatest care possible the criticisms which have been made of Conference control. It has been said that there are areas of conflict; that there are wide gaps in the administrative control structure of racing and trotting in New Zealand. Trotting asks this Commission before making its recommendation on control to balance and weigh the advantages which it is said would accrue from a board of control with the many disadvantages which it has been shown in evidence will also accrue. For trotting this is one of the most important issues which it has faced since it first started in New Zealand in the 1880s.

27. It then critically examined the concept of a board of control exercising executive powers.

Basically, racing and trotting still remain sports in spite of their financial and economic aspects. We are not here dealing with the control, for instance, of one of the staples of the economy—wool, meat, etc. We are not dealing with the control of a consumer service. We are dealing with two sports.

It is vital, therefore, that the true nature of racing and trotting be remembered so that the whole issue of control is kept in its proper perspective.

28. It accepted that there are some areas of conflict between racing and trotting, and among some sections of the people participating. But, it said, a control board was certainly not "a panacea for the ills which are said to beset racing and trotting in New Zealand today".

29. Next the Conference argued that the creation of a board of control would:

- (a) strip the Conferences of executive power;
- (b) diminish the extent and quality of the voluntary participation which has been traditionally one of the great strengths of racing and trotting;
- (c) require the setting up of a new administrative structure, and staff, in addition to those of the continuing Racing and Trotting Conferences, thus duplicating effort and increasing expense;
- (d) reduce the effectiveness of an administration which has proved sufficient and which has improved in efficiency;
- (e) probably concentrate power in one person—the chairman of the board. Because of sectional interests, many important issues would be decided on the vote of the chairman.

It submitted that there already exists sufficient machinery for the two codes to settle amicably and reasonably any differences. Failing a solution, the final statutory arbitrator is the Minister of Internal Affairs who, it said, has seldom had to interfere.

30. It concluded this matter with the plea that:

This is the last opportunity which trotting has to plead before this Commission on the question of control. The Trotting Conference is conscious that the sport which it administers is at the cross-roads. It firmly believes, however, that it has performed its task with efficiency and fairness to all those who have participated therein.

The Trotting Conference is confident that it can continue in the same manner in the future as it has done in the past. It asks this Commission to give it that opportunity. It asks this Commission to hesitate before recommending a form of control which would leave the Conference devoid of executive power.

This Commission is sitting at a time when it is fashionable to extinguish old institutions and to terminate old traditions. Trotting does not ask that the present system of control be perpetuated merely on sentimental grounds. Rather, it asks this Commission to accept that the future of the sport will be in better hands if its control is left with the Conference, than if it is given to a board of control.

31. *Racing Conference Opposition:* The Racing Conference joined the Trotting Conference in strongly opposing a new authority. In answer to the arguments of the auxiliary organisations for some advisory or control body, counsel for the Racing Conference, in his final address, asserted that the present system was representative in that it allowed the voices of all the various interests to be heard, thus the absence of automatic representation was not a defect. "... the interests of the owners, trainers, and jockeys have not suffered because of lack of representation, they have suffered because of lack of finance, and we disagree that merely by changing the system of representation you are going to cure that problem."

32. He countered the argument that owners' interests were not sufficiently regarded by quoting the Finlay Royal Commission report (para. 153) in its opinion that, as most administrators had graduated from the ranks of owners, the latter's interests tended to receive if anything too much weight, and he quoted current figures to show that most present administrators are, or had been, owners. He saw the position of trainers and jockeys as one of independent contractors, having rights which "lie largely with those who employ them," and which "do not include the right to administer the sport from which they derive their livelihood". The Conference has "always been and always will be prepared to deal with their interests as best we can. . . . the Jockeys' Association does not seek any other form of control and the events of this year's conference alone show that their interests are looked after despite the absence of automatic representation at Conference." He submitted that the absence of automatic representation by itself could not be said to justify some new body being created. He continued:

In the second place it is my submission that if there is justification for a board of control with executive powers, it can only be if it is proved to your satisfaction that the present system of conference administration is inadequate and that as a result of this inadequacy the well-being of racing as a whole is suffering.

33. He rested the Racing Conference's case there, saying:

. . . that the economic well-being is suffering I do not dispute for a moment, but I take strong issue with any suggestion that the cause of it is the system or structure of administration. . . . the view which the Conference advances is that if some time ago adequate financial assistance had been given to racing then its economic well-being would have been assured. We say that the fact that in recent times the position of those involved in racing financially has deteriorated is not the fault of the system of administration but the result of a financial structure which we regard as being unfair. Owners and trainers want higher stakes, and that is fair enough, but it is not a new administrative structure which is going to achieve them . . .

34. Counsel went on to say that if, contrary to his submission, this Royal Commission decided that there should be some body with executive powers, those powers should be confined to areas clearly needing attention and where the Conferences are considered unable to act. There could be no justification for depriving them of functions which they had discharged capably in the past. Moreover, the more Conferences and clubs were deprived of executive authority, the less voluntary work would be done. He was careful, however, to make it clear that this last submission should not be construed as any weakening of his client Conference's complete opposition to the creation of any further administrative bodies.

35. *Westland Racing Club Opposition*: The Westland Racing Club, supporting the opposition of the two Conferences, said:

The day to day affairs of racing have been conducted on a very satisfactory basis, with the only exceptions being undemocratic district committee and undemocratic voting system of Conference itself. On a voluntary basis, large numbers of men from Whangarei to Riverton, have given invaluable service to racing, and . . . will continue to do so. It appears most unjust and unnecessary that several men shall be paid large salaries, with probable unlimited expense accounts, to sit over all racing and trotting administrators, with the wide powers that have been suggested.

36. The Wellington Trotting Club based its opposition to any change generally on the same kind of grounds.

Department of Internal Affairs Submissions

37. In an early paper to us, the Department of Internal Affairs discussed the present structures and the future control of horse racing, and raised the possibility of change. It agreed that the industry "must be equipped for the future, and the control of the industry must be designed for the benefit of all who are part of it", adding that "this may eventually entail an acceptance that radical changes are necessary if racing is to survive". Commenting on past administrations, it said that they had functioned voluntarily with an efficiency that "justified the highest commendation": it could be assumed that they would continue to do so. It thought that an advisory body like that suggested by the Finlay Royal Commission would have advantages. Such a body could keep the Minister informed and would maintain uniformity in administration. On the other hand there were disadvantages. A board could weaken the authority of the Conferences, encouraging clubs to by-pass them and make direct representations to the board.

38. In dealing with the alternative of a board with administrative and executive powers, the Department thought that the industry could clearly benefit from the establishment of such an authority.

It said:

There would be a uniformity of administration, a lessening of sectional pressures and a co-ordinated policy for the advancement of both racing and trotting. At present the two codes often tend to pull in opposite directions. Furthermore, if greyhound racing were to be authorised to use the totalisator provisions could be made for the New Zealand Greyhound Racing Association to be subject to the jurisdiction of this Authority.

However, there are problems concerned with control by an Authority of this nature. The most important is the weakening of the powers and authorities of both Conferences and the Totalisator Agency Board. Others include the problems associated with finance to run the authority and the extent to which Government may become involved.

39. The Department opposed a suggestion made in the course of evidence that the Government should assume some direct control over the industry, but agreed that a case could be made for a greater degree of indirect Government supervision. It saw its own role as regulatory on behalf of the Government. It stressed again the need to ensure that voluntary participation should continue to the greatest extent compatible with the efficiency demanded by modern conditions. "Greater efficiency," (it said), "may be desirable in today's circumstances but not at the total cost of that tremendous voluntary effort that has been the dominant feature of racing and trotting administration since its inception."

40. The Department did not want to make substantive recommendations in this area, for, plainly, it felt that as a Government department it was obliged to be neutral, noting possible alternatives, but scrupulously avoiding stressing the arguments for one at the expense of the other. But as submissions for some alteration in administrative structures grew in number and emphasis and as we gave increasing attention to this subject, we reached the tentative view that some form of authority with both advisory and executive powers was desirable. That raised questions of form and functions, on which questions it seemed to us that the Department's complete objectivity did not give the detailed help we needed and felt entitled to. At a late stage of the inquiry, we made these views plain to the Secretary for Internal Affairs, and asked him to turn to the whole area again, and from his Department's experience extending back to the earliest days of the industry, and from his own personal training and experience as an administrator, to draw up possible forms of advisory or control boards and to discuss, in the light of the evidence received, the relative advantages of the different forms. He agreed that we should have this help, and gave it. We are grateful for the care with which his submissions were prepared and for his explanations of them in evidence.

41. He considered first whether the existing administrative design had shown itself capable of dealing with major problems. He listed a number of important issues which he thought could only be dealt with if some new authority were created. He said that his list was not necessarily exhaustive and continued :

None of these and other like issues seem to be capable of satisfactory resolution within the administrative structure of the industry as it is currently constituted. *Many issues which could be settled within the industry are deadlocked between competing interests and tend to find their way into the Government area with a request for arbitration and resolution.* [Our italics]

42. He listed these as deadlocked issues :

- the number and situation of racecourses or trotting courses on which meetings are held;
- increased implementation of regionalisation of clubs and racecourses or alternatively centralisation of meetings;
- additional assistance to or the closing down of uneconomic clubs and/or racecourses;
- a major review or rationalisation of the date structure;
- the possible development of racing circuits;
- the most effective method of distribution of the profits from the off-course betting scheme;
- the most effective distribution of the half percent levy fund and the oversight of club capital expenditure proposals;
- the retention of capital reserves out of off-course betting scheme profits for improving the off-course totalisator betting facilities or for the establishment of research or other special funds from time to time as may be deemed desirable.

He then considered three different forms of machinery to deal with these issues.

43. The first was a statutory trading corporation which would take over the industry. This for a number of reasons, with which we agree, he rejected. We believe it unnecessary to discuss this approach, which, as he observed, is at complete variance with the traditional organisation of racing and trotting in New Zealand, and would give no chance of voluntary participation.

44. Second, he considered a purely advisory body, and while he agreed that this would give the Minister reliable advice from a source more independent than any at present, he thought it would concurrently have the very considerable disadvantage of involving the Minister more and more in decisions, and would thus build up political pressures. We appreciate this point for we heard many complaints of these pressures; and that they had led to the frustration

and even abandonment of some reforms upon which even the Conferences were agreed. He did not think it desirable that the Minister's role should be increased beyond its present level.

45. The Secretary then turned to the possibility of a board of control with executive powers, established under legislation which would define its membership, mode of operations, functions, and powers. His comments on such a board and the obvious preference which he awarded it are, we think, of great importance, coming as they do from someone with considerable experience in the industry, and holding a position free from ties to any particular section. For these reasons we quote his submissions at some length:

What is meant by a Board of Control is a body with executive powers established under legislation which would define its membership, mode of operation, functions and powers.

Within the limits of the functions and powers defined in its legislation, such a Board would exercise control and direction over important areas of racing and trotting—and of dog racing, if betting on dog racing were to be permitted by legislation.

A Board of Control could be brought into the organisational framework of the racing and trotting industry either:

- (1) Without creating a further administrative tier, i.e., by replacing the Racing and Trotting Conferences and the Totalisator Agency Board; or
- (2) as a further administrative tier, by retaining the Racing and Trotting Conferences.

Of these two alternatives, it would almost certainly be considered preferable to retain the Racing and Trotting Conferences and establish a Board of Control as a further administrative tier within the industry, for two main reasons:

- (1) As indicated in earlier submissions, it is important to retain as great an element as possible of voluntary participation in the administration and control of racing and trotting.
- (2) The Conferences and their executive agencies administer most efficiently a wide range of specialised and detailed functions in respect of the actual conduct of horse racing and trotting, in which they have particular expertise and which have not in themselves the wider economic and financial implications for the industry as a whole which should be considered for administration by a Board of Control.

. . . In addition to acting in an upper tier capacity in controlling racing and trotting, it seems almost inevitable that a Board of Control would subsume and replace the Totalisator Agency Board.

As a primary role of a Board of Control in the industry would be an economic and financial one, and as the quantum and mode of distribution of the profits of off-course betting are of decisive importance to the industry, it seems clear that a Board of Control would have to have control of policy in this field. If this is so, only the purely management aspect of the present role of the Totalisator Agency Board would remain; and it would seem unnecessary and uneconomic

to retain a separate Board for this limited purpose. The present administrative and management framework of the off-course betting system need not be affected by changes in the controlling board.

46. After delivering his submissions, the Secretary was examined by the Chairman. He agreed that difficult questions involving both codes tended not to be dealt with at all, and when they ultimately had to be dealt with, reached the Minister for decision. His examination continued:

First of all, let us accept the concept of an advisory body. In order for it to be effective at all, the areas over which it would advise would need to be fairly wide. . . . Yes.

At the present moment within those areas decisions are or are not made? . . . That is right.

If they are not made, your point is that they do not come to the Minister? . . . More often than not they just do not get dealt with. The decisions are not made, and therefore—

Are not the complaints made to the Minister because decisions are not made? . . . In some areas that may be so, but in the bigger areas I think people just let it go, and they are quite happy to do so.

Well, then, that produces inertia? . . . That is so.

Well, in areas where decisions are made, then, the Minister does get approaches about them from time to time from people who are dissatisfied with the decisions? . . . That is correct, yes.

47. He was then questioned about a board of control.

I was going to go on and ask, do you really think that this discouragement of personal effort or voluntary effort is a necessary consequence of a board of control? . . . In framing this particular proposal and putting it up as a proposition I had that very much in the back of my mind, and really all that it is doing is transforming the existing Totalisator Agency Board into a different type of board and taking the minimum functions from the Conference that do require a wider oversight.

You are really taking away, or putting into the grasp of this board, the actual administration of off-course betting, the allocation of racing permits, and such matters, mainly because they are so closely tied to the betting scene? . . . Yes, and mainly because they are areas of dispute really. Take, for example, the allocation of TAB profits; that is always, and it probably always will be, an area of dispute between racing and trotting. The allocation of racing dates, I think, is a potential area of dispute always. The question of regionalisation or centralisation of meetings is a touchy area. It is the same as the Local Government Commission areas and Licensing Control Commission areas. If it is a very touchy area and is not likely to be dealt with in a substantial sense because of the very composition of the Conference, that could be taken up to the Board of Control, but if you did that then you necessarily have to give it the same power to bring this about—and that removes the half percent fairly logically to this area of control of loss and control of expenditure.

CONCLUSIONS

A NATIONAL RACING AUTHORITY

48. It will be abundantly clear now from what we have said and quoted why we see the question of adding some advisory or control body to the present administrative structure as a major issue in the industry today. It will be clear, too, that while some bodies and many individuals support the concept, the two Conferences and others oppose it strenuously. We have little doubt that the Conferences would view the creation of such a body as a reflection on their past administrations and especially on those of recent years. Some would treat it as a criticism of individual administrators. Such an attitude should be deprecated. We believe that some change is vitally necessary, but not because of the failures or incapacity of individuals. We have been generally impressed with the integrity, and the level of capacity in horse racing matters of the administrators of the industry from one end of New Zealand to the other. The omissions and failures which we have observed—and we think there are many—have not been due to people, nearly as much as to the inadequacy of the administrative machinery.

49. For too long the different parts of the industry have been viewed separately and their actions unco-ordinated. There has been impressed on us vividly a need to regard the whole industry as one organism, a point we have already made in our preface. It is undeniable that what is done to one part usually affects the others. Thus to reduce stakes would affect the income of trainers, jockeys (or drivers), stable hands, and transport operators. To increase training fees or riding or driving fees could affect and discourage owners or breeders with consequences for the numbers of horses available for racing. That in turn could affect public support for particular meetings, and so on. Illustrations of this inter-connection could be multiplied many times.

50. The industry, seen as an organism, must have an administrative structure at the top—a head—to co-ordinate and direct its chief movements. The horse racing industry lacks such a head in that there is no one co-ordinative assembly to consider the interests and direct the actions of the many parts. The present framework for achieving some measure of unified action by the Conferences is insufficient.

51. The pyramidal structures of two independent Conferences with no co-ordination above, inevitably means decisions are unlikely to be made when there is disagreement or conflict of interests. As financial pressures build up and competition increases, the tendency to take different viewpoints grows, and more and more problems remain unsolved. In this way the industry suffers. We are satisfied that this situation must be put right, and that improved machinery is necessary.

That must come in the form of another body, independent of the Conference structures, which can and will consider the welfare of one unified industry. We propose such a body and shall now discuss the reasons for it, its proper functions, and its composition.

52. *Disabilities of the Present Control Structure:* We have a strong view that the present administrative and control structure has resulted in three main disabilities. First, in impotence or reluctance in making decisions where the two codes are in conflict. The evidence here is conclusive. It may be seen in such unsolved problems as those of further totalisator licences, the allocation of licences (existing and future) between the two codes, the allocation of race meeting dates, and the distribution of TAB profits.

53. Second, in a build-up of harmful conflicting pressures within the codes themselves and at the level of Government. Within the codes, these pressures have appeared plainly in such areas as, for example, the administration of the Half Percent Amenities Fund where the pressures have led the Conference Executive Committees to a pattern of distribution which threw aside the wide discretion given by the legislation. In this way, but at the cost of a loss of power, the difficulties inherent in judging among clubs was side-stepped. We need not mention other instances. The Secretary for Internal Affairs has referred to them in his submission. Other equally harmful pressures have arisen at Government level. Suggestions for the more rational use of courses and the elimination of some, have led to parochial advocacy being brought to bear upon the Government, and through the Government on to the Conferences, with the result that proposed reforms were dropped. We were told by the Racing Conference that political pressures constitute one of the great obstacles to reform in present circumstances. The evidence we heard, and the discussions we had in many districts, made us realise that such parochial and partisan objections are a very important factor when considering the design of appropriate administrative machinery, a point which the Secretary for Internal Affairs made in his submission. In our view, the administrative machinery must reduce to a minimum the effects of the inevitable parochialism which arises when some such amenity as a racecourse is threatened.

54. Third, inadequate recognition of the part played in horse racing by organisations and people other than clubs and club members. The concept that horse racing is predominantly a sport, emphasised in the Trotting Conference's submissions, does not adequately recognise that so many people are dependent on it in differing degrees—breeders, owners, trainers, drivers, jockeys,

stable hands, transport operators, grain producers, to name a few. It overlooks, too, that item 1 (a) of our Warrant directs us to "The present system of administration and control of horse racing and trotting and all matters connected therewith, including the finances and structure of the horse racing and trotting *industries*." [our italics]. True, horse racing has still a large sporting element in its composition, but it is now equally, if not more, an industry, with grave economic consequences for many New Zealanders. Plainly, in today's context some of these other interests are entitled to some voice in the direction and control of horse racing's industrial development. Unless some new overall authority is designed, such interests will continue to have no effective voice, nor any sufficiently independent body to which they can turn. They must be given representation, even if this be a kind of joint representation.

55. It is an awareness of and an agreement with the second disability mentioned above which has especially led us away from a first preference for a purely advisory body. We have decided that what is needed is a council or authority which has three different kinds of function: advisory, administrative, and appellate. In our view it must be capable of advising the Government on matters which in a New Zealand political context are left to Parliament or to the Government. The total number of totalisator licences is a clear example. The extent of horse racing or gambling which a country may enjoy, involves considerations beyond those of racing interests alone—questions of morality, and of industrial production, for example. Those particular questions have up till now always been left to Parliament, though some people consider that there has of recent years been such a change of attitude in the country towards them that the time has arrived when some other body might well be charged with deciding them. That may or may not be so. But so long as they are the province of Parliament, the Government is entitled to the advice of a responsible, independent body, representative of the two codes at least and, we think, of other interests too. Up till now even the two Conferences have been unable to agree on them, and so the Government has not had proper advice.

56. We maintain, however, that as few horse racing matters as possible should be in the hands of the Government. We believe that it is in the interests of neither horse racing nor the Government that a Minister should be asked to decide questions which the industry itself should decide, thereby involving himself in the pressures which such matters invariably produce. Consequently we envisage the advisory role of this body being a comparatively small one.

57. Besides advisory functions, such a body must have the necessary executive powers to act where the present machinery has been found insufficient to achieve action. We stress again that we wish to leave the administration of the separate codes to the two Conferences. Our primary aim here is to recommend machinery to deal with matters which affect the whole industry, not one code alone, matters which in the past have often been left uncompleted. Beyond this, each code should run its own business. We accept without question that racing and trotting have prospered in the past, largely as a result of the hard work of devoted men who have given their time and money generously. So we recoil from doing anything which will interfere with this contribution. But the matters which we see coming up for action by the body we propose are those which have a much wider compass than administration within a code, and will therefore demand a more widely structured authority to deal with them.

58. The proposed body should also act as an appellate authority in certain areas where there are disputes between the different codes at different levels, Conference or club, and where a judicial solution is more appropriate than executive action. Conflicts about dates are good examples.

59. Because the body we propose will have a variety of functions and, because we think it fundamental that the control of the individual codes be left as fully as possible to the Conferences themselves, the use of the term "control board" seems to us inappropriate, though we appreciate that the Secretary for Internal Affairs used it of a somewhat similar board. The body we envisage will not be a "control" board. We hope that the connotations usually associated derogatorily with that word by people in horse racing will be removed. We propose that the authority be called the National Racing Authority, and we shall refer to it hereafter as "the Authority".

AIMS OF THE AUTHORITY

60. The general aims of the Authority would need to be defined by legislation and should be to: (a) promote the stability of the industry; (b) maintain the economic well-being of those organisations and people who make their livings from it; (c) control any stake subsidy funds; (d) control the Half Percent Amenities Fund; (e) at the request of the Minister, report to and advise him on any matters needing his approval or decision.

POWERS OF THE AUTHORITY

61. To do its work, the Authority would need the following specific advisory, executive, and appellate powers.

62. *Advisory*

- (a) To examine and recommend to the Minister from time to time the total number of totalisator licences needed. Such recommendations should be made only after consulting with and receiving submissions from the two Conferences. We suggest this procedure here and elsewhere, so that the two Conferences may still play their full part in the administration of the industry.
- (b) To examine and recommend to the Minister from time to time the distribution of available totalisator licences between the two codes; the allocation to particular clubs in both codes of the available licences; and the particular days on which each licence might be used. These recommendations should also be made only after consultation with and/or receipt of submissions from the two Conferences.
- (c) To advise the Minister in the exercise of his power under s. 6 of the Gaming Amendment Act 1924 to approve the disposal of assets of clubs that have been dissolved.
- (d) To advise the Minister in the exercise of his authority under s. 4 of the Race Meetings Act 1909 to grant or refuse applications to conduct (non-totalisator) horse races.
- (e) To consider and report on any matter or proposed amendment of legislation referred to it by the Minister.
- (f) To report to the Minister on applications by clubs registered with the New Zealand Greyhound Racing Association or other appropriate body for licences to operate equalisator facilities on greyhound races and, at proper future dates, totalisator licences (see chapter 20).

63. *Executive*

- (a) From time to time to determine the scheme according to which the profits declared by the TAB to be available for distribution are to be distributed between the two codes (or among the two codes and, in the event of greyhound racing using TAB facilities, the appropriate greyhound organisation), and among the clubs of each code; and then at proper times to distribute such profits in accordance with the scheme then applying. Before any such scheme is finally determined by the Authority, submissions should be called from the two Conferences on the division of the profits between the codes and among clubs. In the event of the Authority contemplating adopting a scheme which departs materially from any part of the recommendations of either or both Conferences, the Authority should inform the Conference concerned, and any particular club affected,

and should give the Conference, and the club, the opportunity of making further submissions about the particular recommendation. To assist the Authority we discuss in chapter 17 the rival contentions about the division of TAB profits between the codes, and among clubs within a code. We believe that the considerations affecting these divisions are not matters of fundamental principle, and indeed may change from time to time according to the needs and interests of the sport or the industry.

- (b) To administer the Half Percent Amenities Fund by apportioning it from time to time between such codes or clubs and in such amounts as it considers will best serve the interest of the public attending race meetings. As in (a) above, the Authority should call for submissions from the Conferences and give them and clubs like opportunities of further submissions, if it contemplates that the Conferences' recommendations may be materially departed from. Here there are some principles which we think should govern the distribution of this particular fund, and we discuss them in chapter 13.
- (c) To administer a stake subsidy fund, created by way of deduction from betting or otherwise, by dividing it among such clubs on such terms in such manner and in such amounts as it considers will best serve the interests of the industry. In particular, it should have the power to make payments subject to the clubs' complying with minimum stake schedules related to classes of horses (chapter 13).
- (d) To receive representations, either oral or written, from organisations representing groups associated with the industry, directly or indirectly, about any matter relating to the industry's operation and welfare.

64. *Appellate*

To hear disputes between the two Conferences about any matter within the Authority's jurisdiction at any level—club, district, or Conference—when a judicial decision is needed. The intention here is that disputes, for example, between two racing clubs about a date should be resolved within the particular code, but a similar dispute between a racing club and a trotting club should be brought through the Conferences to the Authority acting judicially.

65. We have considered the suggestion of the Secretary for Internal Affairs (and of some other witnesses) that the Authority should also act as the board of the Totalisator Agency scheme in place of the present board composed solely of representatives of the two codes with the chairmanship alternating yearly between the President

of the Racing Conference and the President of the Trotting Conference. The suggestion has the advantage of simplicity, and perhaps of some saving of cost; but we have finally concluded that the functions of a horse racing authority primarily concerned with matters of the actual administration of horse racing events are necessarily so different in character from those of a body required to operate a totalisator agency scheme (especially in the future) that the personnel suited to one board are likely to differ significantly from those suited to the other. We explain this in chapter 17.

SERVICING THE AUTHORITY

66. We propose that the Authority be housed and serviced by the organisation of the TAB, and that its administration be a charge on TAB revenue. The TAB has a large and highly efficient staff and could easily do this work at very little extra cost. We do not favour the setting up of an expensive separate secretariat. Nor do we see the arrangement affecting confidence in the Authority. The Authority should be able to pay honoraria and travelling expenses to members, subject to the Minister approving the rates.

COMPOSITION OF THE AUTHORITY

67. Because the matters with which it will be concerned will mainly be matters, often detailed, related to horse racing, we think that most of the personnel must come from people engaged in horse racing. There is also a manifest need for an independent chairman, a person of standing and integrity, independent of ties with either code and able if necessary to hold the balance between the two codes, or between two groups within the Authority, and have the respect of the industry as a whole. The opinion of the two Conferences should be sought on his selection. It has been submitted to us that judicial experience as a judge or senior magistrate is necessary. Such a qualification would be advantageous, but its lack should not be a bar to appointment. That the Chairman be appointed by the Government is a practical necessity, though this method was seen by the Conferences and some witnesses as a grave objection. In their eyes, it could give the Government powers of direction or influence. We do not accept that view for one moment. There are a great number of bodies in New Zealand where the appointment of the chairman is left to the Government, which, in our experience, seeks the best person for the office. The standard of selection is usually admirably high.

68. We consider that there is also need for a fairly wide representation. The two Conferences must be represented; so must the interests of breeders, owners, and trainers. Figures indicate that

these groups have perhaps more at risk than any other parts of the industry. Their livings often depend upon it; their personal capital investments are greater, and their future is equally involved. There should therefore be one member representing these groups, selected by the Government from a panel jointly submitted by the present three breeders', owners', and trainers' organisations—the New Zealand Thoroughbred Breeders Association, the New Zealand Racing Owners and Trainers Federation, and the New Zealand Trotting Owners, Trainers, and Breeders Association. We see no need for representation of jockeys or drivers whose relationships with owners are closer to an employer-employee basis than those of trainers. Nor indeed did the former seek it, and the latter only indirectly. Other groups depend on the industry but are not sufficiently directly related to justify representation (for example, employees of breeders and trainers, transport operators). But, if and when greyhound racing develops to the extent of justifying a say in the administration of the industry, then appropriate provision could be made for it. It has not nearly reached that stage yet (chapter 20).

69. We think, next, that there are advantages in incorporating the Secretary for Internal Affairs into the Authority. The appointment of the Secretary's equivalents in New South Wales and Victoria to boards concerned with horse racing is a prominent feature of Australian horse racing and TAB administration. The deep-rooted emotional opposition to any governmental participation, apparent in New Zealand, certainly no longer exists in Australia, if it did ever exist. There, such participation is accepted as having been beneficial, though mainly, it rather seems, in such matters as the handling of the profits of the TAB system and the control of racecourse licences. But, in any event, at least some regulatory functions must in the interests of the public continue to be carried out in New Zealand by the Department. We have explained in chapter 5 the present extent of those duties, and our general agreement that they are necessary and desirable. The Secretary could as well be regarded as a representative of the public, placed on the Authority especially to watch the public's general interests, and not only to carry out his Department's regulatory functions. It seems to us that for these reasons the Authority would be strengthened by having the Secretary for Internal Affairs as a member. His presence would moreover provide a clear channel of communication between the Authority and the Government while leaving the Authority with complete independence. One Government representative on an Authority of five could not be described, even by the most ardent opponent of bureaucratic influence, as giving the Government control.

70. In discussing the need for an Authority, what form it should take, and what work it should do, we have quoted at considerable length from the submissions of the two Conferences, some auxiliary organisations, and the Department. We have done this advisedly to make it abundantly clear that we have considered all the different viewpoints and the arguments on which they are founded. But we have finally arrived at recommendations which differ from them all, especially from the Department's view about the composition of the Authority, the work it should do, and its association with the Totalisator Agency Board. The Authority which we recommend is of our own design. Nor would we have it thought that, in reaching the conclusion that some such body is necessary, we have merely taken a viewpoint advocated in a particular submission. It was the evidence *as a whole* which brought us to our conclusion.

RECOMMENDATIONS

We recommend that:

- (9) A National Racing Authority be constituted by legislation.
- (10) The functions of the Authority be defined by legislation and include:
 - (a) The promotion of the stability of the industry;
 - (b) the maintenance of the economic well-being of those organisations and people who make their livings from it;
 - (c) the control of any stakes subsidy fund;
 - (d) the control of the Half Percent Amenities Fund;
 - (e) at the request of the Minister, reporting to and advising him on any matters needing his approval or decision.
- (11) The powers of the Authority be:
 - (a) *Advisory*
 - (i) To examine and make recommendations to the Minister from time to time about the total number of totalisator licences needed, such recommendations to be made only after consulting with and receiving submissions from the two Conferences.
 - (ii) To examine and make recommendations to the Minister from time to time:
 - (a) as to the distribution of available totalisator licences between the two codes;
 - (b) as to the allocation to particular clubs in both codes of the available licenses; and

(c) as to the particular days on which each licence might be used.

(All these recommendations to be made only after consultation with, and/or receipt of submissions from the two Conferences.)

(iii) To advise the Minister in the exercise of his power (under s. 6 of the Gaming Amendment Act 1924) to approve the disposal of assets of clubs that have been dissolved.

(iv) To advise the Minister in the exercise of his authority (under s. 4 of the Race Meetings Act 1909) to grant or refuse applications to conduct non-totalisator horse races.

(v) To consider and report on any matter or proposed amendment of legislation referred to it by the Minister.

(vi) To report to the Minister on applications by clubs registered with the N.Z. Greyhound Racing Association for licences to operate equalisator or totalisator facilities on greyhound races.

(b) *Executive*

(i) To determine from time to time (having first received submissions from the two Conferences) the scheme according to which profits made available by the TAB are to be divided between the two horse racing codes and among the clubs of each code, and in due course to distribute those moneys in accordance with that scheme.

(ii) To administer the Half Percent Amenities Fund after first receiving submissions from the two Conferences.

(iii) To administer any stakes subsidy fund.

(iv) To receive submissions touching the operation and welfare of the industry from any organisation representing groups within the industry.

(c) *Appellate*

To hear disputes arising between the Conferences of the two codes as to any matter within the Authority's jurisdiction arising at any level—club, district or conference—where a judicial solution is desirable.

- (12) The Authority be housed and serviced by the TAB organisation and that its administration be a charge on the revenue of that body.
- (13) The Authority be authorised to pay honoraria and travelling expenses to members, subject to the approval of rates by the Minister.
- (14) The membership of the Authority be:
 - (a) A chairman appointed by the Minister of Internal Affairs after consultation with the Racing and Trotting Conferences;
 - (b) one member appointed by the Minister on the nomination of the New Zealand Racing Conference;
 - (c) one member appointed by the Minister on the nomination of the New Zealand Trotting Conference;
 - (d) one member selected by the Minister from a panel nominated by the present breeders', owners' and trainers' organisations;
 - (e) the Secretary for Internal Affairs.

THE CONSTITUTION OF METROPOLITAN DISTRICTS AND THE CONFERENCES

71. Witnesses keenly debated the desirability of racing's district committee system and the proper representational or voting strength to be given the metropolitan or main club of a district in district committees, and, in both codes, at Conferences. Other matters discussed were the method of electing the President of the Conference, greater representation for hunt clubs, and the representation of other groups such as breeders, owners and trainers within the Conference structures. We will deal with each code separately.

Racing

72. In chapter 4 we described the district committee system adopted by racing, and noted the fact that on each district committee the metropolitan club has a number of votes which is only one less than the combined total of the votes of the district clubs and that of the hunt clubs. Indeed, until the last Conference meeting held on 10 July 1970, the position was that the metropolitan votes could equal the combined figures of the others; and as the chairman, who had a casting vote, must, under the Rules, come from the metropolitan club that club had effective voting control. Earlier still the voting had favoured metropolitan clubs even more.

73. We also explained the system of representation and voting at Conference level, and showed that the voting strength of the combined metropolitan clubs there equals the combined voting strengths of all the other clubs, and that, moreover, the President of the Conference, who usually comes from a metropolitan club, has a deliberative vote in his own right as President, as well as a chairman's casting vote in the event of a tie.

74. The system of metropolitan clubs, district committees, and Conference, which designedly gives metropolitan clubs considerable power and influence at district and Conference levels, received much criticism. It is especially resented in those districts, where there are vigorous district clubs whose following or totalisator figures approach, or even at times exceed, those of the metropolitan club. The voting strength of metropolitan clubs was said to amount almost to a dominance, and to give two special results: first, the voice and wishes of the metropolitan club become paramount in a district; and second, many capable district administrators are excluded from holding office at Conference level.

75. The New Zealand Racing Owners and Trainers Federation, one of the strongest critics, said (para. 15 above) that the Conference ". . . as a ruling body, is out-dated, unwieldy, inefficient in any executive sense, and incompetent to control and direct the industry . . . to the best advantage of those engaged and employed in it . . . [it] is open to parochialism and the restrictive forces of sectional interests". The Federation urged that without reducing the voting power of every club within a district to equality, there should be a review to remove the permanent balance of power favouring the metropolitan club within each district. It also sought a change in the election of the President and the Vice-presidents of the Conference, and a reappraisal of the voting at Conference level.

76. The Manawatu Racing Club, whose turnover, stakes, and facilities now surpass those of the metropolitan club of its district, thought that racing would gain proper administration only if the constitution of the governing bodies was democratic and left no room for complaint of autocracy, or dissatisfaction. The present system did not meet these requirements. The Waipa Racing Club and the Bay of Plenty Racing Club, both prominent and growing clubs in the Waikato, made similar complaints and sought somewhat similar changes. The Taranaki Jockey Club (a metropolitan club) and the Whakatane, Waikato, and Poverty Bay clubs suggested changes of a different character, as did many of the club officials we met during our visits.

77. But against this, the Racing Conference, supported by some clubs and experienced officials, stood firm, contending here, as it did in so many areas, that the present situation was both practical and necessary—it had worked well in the past and would work well in the future. It noted that the Reid Committee, while recommending an alteration at district level (adopted almost immediately) and also some minor alterations in the election of officers, did not support any extensive reduction of metropolitan influences. The Conference's statement that not all district clubs by any means favour change was confirmed by the impressions we gained during our visits.

Trotting

78. In chapter 4 we explained that trotting does not have a district structure. Each club is equally represented at Conference level, a special exception being the Auckland Trotting Club which has two representatives to redress in some measure the differences in voting strengths between the North and South Islands. This trotting structure is highly democratic, and is widely approved by clubs. Only one or two, notably the Wellington Trotting Club, argue that it gives too much power to minor clubs and not enough to the large ones.

CONCLUSIONS

Racing

79. We take the view that the administrative structure and the voting strength within a code are purely domestic matters to be determined within each code itself. It is not for the Government, or a Royal Commission, or any other external body, to lay down rules for the internal administration of a code, as distinct from the control and financial problems of the industry as a whole. Therefore we would not feel justified in making any firm recommendation for change, nor do we see how such changes could reasonably be enforced.

80. We can, however, properly remark that we doubt whether the present racing structure is sufficiently democratic for the 1970s. We have already observed that it has served the code well, and that it has had a long history of acceptance. A system of district committees is doubtless highly desirable in a code whose activities cover the whole country; but the very heavy weighting of voting power in favour of metropolitan clubs in district committees and in Conference does, on the face of it, appear somewhat out of touch with present social attitudes. We were not satisfied that it has led to selfish or unfair actions on the part of metropolitan clubs, and indeed, the opinion which we gathered was rather that most metropolitan clubs put the interests

of district clubs before their own. But, nonetheless, there is an overtone of autocracy in this structure, and we accept that the present system of voting could lead to the loss from top levels of many obviously capable district administrators.

81. The changes sought by different clubs came in many forms. In particular, it was said that voting strength at district and Conference levels could be altered to give greater voting strength to clubs whose number of days racing, or totalisator turnover, or size of stakes warranted that increase. We also had various suggestions about the election of officers. No doubt a system could be devised to take the different considerations into account more than the present one does. But which would be the preferable system is a matter for the clubs themselves meeting in Conference to decide, if they consider change is necessary.

82. In saying that this particular structure and these voting allocations are matters for the code itself, we do not overlook the submission that in racing it was difficult, if not impossible, to change the present system. To do that needed a majority of votes at Conference, presently almost an impossibility. The point is best illustrated from a passage from the address of counsel for the New Zealand Racing Owners and Trainers Federation:

The Chairman: You have urged us to pay attention to the voting powers at district, the voting powers at Conference, the areas from which the vice-president and the president may come. Might it not be argued that, as clubs are domestic bodies, these are essentially matters which should be left to the clubs themselves to decide rather than imposed on them?

Mr Brown: Sir, that would be so if one were now to start from scratch and abandon the rules and assemble all the delegates from all the clubs and say, "Let us now, in the light of what we know, build afresh", but at the moment there are limitations on the extent to which the system can be altered because of the system as it is and we look for some guide.

83. We do not accept this argument completely. It may be difficult to make changes, but if racing feels strongly enough about the situation it will, we are sure, manage to change it. Moreover, at the last Conference meeting, where the slight liberalisation which we have already mentioned was accepted, a motion to further reduce the voting strengths of metropolitan clubs at district level was defeated by a large number of votes, including those of more than half the district clubs. It seems that the desire for change is not as widespread as some people are inclined to think.

84. The present boundaries of the racing districts were also mentioned. It was pointed out to us that the boundaries were set many

years ago and do not take into account more recent population changes, and that the growth of clubs like the Manawatu Racing Club had made desirable the creation of new districts with different boundaries, with such a club as the chief club of the new district. Here again we think that the matter is a domestic one to which the Racing Conference, in view of the submissions made to us, will no doubt give early attention. The Reid Committee saw no need to create new districts or to change present boundaries. We think, however, that these matters call for attention.

Hunt Clubs and Other Associations

85. A number of hunt clubs are concerned about their present representation at district level (see chapter 4), and their lack of direct representation at Conference level. Some claimed, for example, that each hunt club should have a delegate to its district committee instead of there being one delegate representing all that district's hunt clubs. The Racing Conference, however, thought their district representation adequate, and pointed out that, as many office-holders in racing clubs are also members or office-holders of hunt clubs, the Conference is adequately, though indirectly, given the views of hunting people.

86. Though we accept the Racing Conference's views that if each hunt club was represented on district committees the structure would be overloaded, and that probably the present district arrangement is adequate, we consider that there is need for some direct hunt club representation at Conference. Hunt clubs are important to racing. They hold totalisator licences, they must conform to the Rules of Racing, pay standard course rentals, and contribute to the expenses of both Conference and district committees. All this justifies, we think, some better representation at Conference. Two delegates representing all the hunt clubs may be sufficient. But again we recognise that this is basically a domestic matter.

87. We see no case for the representation of breeders or owners or trainers, whether at Conference, district committee or club level, within what is purely an organisation of racing clubs.

Trotting

88. The structure of trotting administration is again a matter for the code itself. Trotting's highly democratic system receives practically universal approval, and, as far as we can see, has worked extremely well. Its clubs are not as numerous and widespread as racing's, and its needs are therefore probably different. There is plainly no evidence of unwillingness to change, if change be desirable.

Non-totalisator Clubs

89. Two non-totalisator trotting clubs sought representation on the Trotting Conference. No submissions were received from non-totalisator racing clubs. There are 19 non-totalisator trotting clubs. They each pay a levy of \$50 a season to the Trotting Conference. We understand that most of these clubs hold one or more race meetings each year. Some also run qualifying trials. There are 51 non-totalisator racing clubs. They do not pay any levy to district committees or to the Racing Conference. A number of these do not hold race meetings every year. We think that Conference representation of the non-totalisator clubs is an internal matter for each Conference to decide itself.

JUDICIAL CONTROL

90. Chapter 4 also describes the two codes' judicial systems and the differences between them, the main one being that at club level racing uses honorary club stewards for inquiring into and hearing charges, and for imposing penalties, whereas trotting employs, chiefly, stipendiary stewards.

91. The Finlay Royal Commission said that it received little criticism of any weight of the honorary system used in racing, but that it did consider that to gain uniform penalties, the Racing Conference should appoint a panel of judges for each metropolitan district and that, preferably, a lawyer should act as chairman of appeal committees. It commented upon the obvious criticisms of trotting's use of the same stipendiary stewards as investigators, witnesses, and judges. It remarked, however, that the system was approved by trotting men, seemed to work well, and that its future operations would be watched with interest.

92. We believe that the choice of an appropriate judicial system is also a matter for each code to decide. No one system is necessarily the best in all circumstances, and the one chosen should not be interfered with, except when the Courts act to prevent, or correct, a failure to observe fundamental principles of justice. But as some witnesses suggested that features of the two judicial systems be reviewed, and as the judicial systems are of so high an importance to all who come within the Rules, we express our views for the benefit of the Conferences. It is not necessary, however, to mention a number of alleged recent irregularities. We have not investigated them, for we see them as coming within the jurisdiction of the domestic tribunals concerned, and as raising no possible breach of judicial principle.

The Judicial System of Racing

93. The criticisms we heard were not of great moment, and stressed mainly the need for more uniform penalties at club level, and for more care in the selection of tribunal members. The same points were made to the Finlay Royal Commission which on this account recommended that the Racing Conference appoint a panel of judges. We approve the concept, and think the recommendation well-reasoned. The Reid Committee saw advantages in a panel system and thought one should be made mandatory.

94. But we understand that there have been difficulties in carrying out such proposals, which explains why panels have not been established except in some districts. The outstanding difficulty is the selection of a panel willing and able to serve all the meetings in a populous or widespread metropolitan district. It seems to us that at least it should be possible to select a small panel of chairmen for each district (comprising preferably legal men with a knowledge of racing) who could among them cover the whole district and meet periodically to discuss penalties. The presence of one such chairman at each meeting would, we think, materially deter the favouritism said to exist in certain districts towards certain owners or trainers, and should restore any lost confidence in a particular club's administration of its judicial hearings.

95. We have no comments to make on the judicial system as it applies at district and conference levels, except perhaps to observe that it would be an advantage if at district hearings also a lawyer of standing with the necessary racing experience were to preside rather than the chairman of the district committee. At Conference level, a leading lawyer has for a long time been selected as chairman of the appeal judges. This practice has worked admirably.

The Judicial System of Trotting

96. Like the Finlay Royal Commission, we see the strength of the criticisms of a system which confers on one man simultaneously the different roles of investigator, witness and judge. But like that Commission we are also bound to say that the trotting system seems to work well, and certainly receives the almost universal approval of trotting people. A few see the basic criticism as damning, but most think it theoretical rather than real. Certainly we received insufficient evidence to warrant our recommending the system's rejection.

97. At Conference level, trotting (like racing) appoints a lawyer as chairman of the appeal judges, and here, too, the system has worked admirably.

Admitting the Press

98. The Racing Writers Association urged that racing writers should be admitted to the hearings of horse racing inquiries at all levels. They based their request on the principle that justice should be administered publicly and subjected to the scrutiny of the press. We accept unquestionably the general principle, but there are other considerations to be taken into account.

99. At club level, where inquiries are usually held among the pressures of a busy racing day, often in a small room, it is difficult to allow the press to be present in conditions which would ensure correct reporting. Mr O'Reilly, a Vice-president of the Racing Writers Association, who presented their submission, was inclined to agree. But he rightly answered that the same conditions do not apply at district or conference levels. There, the Conferences said, a major consideration is the difficulty of getting evidence from witnesses if the evidence is reported in the press. No doubt publication could sometimes deter a witness who might fear the consequent publicity, but that may not be as important as the Conferences think. We were told that it had not proved a stumbling block in those Australian states where the press is admitted to racing inquiries.

100. The more serious difficulty, so it seems to us—and this applies both at district and Conference levels—is the state of our law of defamation. Racing tribunals, and those who give evidence before them, do not enjoy the absolute privilege given to statements made in the course of judicial proceedings before the regular Courts. At most, they have a qualified privilege. This often proves to be an insufficient shield. We doubt whether it would be fair to open the way to publication of a witness's evidence in a racing inquiry, and thereby expose him to the risk of a subsequent claim for damages if his evidence proved to be wrong. In those cases the protection of qualified privilege could be lost, if the motives inspiring his giving of evidence were impugned.

101. For these reasons we do not make any recommendation to admit the press to horse racing inquiries. If the law of defamation were changed to confer absolute privilege, then we would favour admitting the press to district inquiries and to those conducted by the Conference appeal judges.

A GENERAL MANAGER FOR RACING

102. The Reid Committee considered that the time had arrived when the Conference should appoint a senior executive officer, either as Director or General Manager, as its chief executive officer

responsible to the Executive Committee (see para 12 above). It envisaged such an officer overseeing the general administration of racing throughout the country, apart from the secretarial and accounting sections of Conference work. He could relieve the President of many decisions on day-to-day matters and could keep closely in touch with district committees and clubs. It recommended the proposal for "the fullest possible examination".

103. We do not know the extent of the consideration given the proposal, but it was not adopted by the Racing Conference, and it has now been urged on us by some witnesses. The proposal may be a good one but it is an internal matter for the Conference itself to decide. Doubtless there is so much work and travel in today's racing that there may be a need for an officer who could attend to day-to-day problems in the various parts of the country; who could, by attending districts and clubs, keep in better touch with them; who could ensure that race meetings are uniformly run; and who could see that the Executive Committee and the Conference were kept alive to developing trends in, and the needs of, particular districts. The Conference will know better than us. But we believe that the proposal is certainly worth re-examining, especially to meet the changing conditions which we trust this report will help to produce and give direction to.

RECOMMENDATION

We recommend that:

- (15) The Racing Conference re-examine in the light of anticipated changes the Reid Committee's proposal for the appointment of a General Manager of Racing.

Chapter 15. REGIONALISATION OF RACE COURSES

INTRODUCTION

1. Regionalisation of courses was another controversial issue falling within item 1 of our Warrant. It was argued before us at much length. We consider it significant enough to merit a separate chapter. The Finlay Royal Commission (chapter 3) and the Reid Committee (chapter 2) had also given it lengthy consideration. The term "centralisation" is often used but is not the most appropriate as it implies concentrating horse racing on metropolitan and other prominent courses at the expense of all others. What is really meant is the more rational use of racecourses *within areas*, and we therefore prefer the term "regionalisation".

Finlay Royal Commission

2. The Finlay Royal Commission recommended that some clubs move to other courses. Of these, Amberley, Levin, and Foxton continue to race on their own courses, but Carterton now races at Tauherenikau with the Wairarapa Racing Club, and the Rangitikei Racing Club in 1970 raced on the Awapuni course at Palmerston North.

Reid Committee's Comments

3. The Reid Committee's comments call for quotation in full:

Regionalisation of Racing Clubs:

Various proposals were advanced under the heading in some cases of centralisation, advocating the adoption of some scheme whereby clubs in adjacent areas could substantially improve their financial position and reduce their overhead expenses by racing on one central course and, where practical, by endeavouring to concentrate training facilities. Having regard to modern methods of transport we are of opinion that it would be substantial benefit to the sport of racing as a whole, if regionalisation were imposed.

At various centres we heard submissions from smaller clubs which would be affected by such a scheme if it were introduced, offering strenuous opposition to the proposal, but all this opposition would appear to stem only from one source, a fear of losing their identity as clubs.

We have not given detailed consideration to the question of regionalisation in respect of any particular locality, area, or group of clubs, but we are of opinion that there are in many parts of New

Zealand areas where some scheme of regionalisation would be undoubtedly of ultimate benefit to the sport of racing and to the ability of the clubs affected continuing in existence and to provide adequate stakes and facilities, not only for owners and trainers, but also for the public generally.

We appreciate this is a very wide and very vexed question, but we strongly support it in principle. However, *we are also acutely aware of the fact that no scheme of regionalisation has any chance whatsoever of succeeding if it is sought to be achieved on a voluntary basis. On what has been placed before us we are satisfied that no scheme of regionalisation has any hope whatsoever of succeeding unless it is done on a mandatory basis.* [italics added]

We strongly recommend that the Executive Committee immediately set up an independent committee to deal with this specific question, to examine it in all its aspects, and to make a firm recommendation to Conference setting out the localities where regionalisation should be required, and the clubs that should be called upon to conduct their meetings on the recommended course.

4. This, like many other of the Reid Committee's radical recommendations was not put into effect.

Voluntary Changes Made

5. There have nevertheless been some voluntary changes made. Since 1950 the following clubs have raced on courses other than their own: Cambridge now races at Te Rapa, Carterton at Tauherenikau, Hororata at Riccarton, Napier Park at Hastings, Rangitikei at Awapuni, Taumarunui at Te Awamutu, Wairio at Riverton, Winton at Invercargill.

SUBMISSIONS SUPPORTING REGIONALISATION

Owners and Trainers

6. The New Zealand Racing Owners and Trainers Federation strongly advocated further regionalisation. The Federation said, referring to the 1966 Reid Committee report:

Once again, no visible steps have been taken by the New Zealand Racing Conference to implement this strong recommendation from its own committee. One can only speculate as to the reasons for non-implementation, and whether it stems from apathy or inefficiency. It would seem, however, as a matter of reasonable inference, that one main reason could be the parochial attitude of clubs which fear that centralisation or regionalisation will result in a loss of their individual identities and the deprivation of office for various club officers. The present administrative structure for control of the racing industry in New Zealand, is in the submission of the Federation designed to assist a narrow and parochial outlook and inconsistent with a broad beneficial approach on a national basis.

7. The Federation saw the need for regionalisation and amalgamation of clubs as second only to that for increased stakes. It developed its argument in detail. The concept of centralisation, it maintained, seemed to be regarded as relating only to clubs giving up racing on their own courses in favour of racing on the course of another club. However, two further aspects should be considered: first, a correlated centralisation of training facilities; and second, a centralisation of the secretariats of neighbouring clubs.

8. Regionalisation, it said, would aim to improve capital structure by avoiding wasteful duplication of facilities on little used courses. If the aim is met, facilities on the retained courses could be improved and used more fully.

9. The Federation saw three obvious important factors in considering the practicality of any effective regionalisation—the size of the population served, and, especially, the quality of the track as a racing surface, and its ancillary facilities for racing and training. The Federation's submission on the last two points deserves quotation:

The racing surface . . . is of particular importance and the obvious consideration is the ability of a track selected for centralisation to stand up to additional racing. The track with six days racing a year is unlikely to be affected by another four or five but one would then need to have regard to those courses which are in the higher rainfall areas and even more important the extent to which training activity is conducted on a particular track and that really leads [one] to say that centralisation of training is almost as important because obviously a track will absorb a greater amount of extra racing without a problem at all if it can divorce itself from the training activities so that that course is reserved for racing and a nearby course, which becomes perhaps redundant or abandoned because of centralisation, then becomes available as a training centre and the corollary of that will obviously be that the track picked for the racing track can be preserved at a better standard because it has no longer to bear the wear and tear of training and by the same token the fact that the training is then shifted to another track potentially reserved for that purpose means that that track can economically have concentrated on it the very important facilities such as shoeing and veterinary services and, desirably, the local apprentice school. . . . Transport operators can arrange their loads very much more economically. . . . If centralisation is primarily concerned with an economic and capital structure designed to eliminate unnecessary duplication of costly facilities, then it should extend to cover training facilities.

10. The Federation stressed the importance of public amenities, and discussed the notion of an "uneconomic club", saying that some clubs in the context of regionalisation, are labelled "uneconomic" because they are small and have a small betting turnover. It argued that this is a doubtfully true notion, because, especially in the South Island, there are small clubs which give most of

their revenue as stakes, and keep capital and other costs to a minimum by the businesslike and often voluntary efforts of their members. In the Federation's view the uneconomic club is rather one which commits itself to high capital expenditure when it could more profitably run its meetings on a nearby course with better horse racing and public amenities. The basic proposition that horse racing should be reasonably available to the public no longer demands the continued existence of *all* the present courses in the country.

11. The Federation went on to mention particular areas which, it thought, would benefit from regionalisation. Moving from north to south (it said):

. . . one finds in a very small area indeed the courses at Thames, Paeroa, and Te Aroha.

Further south there is another obvious area which includes the courses at New Plymouth, Stratford and Hawera, and one could fairly comment that in those areas two clubs would suffice in place of the three. Probably the same comment is applicable to the area in which one finds Waverley, Feilding and Marton, and Otaki, Levin and Foxton. . . . Waverley is close to Wanganui and the most obvious move would probably be to Wanganui. . . . Moving to the South Island . . . the most obvious one, of course, relates to the West Coast where in a very small geographical area one finds Greymouth, Kumara, and Hokitika, and one could reasonably argue that, with two other clubs already existing in the district one club could probably suffice for the three first mentioned. . . . As one moves further south [one's] courage increases and [one] would therefore suggest that the obvious move would be Amberley to Rangiora, Banks Peninsula to Riccarton, and both Geraldine and Waimate to Washdyke.

The Jockeys Association

12. The Jockeys Association also supported further regionalisation. It felt that funds now being spent on maintaining and improving what it considered redundant racecourses could better be used to increase stakes, and improve amenities for jockeys and the public on fewer courses. The Association nominated certain areas where it thought this should be imposed—much the same North Island areas as those mentioned by the Owners and Trainers Federation.

The Trotting Owners, Trainers and Breeders Association

13. The Trotting Owners, Trainers and Breeders Association also supported the concept of regionalisation, and criticised, for example, the fact that there were trotting tracks relatively recently constructed within a few miles of each other at Hamilton and Cambridge.

The Treasury

14. The Treasury, though it is not concerned with the day-to-day administration of racing, is concerned with the efficient use of economic resources. Its comments on the financial state of the industry, including the need for more economic use of courses and facilities, are quoted extensively in chapter 13. Its final observation may, however, be noticed here:

. . . the racing industry must . . . decide how it should adjust to changing economic and social conditions. If clubs decide, for reasons which may appear to them to be perfectly valid, to continue holding their meetings on the present number of courses, despite the financial advantages which could be expected from a much greater degree of "centralisation" then they cannot reasonably ask Government for additional financial assistance, either at the expense of Government revenue or at the expense of the betting public.

The Department of Internal Affairs

15. The Department of Internal Affairs thought that as the racing and trotting clubs' incomes are today threatened, greater cost efficiency must be aimed at, which implies that some of the smaller clubs may have to race elsewhere or cease racing.

Personal Submissions

16. The need for some such measure of regionalisation was also drawn to our attention in the personal submissions of Mr H. M. B. de Latour and Mr A. Macnab, both of whom were members of the Reid Committee, and by Mr W. M. Bolt, who was secretary to the Finlay Royal Commission.

SUBMISSIONS SUPPORTING EXISTING POLICIES

The Racing Conference

17. The Racing Conference at whom most of the criticism was levelled, including that of failure to implement more fully the recommendations of its own committee of inquiry, had this to say:

The policy of the Conference in respect of regionalisation has to date been one of encouragement and persuasion. Thus far the Conference has not compelled any club to conduct its meetings on another course against the wishes of that club. The Conference is alive to the benefits of regionalisation, and it has been involved and still is involved, in a continuing effort to bring about a greater degree of regionalisation. There is no doubt that a continuation of this policy will lead in time to further clubs agreeing to conduct

their meetings on other courses. In addition, it is virtually certain that economic pressures will force some clubs to conduct their meetings on other courses. Some are finding that they can no longer bear the cost of the upkeep of their racecourse. Others have found that the population strength in their district is not sufficient to warrant a continuation of their present number of race meetings. To date some of the clubs in the latter position have surrendered totalisator licences for one season, but it may be that in the future they will prefer to conduct their meetings on other courses and to deal with their financial problems in that way.

The Conference accepts that a smaller number of racecourses is for the *overall* benefit of racing. To the extent that costs are reduced because there are fewer racecourses to maintain, more money can be provided in stakes. Similarly to the extent that meetings are held near to places where a large number of horses are trained, owners' travelling expenses are reduced. To the extent that they are held where there are large centres of population, it is likely that there will be greater attendances.

While all of those advantages are accepted there are nevertheless a number of other factors to be considered. In considering those factors the Conference is conscious of what it regards as its duty to have regard to everyone associated with racing. Some of these factors are:

- (i) The strength of our racing is partly derived from the fact that there are meetings throughout the country. This helps to maintain nationwide interest in the sport. . . .
- (ii) There is a definite place in New Zealand racing for the smaller clubs who conduct meetings on country courses. Their meetings are of a different type altogether and are often conducted in a "picnic atmosphere". The popularity of this type of meeting with the New Zealand public cannot be questioned. . . . The Conference considers that it would be wrong, at least at this stage, for that type of meeting to be discontinued.
- (iii) The Conference considers that regard must be had to the rights of members of clubs of which it is suggested that their meetings should be held on other courses. Those members' support has helped the club through difficult times and in many cases the members are strongly opposed to any suggestion that the club's meeting should be held in some other town or city. . . .
- (iv) It also must have regard to the position of the public in a particular locality. The public are after all used to having a meeting in their own locality and to supporting it, and there must always be concern that the removal of a meeting from that locality might result either in the public not attending meetings at the new locality or in being deprived of the opportunity of attending the meeting in the new locality. . . .
- (v) Different clubs have different types of courses and there is something to be said for the view that horses in a particular area should have the opportunity of racing on different types of courses. . . .

These are by no means all of the factors which must be considered, but they may serve to indicate some of the reasons for the Conference adopting the view which it has that the costs of keeping a number of racecourses going are not the only factor to be considered in respect of regionalisation, and that the policy which might most readily bring about a greater degree of regionalisation is that of encouragement and persuasion. This has worked to some degree and the Conference is confident that it will continue to.

The Conference would have liked to achieve more regionalisation than has already taken place, but there are a number of reasons for its having been unable to achieve this:

- (a) The fear which many clubs have that if they move to another course they will lose their identity and the reluctance of their members to see the clubs' meetings held on another course.
- (b) The fact that most of the clubs to whom a suggestion has been made that they should race on another course have been able to adduce convincing reasons for remaining on their present course.
- (c) The fact that whenever regionalisation is mentioned there are political pressures. Such pressures are subtle and the Executive Committee is not directly informed that the Government is against regionalisation in a particular area. Comments made to clubs by politicians, however, have a way of being reported back to the Executive Committee which is of course well aware that the ultimate decision as to the issue of totalisator licences and as to the course and dates on which each club should race is that of the Minister of Internal Affairs. It is indisputable that more could have been achieved in the way of regionalisation had the issue not been subject to the attention of politicians.
- (d) The Executive Committee's belief that there are so many interests which must be considered in respect of this question.

The Executive Committee has not yet asked the Annual Meeting to allot a date to any club, conditionally upon that club racing on the course of another club. The principal reasons for its not having done so are its reluctance to force regionalisation upon any unwilling club and its knowledge that even if the Conference did come to such a decision it would still be open to the Minister of Internal Affairs to grant the affected club a totalisator licence and to specify in that licence that it was to be used in respect of a meeting held on the club's own course. In the meantime it is the intention of the Executive Committee to continue with its present policy, but the possibility that the Annual Meeting will be asked, at some time in the future, to grant a club a date only on condition that it races on another course cannot be ruled out.

The Trotting Conference

18. The Trotting Conference admitted that there was a problem in this area, but said that although no definite steps had yet been taken one could expect the problem to be handled "in the same

efficient and satisfactory manner as the other centralisation problems have been handled in the past". It expressed its policy thus:

Trotting submits that there is a place for small clubs in the New Zealand trotting scene. In the Trotting Conference's submissions . . . the membership of the 47 totalisator trotting clubs in New Zealand is set out. Even in the remoter areas which are more sparsely populated, trotting has a strong following. Trotting believes that there is a place not only for the big metropolitan "glamour tracks" such as Addington and Alexandra Park but also the smaller country clubs and courses where the local population can here gather and enjoy a day's sport. As well, Trotting emphasises, yet again, its sporting aspects. It is against the background of these factors that Trotting has administered its centralisation policy in relation to small clubs.

The Trotting Conference therefore does not regard the number of trotting courses as a problem. It pointed to changes already made by both the Franklin and Thames Trotting Clubs racing at Alexandra Park and by the Masterton and Otaki clubs racing at Hutt Park. The movements of others which could race elsewhere depend to some extent on whether the racing clubs on whose courses they now race will need to move.

Other Submissions

19. The Trotting Horsemen's and Trainers Association took the view that the traditional location of country racing should not be disturbed, for country courses are a venue for maiden and improver racing, and cater for local owners and trainers.

20. Some individual racing and trotting clubs, many of whom saw themselves likely to be affected by regionalisation, set out reasons why each, in particular, should not have to move its meeting.

CONCLUSIONS

21. Any conclusion about the number of courses appropriate for any particular area is another matter of opinion or judgment. Statistics of population, totalisator turnovers, etc., are relevant, but not conclusive. Historical associations, remoteness, topographical barriers between one area and another, availability of other community interests, the extent to which clubs can draw on centres of population, are some of the other factors to be considered.

22. We are satisfied that the weight of racing opinion (if not trotting) considers that the trend to regionalisation has been slower than is desirable and must move forward with greater impetus. This is what the Reid Committee thought, and many others hold

similar views. We agree that the Racing Conference, in particular, has not been sufficiently vigorous in pursuit of regionalisation. Doubtless as the Racing Conference explained, when it has tried to force a more rapid rate it has met violent parochial opposition and occasionally even positive intervention by members of the Government. We do not underestimate the force of this kind of opposition. And that is one of the reasons why we are convinced that a proper rate of regionalisation will come only when the ultimate power lies in a body removed from the internal pressures to which the Conferences are open, and independent of political influence. The National Racing Authority would be such a body.

23. The fear of losing identity perhaps generates the most resistance to moving meetings to other courses. However, clubs which have moved *have* retained their separate identities, some with increased membership, though it is true to say that sometimes when local members are lost, the loss is more than made up by new members from the new district.

24. We see the need for the Conferences to make a study of the ways in which clubs can co-operate in racing together on one course without amalgamating or losing individual identity. There are at least two systems working now. First, a club by a rental agreement merely leases the course from the host club (the Racing Conference lays down the rental for racing clubs). Second, a club forms a company or partnership with other clubs racing on the same course, and under such an arrangement the company takes over administration and development of the course. Current examples are the Hawera Racecourse Partnership with two racing clubs and one trotting club participating; Woodville Pahiatua Racecourse Limited of two racing clubs; and Addington Raceway Limited of the three trotting clubs using the Addington course.

25. Loss of a community amenity is particularly important to country districts. We are very conscious that certain clubs are historically associated with the development of their districts, that people greatly value the association, and that a racecourse provides a centre for communal effort and activity. All this is extremely important, and close to the hearts of New Zealanders. The loss of a racecourse could be a serious setback to any place which has limited opportunities for community life.

26. Therefore, we would oppose ruthless and dramatic reduction of the number of country racecourses merely to fulfil an economic master plan. We remember, too, the point often made that country courses give useful opportunities for maiden and improving horses. But all this does not mean that the present number of courses can be justified. The question is, we repeat, whether the economic state

of the industry enables it to indulge itself in the luxury of the present fragmentation of its energies, its available funds, and its betting clientele. Realism must temper emotion.

27. But it was often said to us—"Why should a club not race on its own course if it can pay its way? That doesn't harm anybody."—There is a fallacy in this innocence. Few if any of these clubs stand on their own feet and pay their own way from normal income. Most of them are kept above ground by a series of props supplied by the Government or the betting public. First, the rebate of $2\frac{1}{2}$ percent on the first \$100,000 of turnover. Second, there is the equal share of the first 10 percent (formerly 15 percent) of the TAB distribution. Third, there is the equal share of the first 15 percent of the Half Percent Amenities Fund. All these provisions were fashioned to give special help to smaller clubs which would have been forced to move without them. These props have in fact delayed what would have been an advantageous evolution towards fewer courses.

28. It was partly to ascertain the worth of such arguments as outlined above that the Commission extended its visitation to every course in New Zealand where totalisator meetings are held, and discussed with the officials of all the clubs, except one, the district needs and the manner in which district needs fitted national needs. The Commission also visited some training tracks and some courses run by non-totalisator clubs.

29. Chapter 7 describes the way in which the 72 totalisator courses are used for racing and trotting, and sets out the proportion of horses trained in the various areas of New Zealand. We now draw attention to the data in appendices 5, 6, 7, and 19 and their relevance to the concept of regionalisation.

30. The data in the tables in chapter 7 and in the appendices just mentioned suggest the following 12 points:

- (1) 23.6 percent (17) of the courses are used on 8 or more days each year.
- (2) 27.8 percent (20) are used between 5 and 7 days each year.
- (3) 48.6 percent (35) are used less than 5 times each year.
- (4) With 71.2 percent of the population, the North Island has 51.3 percent of the existing courses; the South with 28.8 percent of the population has the remaining 48.7 percent.
- (5) In the relatively compact Waikato and Bay of Plenty area there are 9 courses none of which is more than 35 miles from its neighbour. In Thames, Te Aroha and Paeroa there are 3 courses within a distance of 34 miles. There are also 2 trotting tracks within 15 miles of each other at Cambridge and Hamilton.

- (6) There are 4 courses now used for meetings in and around Palmerston North (Awapuni, Manawatu Raceway, Feilding and Woodville) with 3 others in the Horowhenua district (Foxton, Levin and Otaki) the furthest being only 44 miles from Palmerston North.
- (7) In Taranaki, there are three courses within 45 miles, with another only 25 miles further at Waverley.
- (8) There are 6 courses on the West Coast of the South Island within 80 miles which serve a population of only 35,000.
- (9) In the Christchurch-North Canterbury area (apart from the two metropolitan courses) 3 of the 4 courses are within 30 miles of Christchurch. The other (Hororata), used once a year, is only 45 miles from the main centre.
- (10) Four of the 5 courses in mid to south Canterbury are within 44 miles of Timaru. The fifth (Methven) is more isolated.
- (11) Central Otago has 3 separate courses serving a population of only 22,000 with 2 others (Beaumont and Tapanui) reasonably close by. Four of these are used 2 days each year, the other only 1 day.
- (12) Southland has 4 courses all within 40 miles of Invercargill.

31. The low rate of use (7 times or less a year) for over 76 percent of all courses, with each and every club striving to improve both its course and its amenities as well as put up larger stakes, clearly points to an undue demand on what are limited financial resources. The obvious inference is that fewer courses used more often should substantially reduce overheads.

32. The weight of evidence positively favoured regionalisation. What is perhaps equally significant is that during our discussions with clubs, all (except one) which had elected to race on another club's course, lauded the benefits of doing so and had no wish to revert to their previous venues.

33. There is no doubt in our minds that past reluctance to move further towards rational use of courses has resulted in wasteful spending to improve tracks, grandstands, and amenities. The industry's overall financial situation would have been improved if the money had been diverted to stakes and to developing up-to-date amenities on fewer courses.

34. We firmly believe that the benefits of regionalisation cannot be denied, nor can its greater implementation be put off indefinitely. The industry's finances demand a reduction in the spread of money spent on maintenance and improvements on an excessive number of racecourses. And as earlier recommendations and movements for

voluntary regionalisation have not met with sufficient success, we believe with the Reid Committee that it may even have to be *imposed* for the benefit of the industry as a whole.

35. Regionalisation could result in making the capital of clubs which move available for improving the courses on which they race. In the event of the dissolution of a club the Authority will be in a position to urge on the Minister the claims of the industry to that club's assets.

36. We have recommended that the Authority should have power to recommend to the Minister an appropriate allocation of licences, and have the final say in the distribution of the profits of the TAB, and control of the amenities fund. The Authority will therefore have all the powers necessary to ensure a policy of regionalisation. It could, if the circumstances justify such a course, withdraw financial support from clubs reluctant to move, or could even (though perhaps this would be in the last resort) recommend that a licence be granted on the condition that a club should race on another course. We would hope that extreme measures would not be necessary. We imagine that in practice the Conferences and the Authority will work together to bring about the desired regionalisation. We do, however, consider that the problem must be faced more resolutely than it has been in the past, and if necessary, these weapons used.

37. We recognise therefore that the carrying out of any plan of regionalisation must be left in the hands of the respective Conferences in the first place, with the National Racing Authority being in a position to use its powers when necessary. However, it might be useful to the Authority and the Conferences if we set out more detailed recommendations in this highly sensitive area.

RECOMMENDATIONS FOR REGIONALISING AND DEVELOPING COURSES

38. When we began our discussions with clubs on their various courses we did not intend to judge their justifications for continuing to race on their own courses. We had in mind rather that we should look at the total needs of, say, a definable area. But as our visits progressed and our knowledge improved, we came to the conclusion that we were probably in at least as good a position as anyone else to express our views on the worth, from the industry's point of view, of retaining a particular course. We do not set ourselves up as having the technical knowledge to judge between tracks, and so we make our recommendations with some diffidence; but we can speak on the needs of the public and on the welfare of the industry generally.

39. An interesting fact worth noting first is the number of courses used at present for both racing and trotting. We see every advantage in this. We have been told that there are practical difficulties about using the one course for both codes, particularly when the trotting needs involve an all-weather track with lighting. But we do not accept that these cannot be overcome. We think it is desirable that any club which seeks help to build a new course should, wherever possible, be expected to make its course available for both racing and trotting.

40. Taking into consideration geography, nearness of present courses, population, totalisator turnovers, community interests, etc., we make certain recommendations. We do not suggest that all these should be put into effect immediately. They are rather an indication of what appear to us to be desirable future developments. In framing them we have not tried to define which of the redundant racecourses should be retained purely as training tracks, for we consider that this is a matter which should best be left to the horse racing administrators themselves.

41. Finally, factors of physical isolation due to distance and topography, and of community needs, more frequently and potently apply in the South Island than in the North. The main South Island provincial towns are often smaller than those of the North, and are thus unable to absorb the extra race meetings which would result if nearby meetings were transferred to them. We have tried to keep all these special considerations in mind in our review of the South Island, and consequently have seen the advantage of retaining (at least in the immediate future) some courses which otherwise we would think should be closed.

Northland

42. The main club in the area is the *Whangarei Racing Club*. Its financial situation is not at all good, but as the only club of any size north of Auckland it should succeed, for Northland is growing rapidly and appears to have a great future. Its course, Kensington Park, a city reserve, has only a 7-furlong track of indifferent quality, although its facilities are reasonable. The *Northern Wairoa Racing Club* owns its own property at Dargaville, an excellent course, but its amenities are inadequate. Moreover it is too far from the Northland centres of population.

43. There is clearly insufficient support in the North for more than one racecourse at the moment, though things may change in the future. The best solution would be to close both Kensington Park and Dargaville, and to develop a new course in a central

position which would serve the needs of both racing clubs, and the *Northland Trotting Club*. We see little merit in further large capital expenditure on the present courses.

Auckland

44. With the vast and growing populations in the area and its concentration of trainers, horses, etc., there should always be a need for the four present courses at Ellerslie, Avondale, Pukekohe, and Alexandra Park. It may eventually be necessary to develop another.

Waikato and Bay of Plenty

45. This compact and thickly populated area has now nine race-courses. We were told that it also has the highest concentration of horses, trainers, etc., of any area in New Zealand, and that there is ample justification for most of the courses. The following comments are, however, necessary.

46. The *Cambridge Trotting Club* and the *Waikato Trotting Club* are only 15 miles apart and both are trying to develop all-weather, night-trotting courses. Neither club has succeeded at this stage in building adequate public amenities, nor does it seem likely that they can both do this in the foreseeable future. The Cambridge Trotting Club owns the land on which its 5-furlong course and buildings are situated, while the Waikato Club's 4-furlong track is on land leased from the Waikato Show Grounds Trust. The obvious solution is for the two clubs to use one racecourse and develop night trotting with up-to-date amenities, etc., to serve as the trotting headquarters for the whole district. The *Te Awamutu Trotting Club*, which at present races on the course owned by the *Waipa Racing Club*, could be invited to join in the development of the trotting centre. It has said that it favours this.

47. In Thames, Paeroa, and Te Aroha, there are 3 racing clubs within 34 miles, all intent on developing modern facilities. The Thames course is restricted by the lie of the land, but both Paeroa and Te Aroha are good courses with up-to-date facilities. In both cases, much money has been spent in recent years on new stands, etc. We think there is probably need for only one course in this area and it would be better if all clubs raced at either Paeroa or Te Aroha.

48. No changes are suggested for the courses at Te Rapa, Te Awamutu, Matamata, or Tauranga except for the last where we think the *Whakatane Racing Club* should ultimately be allowed to leave Tauranga and race on the course it already has partly built, when it can finance it and when population growth justifies a number of days racing a year.

Rotorua

49. As there is only one course in this fast growing area, no comment is necessary.

Gisborne

50. This district is adequately served by the one course, used both by the *Poverty Bay Turf Club* and the *Poverty Bay Hunt Club*.

Wairoa

51. This is one of the North Island "picnic" clubs and holds a 3-day meeting around the local anniversary day. Although there is only a relatively small population with easy access to Wairoa, the course fulfills a need in a somewhat isolated community. It relies on the picnic atmosphere as its main attraction. Its amenities are generally sufficient for its role.

Hawke's Bay

52. This is one area where there is already a large measure of regionalisation. Four clubs now race at Hastings, and do not want to change. The only other course in the area is at Waipukurau, which has inadequate facilities. The *Waipukurau Jockey Club* would not object to racing at Hastings.

Manawatu-Horowhenua

53. There are six galloping courses in the district, the furthest from Palmerston North being only 44 miles (Otaki). The Woodville and Awapuni courses are very strong training centres and have up-to-date facilities.

54. The Feilding course, with good facilities, is only 13 miles from Palmerston North. The *Feilding Jockey Club* could probably continue to race on its own course for a few years but if large capital expenditure ever becomes necessary the club should be required to race at Awapuni. Of the remaining three galloping courses—Foxton, Levin, and Otaki—only Levin has anyway near reasonable facilities and amenities. All facilities and buildings at Foxton are unattractive, although the sandy course itself is not greatly affected by wet weather. About 50 horses are trained on the course.

55. The Levin course has been improved, and the club has recently built a new members' and public stand, as part of a long-term development. Other amenities are below standard. Here, too, there are about 50 horses regularly trained.

56. The Otaki course is owned and operated by the *Otaki Maori Racing Club*, and has a recently reconstructed and banked 9-furlong track. Sixty-five horses are regularly trained there. The course is also used as headquarters by a large number of horses visiting for Trentham races. Although there are good stabling facilities, other amenities are old and below standard. All need replacement and a building programme is contemplated. We appreciate the long association of this, the only Maori racing club in New Zealand, with the Otaki course. But the huge cost of replacing all the stands and public amenities cannot be justified by future racing needs, and having regard to the population spread on the North Island west coast. We see the Otaki course as a future training centre, and the club along with the Foxton club should race at Levin.

Taranaki

57. Topography and population suggest that horse racing in Taranaki would be adequately served by two rather than the present three courses.

58. The New Plymouth course is run by the *Taranaki Jockey Club*. The club itself has been facing growing financial difficulties, and in 1959 sold its land to the New Plymouth City Council, subject to a perpetual right to race, rent-and-rate free. Town planning and zoning restrictions have forced trainers away, until there is now only one trainer in the area. The club has carried out some minor improvements to the course and has installed a modern infield indicator but all other facilities and amenities are run down and completely inadequate. The club has plans for a four-stage development of stands and amenities costing upwards of \$400,000 but seems uncertain about the prospects of raising the necessary money. As it has done little to provide amenities in recent years, and as the likelihood of it being able to meet today's standards is remote, we see no alternative but to say that this course should be closed and that the club should race either at Stratford or Hawera.

Wanganui

59. The *Waverley Racing Club*, although close to Taranaki, denies any close affiliation with it, and claims a community of interest with Wanganui. It is centred in a farming community, races on two Wednesdays each year, and relies almost entirely on the proceeds of its off-course turnover—it would resist any change to other than the Wednesdays, when it has the monopoly

of off-course betting. It would also resist the allocation of more meetings to its recognised dates. Present off-course turnover is almost six times that of the on-course. With Hawera only 25 miles away on one side and Wanganui 30 on the other, the Waverley course should be closed and the club asked to race at Wanganui or Hawera.

60. The other two courses in this area are the metropolitan course at Wanganui and the course at Marton, both with good courses and facilities. Although the Marton course is only 23 miles from Wanganui, it should remain. Races are held there on two Saturdays and two week-days each year and it serves a large country population extending through to Taihape.

Wairarapa

61. The modern racecourse at Woodville is really outside the Wairarapa but is used by Wairarapa people as well as those from Hawke's Bay and Manawatu. It is favourably sited from this point of view. At the other end of the district, the Tauherenikau course, owned by the *Wairarapa Racing Club* and used also by the *Carterton Racing Club*, is a popular picnic place for Wellington people at the New Year and Easter meetings. The facilities and amenities are reasonable.

62. We understand that the Masterton course has a good track, but needs much money spent on it to bring the facilities up to an adequate standard. With the other two racecourses within relatively easy reach, it is doubtful whether modernisation of the Masterton course can be justified. We think it preferable that the *Masterton Racing Club* should race at Tauherenikau.

Wellington

63. No changes are suggested for the two Wellington courses—Trentham and Hutt Park.

Nelson and Blenheim

64. There is one course for both racing and trotting in Nelson and a similar course in Blenheim. Both are necessary.

Kaikoura

65. The course at Kaikoura, on Domain Board land, is used only once a year. Its poor facilities make it a most unattractive set-up, below the standard expected for even a picnic meeting.

66. On the other hand, there is a good trotting course at Cheviot on 100 acres of freehold land owned by the *Cheviot Trotting Club*. The course has new totalisator and administration buildings although there are no stands. It is an attractive course with everything well set up and maintained. The Cheviot club, by Trotting Conference direction, is not allowed to race on its own course but must continue to race at Rangiora some 60 miles away.

67. Solely because of its isolation Kaikoura could remain as a trotting course in the meantime but plainly no capital money should be spent on the course or its amenities. In the unlikely event of need for more trotting meetings between Rangiora and Blenheim, Cheviot seems the suitable venue.

Christchurch - North Canterbury

68. The Motukarara course, only 20 miles from Christchurch and used for two days' racing and one day's trotting each year, is in poor condition with inadequate public amenities even for a country meeting. No major capital expenditure on the course or amenities can possibly be justified. The course could be used only for training, with the clubs racing at Riccarton and Addington.

69. The Amberley course 30 miles from Christchurch and 15 miles from Rangiora is in an area badly affected by droughts, so much so that the *Amberley Racing Club* has on occasion had to race at Rangiora. The facilities are sparse although the club regards itself as a "picnic" club and argues that the public expect these conditions and are prepared to accept them. That no doubt is so. The club may have had a community value in the past when travelling was restricted, but with today's transport, and being reasonably close to a metropolitan course and to a good country course, there is no justification for the spending of any capital on either the course or amenities. The club could be allowed to race as a "picnic" club on the course, but should there be any need for capital expenditure the club should be made to transfer its racing to Rangiora.

70. The Hororata course, on Domain Board land, is used one day a year by the *Hororata Trotting Club*. Previously it was also used by the *Hororata Racing Club* which moved its operations to Riccarton some years ago and has thrived ever since. The public facilities are not up to standard but are, with the use of the public hall across the road, adequate for a picnic meeting. The club has tried to make a feature of the picnic atmosphere by introducing pony rides and other attractions for children. A move to Rangiora was suggested 6 years ago but local public support defeated the move. Club membership increased from 180 to 500 members. There is no doubt a strong demand for the continued existence of this club which is

able to offer stakes comparable to those of any other one-day club. The club could be permitted to remain at Hororata, but if any question arises of major development of amenities then the club should move to Rangiora. [Since this was written the stand has been destroyed by fire.]

71. No changes seem to be necessary with Rangiora, Riccarton or Addington.

West Coast

72. This district poses some very real problems, because of isolation and a scattered population of just over 35,000 along a narrow coastal strip. It has at present five racing and one trotting courses—many more proportionately to population than in any other area of New Zealand. Few horses are trained on the Coast and all meetings rely heavily on the support of the Canterbury owners and trainers. All clubs except the *Reefton Trotting Club* showed losses for the 1968–69 season, and are in varying degrees of financial difficulty. Parochialism is nowhere more evident than on the West Coast—all clubs are of the opinion that their meetings have a place in the life of their own local community and strenuously resist any suggestions for regionalisation. Considerable money needs to be spent on most courses to bring them up to a reasonable standard but there can be little justification for up-dating all these courses.

73. The Racing Conference had directed that all five racing clubs should centralise on one course, but the directive was withdrawn late in 1969. There is no doubt that there should be a large measure of consolidation. We think that racing should be confined preferably to one course, but certainly to no more than two, and all trotting concentrated on the trotting track at Greymouth.

Mid to South Canterbury

74. In this area, the *Methven Trotting Club* is somewhat isolated but in a very strong trotting area. The course has good amenities and the club is in a fairly strong financial position. It receives solid support from all Canterbury as well as its own immediate area. The course is essential in the district and should remain. The same may be said of the Ashburton course.

75. Further south, there are courses at Orari, Washdyke, and Waimate, all in a space of 46 miles. Orari is used by racing and trotting, while both Washdyke and Waimate are used by racing, trotting, and hunt clubs. None of the clubs is in a strong financial position. It is considered that the clubs racing at Orari should move to Washdyke. As far as Waimate is concerned there may be a case for its continuing to race there.

North Otago

76. The Oamaru course adequately serves the needs of this district, both for racing and trotting, and should remain.

77. Kurow, 44 miles north-west of Oamaru, is the venue of an annual one-day race meeting, run in the New Year holidays by the *Kurow Jockey Club*. Conditions on this course are rather primitive, with poor facilities, even for a picnic club. The club considers that it needs to race at Kurow to cater for the people in the Upper Waitaki Valley, who otherwise would be short of community facilities. Racing is held over Christmas - New Year at Timaru for two days, and Waikouaiti and Kurow for one day each, with Kurow at the end of the circuit.

78. The *Kurow Trotting Club* now races on the Oamaru course, which would also probably be a more popular venue for the one day's racing in the New Year. We can see very little merit in retaining Kurow as a course. There should be no capital money spent on either the course or the amenities.

Dunedin - South Otago

79. We see no need to recommend any changes for either Wingatui or Forbury Park, which are fulfilling their purposes as metropolitan tracks. They should be retained. Neither do we see any need to disturb Waikouaiti which is a good picnic course, providing a community amenity and a racing meeting at New Year to cater for the holiday crowds using the nearby beach resorts.

80. There is probably less justification for the *Waikouaiti Trotting Club* operating on this course—their annual meeting follows two days at Forbury Park, and two days at Oamaru (at Labour weekend). The trotting club could probably with advantage move to Forbury Park, but while the Waikouaiti course is needed for the racing club, there is no reason why the trotting club should move.

81. The *Tapanui Racing Club's* buildings are run down although some improvements have been made to the track itself. Tapanui is in the Otago province and the club is within the Dunedin metropolitan racing district, but its community of interest lies mostly with the Southland province, particularly with Gore only 25 miles away. We think that the club should race there.

Central Otago

82. This is another district where there is an over-concentration of courses if population is taken into account. Very few horses are trained there, and all clubs, both racing and trotting, rely substantially on support from Dunedin and Southland for their meetings.

Each club regards itself as a picnic club needed to serve the particular wants of its own community. This would doubtless have been the case when these clubs were first established. However, with improvements in transport, and people's greater mobility, it can no longer be forcefully argued that all these courses are needed because of isolation. None of the racing courses is ideally situated, nor are their facilities of a high standard. Endeavours are being made to improve amenities on all courses, but this is not a prudent use of the limited available money.

83. We see little future for a club at Beaumont nor do we see sufficient justification for its existence. It has no nearby population, and must rely substantially on people coming from a distance. If its two days' racing could be absorbed by Wingatui, the change should be made. If this is not a practical economic proposition, which on the evidence seems to be the case, the licences would be better allocated elsewhere. Certainly no further capital expenditure on the course should be approved. Cromwell and Omakau should be retained because, though not very far apart, they do serve different hinterlands.

84. All trotting in Central Otago should be centred on the Roxburgh all-weather track owned by the *Roxburgh Trotting Club*.

Southland

85. The 5 racecourses in Southland, used by 6 racing clubs, 2 hunt clubs and 5 trotting clubs, are all within a 40-mile radius of Invercargill. Winton is 20 miles away, Riverton and Wyndham 25 miles, and Gore 40 miles. Most of the clubs are not in a very healthy financial position—of the 13 clubs, only 6 showed a profit for the 1968–69 year.

86. We feel that the needs of the district would be met by eventually confining all horse racing to three courses—Invercargill, Gore and Riverton—and closing both Winton and Wyndham.

RECOMMENDATION

We recommend that:

- (16) The National Racing Authority and the Conferences take all necessary steps to induce progressively and reasonably quickly regionalisation along the lines set out in para. 42 to 86 above.

Chapter 16. TOTALISATOR LICENCES AND THE ALLOCATION OF RACING DATES

1. Item 1 (a) of our Warrant directs us specifically to consider "the allocation of racing and trotting dates and the granting of totalisator permits", interconnected matters which can be conveniently discussed in one chapter. The granting of totalisator licences naturally comes first, for only when the number of licences is fixed, can the problems of allocation of dates be settled.

GRANTING TOTALISATOR LICENCES

2. We have already observed in chapter 14 that in New Zealand, Parliament has for a long time decided the appropriate number of totalisator licences, doubtless because the decision raises social and ethical considerations wider than mere horse racing, but that with public attitudes to the ethical issues so markedly changed, Parliament may in the not too distant future be prepared to allow some other body, like a National Racing Authority, to decide the appropriate number. However, for as long as Parliament is involved, the Government is entitled to be advised by a body properly representative of the industry. We have recommended the form that body should take and look forward to the time when it will itself make these decisions. It might be thought then, that all we should now say is that questions relating to the grant of licences, including any increase or reduction, should be referred to it. However, there are problems needing immediate attention about which we have heard much evidence, and upon which we should express our views. (We need hardly add that licence-needs vary from time to time and should be under regular scrutiny.)

3. In chapter 3 we describe in detail the growth and distribution of totalisator licences from 1881, when licensing began, to the present day. Of the present 404 licences, 254 are allocated to racing clubs, 17 to hunt clubs, and 133 to trotting clubs. In chapter 6 we describe the statutory limitations on the Minister's power to issue licences, and the factors which influence the decision about the number to be issued. In chapter 7 we describe the distribution of licences. It is against the background of all this detail that we now approach

the submissions made to us by both the Conferences, and also by individual racing and trotting clubs, to recommend immediate increases in the present numbers of licences.

Racing Conference Submissions

4. The New Zealand Racing Conference prefaced its case with a summary of the comparative growth of the two codes since the 1909-10 racing season and a comparison of the demand between racing and trotting. This information was put forward to establish that trotting's proportion of present licences was 33 percent; of horses raced in the 1968-69 season, 30 percent; of on-course betting, 30.4 percent; of off-course betting, 25.6 percent; and of total betting, 27.6 percent. The Conference claimed that both on the basis of demand and on that of the number of horses, the present division of licences in the ratio of two racing to one trotting slightly favours trotting. It was then strongly argued that trotting clubs should be granted no more than a third of any new licences, and thus the present ratio maintained.

5. The Racing Conference was strongly opposed to any large number of extra licences for the following reasons, which might be thought to conflict somewhat with its later request:

- (a) Too great an increase could lead to an upsurge in the amount of gambling to the point of excessiveness.
- (b) Extra days must be fitted into a calendar which has difficulties in accommodating present licences: extra meetings on Saturdays and public holidays would be unfair to the smaller clubs already racing on those days, while any increase in mid-week meetings might be undesirable in the national interest.
- (c) There is a certain consistency about the amount of money invested with the TAB for any particular day on which horse racing takes place. To the extent that new licences would be absorbed into days on which meetings are already held, the extra licences would tend to cut down the off-course turnover for those meetings. This would not be in the interests of clubs in general, and especially would be to the particular disadvantage of the smaller clubs with the least drawing power. The club given an extra day might benefit, but those against which it competed might suffer.

6. To support this argument, the Conference set out the following data about racing and trotting meetings held between 2 August 1969 and 9 March 1970:

Table 18

Number of Clubs Racing	Average Off-course Turnover			
	Saturdays		Weekdays	
	Per Day	Per Club	Per Day	Per Club
	\$	\$	\$	\$
1 .. .. .	..	..	248,369	..
2 .. .. .	..	..	370,926	185,463
3	850,823	283,607	418,843	139,614
4	924,318	231,079	..	..
5	993,839	198,768	..	..
6	976,144	162,691	..	..
7	946,248	135,178	..	..
8	949,918	118,739	..	..

These figures tend to support the "fixed pool" theory that there is in fact only a limited amount of off-course betting money for any particular race day and that, while the number of racing or trotting meetings held on that day might to some extent affect the size of the "pool", the general effect is to reduce each club's share.

7. Despite opposing the issue of a large number of new licences, the Racing Conference sought 15 extra days for racing. It said that though requests from its constituent clubs were for many more than 15, it hoped that restraint and moderation would be the keynote, to avoid adverse effects on clubs already racing on the dates into which the extra days must be fitted.

8. It justified the increase by two arguments. First, that in many cases, clubs cannot run enough races for particular classes of horses requiring starts. Owners and trainers are frustrated when their horses are eliminated or balloted out; and fields become excessively large, increasing the possibility of interference in races and involving greater risk to both jockey and horse. Second, in districts with large population increases, the present number of licences is insufficient to satisfy the demand for additional racing.

9. To demonstrate a special inadequacy of racing opportunities for horses owned and trained in the Auckland and Waikato districts where 42 percent of all horses are trained, the Conference was able to show that for the 1968-69 racing season the 20 individual clubs (with a total of 76 days racing) staged 658 races, 85 of which were run in divisions. However, the demand for starts at these meetings

was such that 714 horses had to be eliminated, and another 1,006 balloted out—in other words, an average of 22 horses were balloted out or eliminated for each race day.

10. The Conference discussed problems in the northern areas in the light of this situation. It said:

- (a) Race trials or qualifying races have had to be conducted with a view of giving . . . a start . . . to those horses which have shown form in such races.
- (b) . . . even horses which have shown form in such races have not been able to obtain a start . . .
- (c) Many trainers have . . . difficulty in being able to obtain even one start for them.
- (d) . . . the trainer may find that the horse is in a very large field . . . at the barrier near the outside . . . or . . . track conditions . . . unsuitable. If for either reason, or for example, because of injury the horse is scratched the trainer then faces the same situation all over again.
- (e) . . . There are of course also grave disadvantages for an owner. Throughout the time when the horse is unable to start, or to start as frequently as its trainer would wish, the owner is paying trainer's fees and incidental expenses. To the extent that his horse is unable to start, however, he has no opportunity whatever of recouping his expenses. . . . Many owners of horses trained in the north are now being forced, at considerable expense, to travel their horses to meetings in other parts of the North Island where the pressure on maiden and two-year old fields, though still real, is not as acute as is the case in the north. . . . The stakes paid for maiden races are naturally lower than those paid for races for horses which have already won races but the owner . . . is in the position of having to pay very high expenses, to obtain a start, with only a chance of receiving a portion of a low stake.

11. The Conference then outlined what the clubs themselves were doing to overcome the difficulties, saying that in most cases clubs have made the ninth totalisator race an extra race for maidens, and that many clubs have run races in divisions to accommodate more starters. Most clubs have recognised owners' difficulties and, even to the extent of staging 11 or 12 races on one day, have done their level best to give enough chances to the owners of maiden and young horses. However, the need to give inexperienced horses sufficient opportunities to run must, it said, be balanced against the need and the duty to provide for all classes.

12. It saw the solution to this "grossly unfair" situation, especially for owners of horses trained in the northern area, in increasing totalisator licences. That would allow clubs to run more meetings and thus give more opportunities to owners (especially those who

are not well enough provided for at present) to race. It summed up its case for an extra 15 licences thus:

The Executive Committee has carefully considered the additional totalisator licences which it should seek and has taken into account the undesirable consequences which would follow too large an increase in the number of such licences. It is submitted that an increase of approximately 15 totalisator permits—which would represent at least 135 additional races on which the totalisator operated—would significantly alleviate the problems in the northern area to which reference has been made in these submissions and would also enable additional days to be conducted by clubs who could point to vastly increased support for racing conducted by their club. It is also submitted that an increase of this order would not have too great an effect on the finances of existing clubs particularly if some readjustment of the date structure were undertaken.

13. The Racing Conference opposed the reallocation of present totalisator licences, regarding this as no solution or even alleviation of the problems outlined in its submissions. It gave eight main reasons for its attitude, which, in brief, were: (1) Reallocation would largely deprive South Island clubs of racing days and cut down the already limited opportunities of owners, trainers, and jockeys there. (2) This again would accentuate the present undesirable drift of trainers and jockeys to the North Island, adding to the northern region's difficulties. (3) Clubs which are tied to a guarantee to their totalisator contractor would face raised costs for fewer race days. (4) The pressure on maiden fields is very real throughout the country. To reduce the number of totalisator licences held by South Island clubs would only mean that owners there had fewer opportunities to start maiden horses and gain their graduation into the next class of race. (5) Most clubs in this country are not now well off. To deprive them of some of their present totalisator licences, and therefore of their race profits, would only mean that their income would deteriorate still further and that the stakes at the meetings which they did run would have to be reduced or held at their present level. (6) Some of the clubs which conduct 2-day meetings could expect a serious drop in support from owners, trainers and jockeys—and possibly the public as well—if the meetings were to become 1-day affairs. Owners are more likely to bear the expense of attending races far away if they have the more chances of winning stakes at a 2-day meeting. (7) Further shifts in population might lead to any present reallocation raising other anomalies. (8) The answer to the problem of South Island clubs lay rather in the reapportionment of the statutory deductions from betting.

14. In the context of racing in the South Island, it is interesting to note the reply of the President of the Racing Conference, to counsel for the New Zealand Racing Owners and Trainers Federation about the allocation to the North Island of two of the three licences surrendered by the Greymouth Jockey Club and the Westport Jockey Club.

Counsel: Would it not be a retrograde step to deprive South Island owners of opportunities which they have hitherto had in favour of those in the North?

President: No, the horse population is in the North. There is no question that north of Taupo they haven't got enough race days and in the South Island they have got more than they need.

Trotting Conference Submissions

15. The New Zealand Trotting Conference took a stronger line and sought 60 new licences to meet a claimed growing popularity of trotting, and to maintain its development. In detail it wished to extend the trotting season, to provide trotting in districts where there is now none, and to recover the trotting opportunities lost by the removal of the equivalent of 14 days' trotting from certain South Island racing club programmes.

16. The Conference believes that the introduction of night trotting has helped to maintain existing interests and, at the same time, create a new one. Weekend night trotting, it said, caters for many people who during the day are occupied with other sporting or recreational interests. Weeknight meetings do not have the bad effects on business and industry which weekday meetings can have. To demonstrate the stimulating effect of night meetings, it quoted average daily attendance figures for the three clubs racing at the Addington Raceway. All meetings in the 1962-63 season were held by day; in the 1968-69 season four of the nine meetings run by the New Zealand Metropolitan Trotting Club were held at night as were the four meetings run by the Canterbury Park Trotting Club, and three of the four meetings run by the New Brighton Trotting Club. Average daily attendance figures for 1969-70 were sought and these are shown as well as those for 1962-63 and 1968-69.

	1962-63	1968-69	1969-70
N.Z. Metropolitan T.C.	9,288	11,009	10,205
Canterbury Park T.C. . .	6,452	9,156	9,659
New Brighton T.C. . .	5,413	7,998	8,765

17. We asked for attendance figures from two other clubs holding night trotting meetings, and these tend to support the Conference's argument.

	Before Night Trotting	1969-70
Forbury Park T.C. ..	4,076	7,566
Waikato T.C. ..	2,140	5,247

18. As an indication of the general development of trotting, the Trotting Conference described the rapid growth in the breeding industry, said to have been helped materially by increased interest in the sport, and by development of export markets in the United States, Canada, Australia, and Great Britain. It seems that there has been in the 9 years from the 1960-61 season, an increase of 88.8 percent in the annual birthrate of live foals. About 1,800 live foals were bred in the 1969-70 season. The annual registration of new horses has exceeded 1,000 in both the 1967-68 and 1968-69 seasons. The Conference claims that this growth will add to the difficulties created by the present insufficient opportunities to race. The need to eliminate and ballot out a specially high proportion of horses in the maiden classes is cited as evidence of this.

19. To support the claim about balloting out and eliminating horses, the Conference was able to show that the Cambridge Trotting Club had had to ballot out or eliminate 230 horses from its 4 days' racing in the 1969-70 season; and that the 15 trotting clubs between Kaikoura and Oamaru (where more than 42 percent of all horses which actually started were trained)* had had to ballot out or eliminate 1,810 horses from 41 days racing in the 1969-70 season—an average of 44 per race day. Of these, 1,350 were in the 3 slowest classes.

20. From time to time different organisations, notably in the North Island, have made representations to the Trotting Conference that clubs should extend the trotting season. It is claimed, and the Conference supported this view before us, that lack of sustained racing opportunities have made it exceedingly difficult for professional trainers and horsemen to maintain constant employment with the result that many licence holders face financial insecurity and must seek secondary employment during the time of the year when trotting meetings are not held.

21. The New Zealand Trotting Owners, Trainers, and Breeders Association, too, claimed that continuity of employment in trotting

is one part of a widespread need to improve conditions generally for people who make their living from the industry. It urged that clubs be allocated dates over the whole 12 months, including the months at present unfilled. The Trotting Conference, however, wants a period of approximately 1 month, logically in July, during which trainers can take holidays, carry out maintenance, and do other work that they are unable to attend to in the height of the season. The Owners, Trainers, and Breeders Association's answer was that it was unnecessary to adjust dates for such purposes: other self-employed people arrange for their businesses to be continued in their absence on holiday.

22. The Conference pointed to another difficulty associated with any major reallocation covering the whole year. It said that it would be unreasonable to expect a club which had been racing successfully in the spring, summer, or autumn to forego its date, and race during the winter at a greater financial risk. The season could be extended only by issuing extra licences.

23. It then spoke of its wish to rouse interest in trotting in Hawke's Bay and Poverty Bay, two of the 60 licences sought being intended for this. At present there are no active trotting clubs in either area though in the past there were active non-totalisator clubs in both Gisborne and Hastings. The Conference envisages forming the Hastings club again, and when the sport is established and successful in Hawke's Bay, then to re-form a club in Poverty Bay.

24. The Conference also drew our attention to the fact that for many years some South Island racing clubs had included one or two trotting races on their programmes, and at the time of the Finlay Royal Commission in the 1946-47 racing season, there were 126 races, or the equivalent of $15\frac{1}{2}$ days trotting, on such programmes. The Finlay Royal Commission in recommending an extra 19 trotting licences apparently took into account that, although trotting had then only 80 licences, there was thus altogether the equivalent of $95\frac{1}{2}$ days of trotting races. But the number of trotting races on racing club programmes had dropped to 88 in 1952-53, and to 35 in 1966-67. The Reid Committee had said in 1966 that it was firmly of the opinion that no trotting events should be included in racing programmes. This may have influenced the ruling of the 1967 annual meeting of the Racing Conference requiring all clubs to delete trotting events from their programmes for the 1967-68 season. Subsequent protests by certain West Coast clubs resulted in the reintroduction of 14 trotting events on the programmes of three West Coast clubs in the 1968-69 season. The Trotting Conference argues that in the net result, trotting currently

suffers a loss of the equivalent of 14 days trotting in the South Island. This seems to us to be an overstatement (see para. 52 below) and overlooks the compensatory features of later allocations. Nevertheless, it is of particular concern to trotting people that most of the events so lost were for maidens and slower-class horses, thus curtailing chances of progressing to higher classes.

25. Whereas the Racing Conference subscribed to the "fixed pool" theory and suggested restraint in the issue of additional licences, the Trotting Conference says that there is little evidence to support such a theory. It commissioned an econometric and statistical analysis of the determinants of totalisator turnover. This analysis claimed to show that: (1) by extending a horse racing season and by increasing the annual number of meetings, annual turnover would be increased; (2) by increasing the number of meetings in a week, bettors' money would pass through the totalisator more often, thereby increasing turnover; (3) by running a meeting on a day or night when there is no meeting of the same code, the "partisan" bettors would bet on that meeting thereby increasing the total turnover; (4) more frequent meetings would heighten bettors' interest leading to increased turnover, and, more specifically, that (5) an extra day or night trotting meeting on a "new" weekday would increase the total turnover by more than the amount accruing from holding the extra meeting on a weekday which already had a trotting meeting; (6) extra meetings of both codes explain past net increases in total totalisator turnover, even where there were already meetings on the day; (7) an extra meeting not only increases turnover on that day, but also gives a spillover effect, increasing turnover during the rest of the week.

26. The Trotting Conference, in its final address, made three points which applied only to trotting, thus:

As to Night Trotting—Considerable emphasis has been placed on the fact that in the modern horse racing scene in New Zealand, trotting is notably distinguishable from racing because it is able to stage its meeting at night. Already the Commission has had a considerable body of evidence placed before it concerning the substantial expenditure which many trotting clubs have incurred throughout New Zealand in the installation of facilities for night trotting. Whatever the opponents of additional totalisator licences for trotting have to say, the fact of the matter is that a number of licences could be used at night whereas it would not be possible to do the same in racing if an equal number of totalisator licences was granted to that sport. Understandably, racing fears the expansion of night trotting. This fear, however, should not, it is submitted, deter this Commission from making a recommendation which is favourable to trotting. The fear which racing has on this matter was expressed [by the Racing Conference witness] while under cross-examination:

“And racing cannot be held at night, at any rate at the present time, can it? . . . No.

Would it do racing any harm if you allowed some of the nights that you can't race on, do you think? . . . It would do racing a lot of harm and it is shown in the submission that it does in fact reduce turnovers.”

As to Friday Night Racing—The Racing Conference does not favour racing on Fridays. In submissions it is described as “a difficult day for clubs”. This comment is supported by the assertion that totalisator staff is difficult to obtain, that it is an important day for the banks and that it is a late shopping night. Forty-seven Fridays had no racing or trotting in the 1969–70 season. Altogether there were, in the season, 100 weekdays on which there was no racing or trotting. This means that, on the present allocation of dates, “free Fridays” account for approximately 50 percent of the “free days” still available for a reconstituted dates structure. It is submitted, therefore, that there is ample opportunity for Friday trotting, or more particularly Friday night trotting. The objections offered by Racing appear to have little application to Friday night trotting. While totalisator staff may not be available during the day they are certainly available at night time. The move in many centres from Friday night to some other night in the week for the late shopping night, in part eliminates this point and in any event experience in Auckland has now shown that even where late shopping does operate in most parts of Auckland city, a successful night trotting meeting could be held on a Friday night in May. (Refer to the evidence concerning the meeting of the Auckland Trotting Club conducted at Alexandra Park on 8 May 1970. The official figures show that the combined on- and off-course turnover was up by \$183,664 on the corresponding race day in the previous year and the attendance was up by 2,490.) Trotting submits that the gloomy outlook expressed by Mr O'Dea as to the view of the commercial and industrial community to Friday night trotting would not in fact eventuate.

As to extension of season to the winter months—It is the intention of the Trotting Conference to extend its season into the winter months, particularly in the North Island, if additional totalisator licences are granted. The Chairman indicated some dissatisfaction with the previous allocation of additional permits previously received by the Trotting Conference. It is true that the season was not extended when the last increase in totalisator licences took place. Mr Rolfe, the President of the Trotting Conference, answered this criticism, however, as follows:

“Sir, I think in reply to that, that in our wisdom we have always felt that 133 permits were not sufficient for the sport as a whole. *The Chairman*: That may be right. Anyhow, you now intend to expand it as much as possible, you made that perfectly clear . . . That is correct Sir.”

The New Zealand Trotting Owners, Trainers and Breeders Association supports the extension of the trotting season into the winter months. It is submitted that the advent of all-weather tracks will make winter trotting a more workable proposition. Finally, the New Zealand Trotting Horsemen's and Trainers Association also supports the extension of the trotting season.

The Treasury View

27. The Treasury is not directly concerned with the issue of extra licences, but it did give its opinion that total betting turnover could probably be increased if more licences were granted, particularly in certain districts.

Department of Internal Affairs Submission

28. The Department of Internal Affairs saw difficulty in absorbing many extra licences into the present horse racing structure, unless clubs were prepared to accept that they must share with others the suitable race days even more than they do at present and accept the consequences for betting turnovers. It said:

If clubs can have off-course betting to themselves they are often prepared to accept a level of on-course betting lower than that which would be achieved if their meetings were held on a Saturday (this position does not apply as closely to night trotting meetings . . .).

Cases have occurred in which a club in the North Island has been unwilling to race on the same day as a club in the South Island, or vice versa, because the off-course betting would have to be shared. This reluctance was rarely in evidence before the introduction of the off-course betting scheme; and if it continues the satisfactory allocation of racing dates which is already very difficult, will become still more difficult if additional licences are granted in the future. This will be especially so in the case of galloping, as more clubs and licences are involved and meetings are restricted to daylight hours.

The introduction of night trotting, whether on Saturdays, public holidays or during the week has meant that clashes between racing and trotting clubs can be avoided to a much greater extent than before, and as a general rule clashes between trotting clubs can be eliminated. Even so there have been cases where trotting clubs have been reluctant to race at night following previous racing on the same day because winning investments made with the Totalisator Agency Board at the day meeting are not available for collection and subsequent reinvestment on the night meeting. In any case there is a limit to the amount available for betting on any one day.

29. Dealing with mid-week racing, the Department reminded us of what we stated earlier, that before 1953, mid-week racing was prohibited, except in special circumstances. In 1953 the Gaming Act was amended to give a discretionary authority to the Minister of Internal Affairs to grant a licence for the use of the totalisator on a day other than a Saturday or public holiday. But apart from granting mid-week days to metropolitan clubs for traditional racing carnivals, the general policy has been to limit mid-week racing to country areas where the impact on industry is reduced to a minimum. For the more isolated clubs, mid-week racing has a special advantage over racing on Saturdays. The cost of transport

to these centres is often so high that trainers and jockeys would not attend on a Saturday, because of more lucrative meetings nearer metropolitan centres. Some clubs would find it hard to keep going if they could not race during the week.

30. Because of the problems brought by any large increase in licences, the Department would prefer that any increase following significant increases in population in particular areas should, at least partly, be made by redistributing present licences. This would mean the transfer of some South Island licences to, for example, the Auckland-Waikato area; but it made the point that a loss of too many licences could have a detrimental effect on the South Island, and that if horse racing was to remain viable there, a minimum number of South Island licences must be retained.

Other Submissions

31. Four non-totalisator trotting clubs, Alexandra, Amberley, Kumeu, and Riverton, argued that they should be granted totalisator licences.

LICENCE NEEDS EXAMINED

32. We now come to the problem of deciding the number of licences actually needed in the various areas of New Zealand to cater first for clubs and those members of the public who attend race meetings, second for the owners and trainers in each area, and third for the off-course bettor who, it seems, does not generally restrict bets to his local meetings but may bet wherever the meeting happens to be.

33. We found in our discussions with clubs that most horse racing people tend towards the view that there is a fairly limited and determinable amount of money which will be invested by the off-course bettor on any particular race day. With this view we agree broadly, although we think that investments also depend somewhat on the number of meetings held on the day. But any growth in betting due to an increase in numbers of meetings does not correspond mathematically with that increase. Off-course betting does not rise in strict proportion to an increase in licences especially when they are allocated to days on which racing already takes place. The position could alter significantly if the TAB introduces "same-day payout", thereby allowing winnings to be reinvested on the day they are won and accelerating the velocity of circulation.

34. Appendices 5, 6, and 7 set out the data compiled to help us consider this question. From this and supplementary information, we have been able to make some comparisons. Table 19, for example, compares North and South Island on-course betting turnovers between 1952-53 and 1968-69.

Table 19

	Racing		Trotting	
	Licences	Total On-course	Licences	Total On-course
		\$		\$
North Island				
1952-53 ..	161	26,802,382	44	5,356,178
1968-69 ..	179	29,505,251	56	6,738,176
Variation ..	+11%	+10.8%	+27%	+25.7%
South Island				
1952-53 ..	89	7,124,366	65	7,904,262
1968-69 ..	92	5,970,799	77	8,783,706
Variation ..	+2.2%	-16.1%	+18%	+11.1%

NOTE:—Part of the loss in South Island racing turnover since 1952-53 is no doubt due to the loss of patronage following elimination of trotting events on racing programmes.

35. The Racing Conference in its final submissions claimed a resurgence in racing in the South Island during the 1969-70 season. However, the increase of *on-course turnover* figures between 1968-69 and 1969-70 was proportionately less in the South Island than the North, thus:

<i>Racing—</i>		%
New Zealand ..	..	+7.2
North Island ..	..	+7.8
South Island ..	..	+4.5
<i>Trotting—</i>		
New Zealand ..	..	+7.0
North Island ..	..	+10.6
South Island ..	..	+4.2

36. To help us judge public demand for meetings we asked certain racing and trotting clubs to give us average daily attendances at their race meetings at 5-yearly intervals over the last 20 years. Though some clubs were unable to supply these figures, we were

able to make interesting comparisons between those for 1960 and 1970, thus:

- (a) The total average daily attendance at the six North Island racing clubs from which we received comparable figures dropped from 53,461 to 51,994 although two of these (Rotorua and Wairarapa) had increased attendances.
- (b) The total average daily attendances at the five South Island racing clubs supplying comparable figures dropped from 16,119 to 12,128—a universal falling off.
- (c) For the three North Island trotting clubs supplying like figures total average daily attendances dropped from 23,770 to 22,424 although one (Waikato) showed an increase.
- (d) For the seven South Island trotting clubs, total average daily attendances rose from 41,758 to 46,563. It is perhaps significant that of these seven clubs, four changed to night trotting in 1961 and 1963.

37. It was urged to us that betting is lower per head of population in the South Island than in the North. An analysis of the 1968-69 betting figures shows a difference of only 2 percent in on-course betting, but a substantial one of 8 percent in off-course. The comparative figures are:

Table 20

Betting per Head	North Island	South Island
	\$	\$
On-course ..		
Racing	15.02	7.09
Trotting	3.43	10.90
Total on-course	18.45	17.99
Off-course.. .. .	28.22	26.08
Total betting per head	46.67	44.07

38. We accept that in some areas there is such a concentration of horses that it is difficult for an owner to find enough opportunities to race his horses. If these present difficulties persist despite an increase in licences, we see a positive need (at least for racing) for some more intensive qualifying system than now exists. We were told of the difficulties attending any such system, but we do not accept that they are insurmountable. There is a manifest need to

stop poor horses competing in a sport which, in some districts, is claimed to be overcrowded.

39. The difficulty for trotting owners may be rather more acute. Trotting horses must already attain a minimum standard before they are allowed to start at a totalisator meeting. Available data indicate that it is necessary to eliminate or ballot out more horses in trotting than in racing, probably because trotting fields must necessarily be smaller than racing fields. It may be appropriate in the future for the Trotting Conference to consider whether the present qualifying standards should be further raised.

40. We have already said in chapter 2 that we heard no submissions about the ethical aspects of gambling or the possible effect on industry or production of any extension of horse racing, and that this suggests a change of public attitude which may in turn justify a view less rigid than before about the number of licences which should be available. We pointed earlier in this chapter to a possible future development where some body outside Parliament could be permitted to decide the number of licences to be issued.

41. However, we see advantages in an early alteration of the present practice of necessarily amending the gaming legislation whenever the number of licences is changed. We recommend that the Minister be empowered to effect by Order in Council any changes suggested by the Authority and approved by him. It may be said that when the Minister has decided the total number of licences, the Authority could well be left to further allocate these, and actual dates, between codes and within each code to clubs. We agree that this would be a desirable development, but we have nevertheless framed our recommendations on the basis that the Minister, on the advice of the Authority, will continue in the meantime to decide the allocation of licences between codes and clubs, and the dates on which licences may be used.

42. We said at the opening of this chapter that licence needs vary from time to time and should be regularly scrutinised by the Authority. In any consideration of changes necessary in the total number of licences, we suggest that the Authority should pay special attention to desirable redistributions of present licences. We have gone to some trouble to collate in appendices 5 to 7 relevant data which we think will help the Authority in arriving at its recommendations to the Minister, and in other of its purposes. We would especially draw attention to appendix 7c, which highlights the wide variations in the ratio of licences to population in different areas of New Zealand. On the surface, these variations indicate that some redistributions beyond those we specifically mention may before long be needed.

CONCLUSIONS

Racing Licences

43. Taking account of all those engaged in horse racing, including the general public, and the data and observations in this and other chapters, we consider that there should be some increase in the total number of racing licences. We agree with the Racing Conference and the Owners and Trainers Federation that particular areas call for particular consideration.

44. *North Island*: We think that a case can be made for extra licences in the Auckland and Waikato districts. The data about elimination and balloting out of horses make this clear, and the following analysis gives further support:

Table 21 (a)

TOTAL BETTING TURNOVERS—AUCKLAND-WAIKATO

Season	Population	Days Racing	Average Daily On-course	Average Daily Off-course
			\$	\$
1952-53 ..	701,050	56	219,800	133,490
1957-58 ..	814,672	61	208,580	212,570
1968-69 ..	1,064,998	70	227,730	308,395

Between 1952-53 and 1968-69 population increased by 51.9 percent, licences by 25 percent, but average daily on-course turnover merely by 3.2 percent. However, certain clubs within the area show much more significant improvements than the average for the district, as will be seen from the following comparison:

Table 21 (b)

CLUB TURNOVERS—AUCKLAND-WAIKATO

Club	1952-53		1968-69		Variance
	Days	Average Daily On-course	Days	Average Daily On-course	
		\$		\$	
Avondale J.C. ..	6	254,116	8	280,565	+10.4%
Auckland R.C. ..	15	364,130	17	383,693	+5.3%
Waipa R.C. ..	2	145,784	3	182,899	+25.4%
Waikato R.C. ..	6	189,805	8	198,188	+4.4%
Thames J.C. ..	2	93,217	3	99,055	+6.2%
Bay of Plenty R.C. ..	3	108,006	4	187,102	+73.2%
Rotorua R.C. ..	2	151,938	5	159,122	+4.7%

Increased turnovers do not necessarily mean increased attendances on the courses, but where the increase is about 10 percent or more, we think it could safely be assumed that attendances on these courses have increased.

45. *South Island*: We inevitably come back to the fact that irrespective of the number of courses, clubs, owners, trainers, and horses, it is basically in on-course patronage that racing must find its justification, and on-course patronage has declined over recent years in the South Island at what must be considered an alarming rate. However, in assessing South Island licences we have kept in mind the argument repeatedly made by racing bodies and racing men that the problems associated with the South's comparative decline in interest in racing, its falling attendances, its reduced numbers of trainers and jockeys put special difficulties in the way of the remaining trainers and jockeys being able to earn reasonable livings. We feel that weight must be given to the views of men of long experience of the needs and problems of the South Island if racing is to remain a viable proposition there, and if there is to be sufficient incentive for owners and trainers to continue to support the sport there. Were it not for these views, we might feel that an extensive reduction in licences is desirable.

46. Nevertheless, we consider that, having regard to the needs of the population, the horses trained in the area, the totalisator turnovers and the particular problems of isolation, the number of racing licences allocated to the West Coast of the South Island is excessive, and we recommend that they be reduced from 12 to 9. Current licences have not always been used. Then as we have said earlier (chapter 15) the two licences of Beaumont Racing Club could well be reallocated.

47. The position of South Island racing clubs has also been affected by the elimination of trotting races from their programmes. Although we appreciate that the Racing Conference is opposed to this practice, we feel that the decision to eliminate trotting was of questionable value for most of the South Island racing clubs. It resulted in drops in attendances and on-course turnovers—some clubs informed us that the drop in turnover was near 25 percent. Several of the racing clubs we visited in the South Island wanted to have the trotting races reinstated, as did the trotting clubs in the same areas. In some cases the local trotting club was even prepared to sponsor the stakes for trotting events. Moreover, some district clubs have difficulty in attracting sufficient horses to fill an eight-race card, let alone a nine. We feel that the question of trotting events on a racing club programme needs to be re-examined

by the Racing Conference, though we accept that this is a domestic matter on which the Conference and no one else should rule.

48. Our examination of racing's present position and needs leads us to recommend that the total number of racing's totalisator licences be increased by 9 to 280. These nine extra licences, together with the three which we recommend be withdrawn from the West Coast of the South Island and possibly the two from Beaumont, should be enough to meet the immediate demands of the industry, particularly that of the northern part of the North Island.

Trotting Licences

49. We do not accept the submission of the New Zealand Racing Conference that the evidence requires that licences between racing and trotting should be proportionately maintained at the present ratio of 2 to 1. So long as that ratio is held, trotting must stay behind and have little chance of improving its share of total horse racing turnover.

50. But neither do we accept the New Zealand Trotting Conference's submission that there should be a large grant of further trotting licences, and, especially, we reject its claim for licences to reawaken interest in trotting in Poverty Bay and Hawke's Bay. If there is public demand for trotting there, supporters should themselves reactivate the defunct trotting clubs, and only after that apply for licences on the basis of established public support. There are many clubs which have been operating without a totalisator licence for years. These may have prior claims if there are available licences.

51. The criteria we have used for determining the necessary number of racing licences apply also to trotting. There are, however, special factors applying to the trotting code.

52. There is no doubt that the elimination of trotting events from racing club programmes removed chances for trotting owners and trainers, and widened the gap between racing and trotting. The Trotting Conference's claim that it still suffers a comparative loss of 14 days is, however, an overstatement. Since the approval of the 19 licences for trotting recommended by the Finlay Royal Commission, trotting has received a total of 34 extra, while racing has received 31. It seems reasonable to assume that at least some of these were given trotting to compensate for the removal of trotting events from racing programmes. Indeed, the Trotting Conference told us that the third of the four main reasons represented to the Minister of Internal Affairs in September 1961 to support an application for more licences, was the removal of trotting races

from racing programmes. The application resulted in an increase to trotting of 12 days in 1964. Racing, by far the larger activity, might have been expected to receive more, but instead received the same number. However, since 1964 further trotting events have been removed from racing programmes, amounting to the equivalent of four days. There has certainly been no grant to compensate for this loss, for no extra licences have been issued since then.

53. We accept, too, that there is a need to extend the trotting season to give greater continuity of employment and financial security for trainers, drivers, and others concerned in the industry. There are no trotting meetings in the North Island between the middle of May and early September, a break of $3\frac{1}{2}$ months. In the South Island there is a break of approximately 2 months from mid-June to early August. The season has tended to grow shorter since the introduction of night trotting because of its popularity in the summer. Thus some clubs have concentrated their meetings in summer at the expense of the less favoured winter months. We think that the Trotting Conference should have insisted on a better distribution of the available licences in past years. It had many opportunities to do so. But we have to face the situation as it now is. The Conference itself can make some extension by readjusting present dates. We conclude that it should be helped by some further licences.

54. Night trotting's undeniable popularity is demonstrated by steadily increasing attendances. It does not interfere with national production; it has the added advantage that it does not present the same difficulties in fitting meetings into the date structures. The recent successful night trotting meeting staged at Auckland on a Friday, hitherto considered a most unsuitable evening, points to possible developments.

55. After considering the very considerable support for trotting and the lack of opportunities for owners and trainers in the South Island, the growing popularity of night trotting, the rapidly growing population in the north (inadequately served by present licences), and the fact that trotting fields usually must be smaller than racing fields, we recommend that trotting licences be increased by 12 from 133 to 145. We also recommend that the licences at present allocated to the trotting clubs on the West Coast be reduced by two. We feel that the needs of the West Coast population, and owners and trainers who compete there, will be adequately served by six licences. The two licences withdrawn could be used to better advantage in other South Island districts.

56. We are not prepared to make any recommendation concerning the particular requests of the Alexandra, Amberley, Kumeu, and Riverton (non-totalisator) clubs for licences. Whether, in the changed situation which we propose, any one of those clubs should receive a licence out of those which we recommend should be made available, should first be pronounced upon by the Trotting Conference.

THE ALLOCATION OF RACING AND TROTTING DATES

57. We have in chapter 6 described the procedures followed by the two Conferences in arriving at their recommendations to the Minister on the yearly allocation of racing and trotting dates, and we have pointed to some of the factors that make this among the thorniest practical problems in horse racing administration. These problems must grow with the increase in licences to meet the population growth and new needs of particular localities. Whatever the procedures, it will be impossible to satisfy all; but it is important that clubs should be confident that their requests are considered in an atmosphere unaffected by loyalties to a particular code or club. This is not to suggest that the present administrations act otherwise than with complete impartiality and integrity. But we became aware, in the course of our travels around New Zealand, that quite a number of disappointed office-holders in clubs suspect that bias of some kind defeats what they believe to be just cases.

58. Anybody given the job of allocating racing dates will have a difficult task. It may be helpful to give some actual illustrations of the kinds of conflict which now arise.

59. First, the "traditional" date, a great disruptive influence on the equitable allocation of racing and trotting dates. Many clubs, having raced successfully on a particular date for some years, apply for and expect to be allocated that date, or the nearest appropriate day, in later years. As a result the programme of several other clubs, not always those in the immediate neighbourhood can be affected by the first club's unwillingness to change, even when change might be in the general interest of the industry. Reluctance to surrender traditional dates can inhibit the development of advantageous racing circuits.

60. The Avondale Jockey Club spoke of what they saw as injustices, particularly when the Executive Committee of the Trotting Conference objected to a date sought by a racing club, and that objection, as appears to happen, was upheld. They pointed to two specific instances. First, in November 1968 the club wanted to run its mid-week meeting on a certain day, but permission was refused because the Otaki Trotting Club was holding a night meeting at Hutt Park in Wellington, over 400 miles away. Second, in January

1969 the Thames Jockey Club wanted to avail itself on Monday, 6 January, of an extra licence which it had been granted, the first day of its meeting having been held on the previous Saturday, 4 January. Permission was refused because it clashed with a night trotting meeting at Greymouth. The club noted by way of contrast, the situation arising between two racing clubs. The Ashhurst-Pohangina Racing Club races at Palmerston North on the Wellington Province Anniversary day in competition with the Wellington Racing Club. It submitted that, having regard to the general situation of racecourses in New Zealand, the only guide line necessary was that there should not be a clash of meetings within a radius of 90 miles. Such provision, it thought, would give all necessary protection.

61. The other example involved only the racing code, and is on the face of it difficult to understand. It concerns the Levin Racing Club, which has been racing on a Tuesday date in November since the 1963-64 season. As Wednesday of each week is a half-holiday for the business community of the "Golden Coast" between Porirua and Otaki, the club has applied for some years for permission to race on a particular Wednesday. The request has been rejected on each occasion by the Racing Conference, on an objection from the Southland Racing Club which also races on the Wednesday. Especially as there are other reasons why Tuesday is said to be unsuitable for racing in Levin, the club sees no reason why both it and Southland should not race on the same day.

62. Submissions in similar vein were made by other clubs, some of which recommend variously that the allocation of dates should be the responsibility of a special dates committee; that there should be an independent authority for dates; or that there should be a semi-judicial body outside the control of the Conferences to do that work. But both Conferences disagreed. They submitted firmly that they have every confidence in the present procedures working satisfactorily and that these should not be disturbed.

63. Another matter raised touching on date allocation was the need to develop more fully the concept of racing circuits for both racing and trotting. We have already said something of this. Although there are problems in developing circuits, there would clearly be considerable savings to owners, trainers, jockeys and drivers, and also to others, like horse-transporters and caterers.

64. We recognise then that problems of dates arise within a code as well as between the two codes, and that is why some who made submissions to us want a tribunal outside the Conference structure to dispose of both kinds of problem. But we think that there is a clear distinction between the two. We accept that the allocation of dates within a code is, primarily at least, a domestic matter, and our

approach, as we have said more than once, is that domestic matters should be decided by the Conferences themselves. Freedom from dictation in domestic matters is an essential element of independence. That that can bring disadvantages to individuals along with its very considerable advantages is part of the price to be paid.

65. Disputes between codes are quite different, and clearly need better machinery for their solution. The present joint committee is really effective only when the two codes agree. That is not sufficient. We have therefore recommended earlier that one of the functions of the proposed National Racing Authority be the making of the final recommendations to the Minister on the allocation of licences, and on the dates on which they may be used. In doing this work the Authority will be able to take into account not only the interests of the clubs concerned, but also those of the industry generally—the interests of owners, trainers, and others whose livings could be affected. Some of these disputes will need a judicial rather than a purely administrative solution, and in those cases the Authority's appellate function (see chapter 14) may be invoked.

RECOMMENDATIONS

We recommend that:

- (17) Until such time as the National Racing Authority is authorised to fix the total annual number of totalisator licences which may be issued under the Gaming Act or other relevant legislation, the Minister be empowered from time to time to fix the number by Order in Council.
- (18) So long as the Minister retains the power to issue licences to particular clubs, the National Racing Authority be given the duty of advising him concerning the appropriate total number, its distribution between codes and among clubs within each code, and concerning the allocation of the actual dates upon which such licences may be used. (See also recommendation 16.)
- (19) In advising the Minister concerning changes needed from time to time in the total number of licences or the distribution of licences, the Authority should take into account desirable redistributions of existing licences.
- (20) The racing licences annually authorised for clubs on the West Coast of the South Island be reduced from 12 to 9.
- (21) The total number of totalisator licences issued annually to racing be increased from 271 to 280.
- (22) The trotting licences annually authorised for clubs on the West Coast of the South Island be reduced from 8 to 6.
- (23) The number of totalisator licences issued annually to trotting be increased from 133 to 145.

Chapter 17. OFF-COURSE BETTING— ADMINISTRATION AND CONTROL

THE TOTALISATOR AGENCY BOARD

1. Chapter 12 gives the history of the Totalisator Agency Board—its institution by the 1949 Gaming Amendment Act and by the scheme approved by the Minister of Internal Affairs on 20 September 1950, its operational beginning in May 1951, its growth, working organisation, capital position, rise in turnover, profitability, and the method of distributing its profits between the two codes and among clubs within each code. Statistics and financial details are there given to the end of the 1968-69 season. Since then we have received the annual report of the Board for the season ended 31 July 1970 and and where necessary we have included these more recent figures in this chapter.

Criticism of Present System

2. Some submissions criticised particular aspects of the Board's operations, and, especially, of its constitution. However, most people and organisations in the industry accept that the TAB is well managed and efficient, and that it provides an acceptable off-course betting system. We agree.

3. The criticisms mainly concerned:

- (a) Constitution of the Board.
- (b) Lack of retention of reserves.
- (c) Method of dividing profits between the two codes.
- (d) Division of profits among clubs.
- (e) Delay in payment of dividends until the following day of business.
- (f) Closing times for betting.
- (g) Doubles bets when the horse nominated does not start.
- (h) Agents' contracts with the Board.

4. We will consider these in their order. But to present an adequate picture it is necessary to recall briefly some of the information given in chapter 12.

CONSTITUTION OF THE BOARD

5. The scheme approved by the Minister of Internal Affairs provides for a Board of not less than six members and not more than eight. Two are to be the Presidents of the New Zealand Racing Conference

and the New Zealand Trotting Conference. They are to be chairmen in alternate years. Half the remaining members are to be appointed by the Racing Conference from members of clubs affiliated to the Conference. The other half are to be appointed by the Trotting Conference from members of clubs affiliated to the Conference. The present membership is eight, and the chairman has a casting vote as well as his deliberative vote.

Submissions

6. The Trotting Conference, which led the case for both Conferences on this subject, was satisfied with the present constitution of the Board, and wanted no alteration. It claimed that though the Board and its members are in close touch with both Conferences and clubs, it is not legally or factually responsible to either Conference or to any club for its administration or control of the organisation. The Conferences have always recognised the independent position of the Board as a statutory body. In its 20 years of existence, its members have been harmonious and efficient in its interests. The distribution of the profits between the two codes has been the only policy matter on which there has been no unanimity. The Racing Conference agreed that there should be no alteration.

7. The TAB itself said:

Essentially . . . the constitution of the Board is the same as it was in 1950 and its functions and powers are basically the same. In that period, and in particular since March 1951, the Board has established 25 branches throughout New Zealand; and likewise and, in particular since May 1951, has established 300 agencies throughout New Zealand . . . The Board as constituted administers a scheme which in the last racing year [1968-69] handled a turnover of \$76,762,742 yielding duty to Government of \$7,154,288, and distributing to racing and trotting clubs the sum of \$3,019,913. The corresponding figures for the whole of the period are \$946,795,974, \$88,478,691, and \$28,975,556. It has acquired and administers fixed and current assets totalling \$7,196,809 and has term liabilities of \$1,270,000. It has adopted a progressive policy of expansion over the years so as to provide the people of New Zealand with reasonable and convenient off-course betting facilities . . . It will be appreciated that this record of progress would not have come about if the constitution of the Board were an inhibiting factor. A number of witnesses who gave evidence at an earlier stage in this Commission's hearings have already testified to the Board's efficiency. . . . With one exception, none of the witnesses whose evidence has already been heard by the Commission, and who have made reference to the Board, have criticised its constitution or its operation except in the sphere of the distribution of profits. . . . It is acknowledged that this particular matter has from time to time caused dissension on the Board. Apart from the question of distribution of profits, the Board's admittedly efficient operation has been carried on without major dissension among the members of the Board as at present constituted.

... it has been said that sectional interests should be represented on the Board. If that principle were admitted in respect of any one such interest, there are numerous interests which might equally claim representation. For instance, there are the many off-course investors, about 1,200 permanent and casual employees of the Board, 300 agents and approximately 1,500 casual employees of those agents. There are owners, trainers, jockeys, breeders, and the administrators and employees of various totalisator racing, trotting and hunt clubs. It would be unusual to find a public company or statutory corporation which was directed in such a way. There is no demonstrated need for such a directorate for the Totalisator Agency Board, nor can any advantages be seen to flow from such a proposal. In conclusion, the Board suggests that the constitution as set forth in the scheme is the most satisfactory one that could be devised; under that constitution the Board has operated efficiently; there is no reason why in the future it should not continue to do so.

8. However, the New Zealand Racing Owners and Trainers Federation in recommending the appointment of a new statutory body to control and develop the horse racing industry, argued that it would be a natural corollary for that body to replace the present TAB. The Greymouth Trotting Club (the only club to make a submission on this) said that while the members of the Board should be appointed by the Conferences, its members should not also be "members of either Conference", by which we assume is meant they should not be the club representatives on the Conferences.

9. The Secretary for Internal Affairs made some weighty criticisms of the present constitution of the Board. We quote the relevant part of his submission:

The fact that Board members appear to regard themselves as holding a direct representational mandate from their respective Conferences in considering matters such as the distribution of profits which can affect each Conference differentially means that in such matters vital Board decisions can be decided on the casting vote of the Chairman for the year.

This position has had practical implications since the inception of the off-course betting scheme. This has been when the Minister of Internal Affairs has been asked to approve an alteration to the Approved Scheme involving a change in the basis of profit distribution, when the Board has been evenly divided as between the galloping and trotting sides of its membership and the decision has been made on the casting vote of the Chairman.

Such a situation clearly places any Minister of Internal Affairs in an unacceptable and untenable position. In effect it means that the Minister is asked to assume the undesired role of arbitrator between parties with opposed views; in the knowledge, moreover, that the decision he is asked to make effectively stems from one or other of the Conferences and that in the following year he could be placed in the position of being asked to reverse his decision.

In the past the Minister has declined to approve an alteration to the Scheme unless and until the Board has been able to assure him that any internal differences have been resolved to the extent that the Board's decision is not one that rests solely on the casting vote of the Chairman, and that the Board is speaking with a large degree of unanimity. The Minister has felt bound to adopt this course in recognition of the fact that an important matter such as the basis of profit distribution has obvious implications for the public interest.

With the advantage of hindsight, I think it fair to say that the composition of the Board, as originally conceived and still existing, has a major disadvantage in the fact that situations can arise in which differing views that reflect the present representative basis of membership depend for ultimate resolution on the casting vote of the Chairman for the year. I think that there is a clear need for some disinterested element in the composition of the Board to ensure that important decisions are made, and are seen to be made, with due regard to the wider interests involved and not merely to sectional advantage.

Disregarding the possibility of any wider changes in the control of the racing industry generally, or in the composition of the Totalisator Agency Board that the Commission may see fit to recommend, I would suggest that the functioning of the Board as at present constituted would be improved by a change in the basis of its chairmanship. This could be by way of the separate appointment of a disinterested chairman for a specified term of office.

In the absence of agreement between the Racing and Trotting Conferences as to this new form of chairmanship, such an appointment would have to be made by Government and would require amending legislation.

Any suggestion that appointment of the Chairman by Government would imply Government control of the Board is capable of rebuttal by the example of many entirely Government-appointed Boards and Authorities which nevertheless function independently within the terms of their mandates.

10. The New Zealand Federated Clerical and Office Staff Employees' Industrial Association of Workers also sought change in the constitution of the Board. It said that the Board's responsibility for providing off-course betting facilities could only be met if the Board was truly recognised as existing to serve the public and not merely to serve the interests of clubs.

Conclusions

11. We have considered the suggestion of the Secretary for Internal Affairs that the totalisator agency organisation could be administered by any independent advisory and control body established for the industry. In view of our earlier recommendation that would mean for us the National Racing Authority. There would be, as we said, some saving in cost if that were done, but we think that plainly there must be a separate board. The TAB is an

individual legal person created by statute. It must have its own head—a board which directs its activities, which can be sued, which is responsible for the operations of its organisation and which is answerable to the Courts. Placing the organisation under the direction of a different and separate body, such as the National Racing Authority, would introduce very considerable legal complications, and would, we feel sure, prove unsatisfactory in practice.

12. It must, then, have its own board. Should that board be made up of the same persons as the Authority? We think not. The considerations favouring a board of a very different character are overwhelming. We set them out in the next seven paragraphs.

13. (a) The roles and responsibilities of the Authority and the Board are quite different. The Authority will be concerned primarily with horse racing as such. The Board, on the other hand, will be concerned, at least predominantly, with conducting an off-course betting system for the public. This basic distinction calls for people of different skills. Most of the Authority must be people associated with and experienced in the horse racing industry; but the Board must mainly comprise people experienced in administration and management. A Board made up of horse racing administrators can be expected to be highly competent in problems of day-to-day horse racing; but such people are not necessarily the best fitted to handle the organisational and business problems which must arise in an organisation like the TAB with a large turnover, a large staff and large capital assets.

14. (b) This distinction will in future be even more important as it seems certain that the Board's turnover will greatly increase, and that the area of its activities will enlarge. If greyhound racing receives totalisator licences one can expect that it will be asked to supply off-course betting facilities for that. Then, with adequate mechanisation, there seems no reason why its staff and equipment should not be used for such other exercises as the running of State lotteries, and of on-course totalisators for clubs unable to make suitable arrangements with contractors. These matters are already being actively considered in other countries.

15. (c) One of the basic reasons for identifying the Board with the Conferences (as was done when the Board was first established) was to see that the claims of the two codes were properly weighed when the Board's profits were being divided. But we have recommended that the Authority assume that responsibility in future, so this consideration no longer applies.

16. (d) We gain the impression—it is no more than that—that past Boards have left the control of the organisation very largely in

the hands of the management. The management has, all agree, been excellent, but it is a persistent cry of clubs that the costs of administration are excessive. In 1968-69 they amounted to 6.24 percent of turnover (\$4,786,799). But in 1969-70 the Board was able to improve the rate to 5.87 percent (\$4,813,526) on an increased turnover. Whether or not these figures are excessive, we cannot say, for there is no other organisation in New Zealand whose costs would give a basis of fair comparison. It is true, as the Board points out, that this percentage is within the range estimated at the time of the Finlay Royal Commission, but we doubt whether it was possible in 1947 to gauge what would be a fair percentage of today's turnover. Be that as it may, the very large amounts involved in the administration of the Board's current operations (and we do not overlook that some of this is made necessary by the Board's obligation to provide off-course facilities everywhere, for all race meetings) emphasise the need for a Board comprising some men of high business and administrative experience. While many members of the Board have had such experience, some people have thought that at times the Board has been deficient in this special qualification.

17. (e) The manner in which the TAB is publicly regarded has changed substantially. When the Board was set up, it would seem (so we were often told) that future TAB off-course facilities would become merely extensions of the totalisator facilities given on-course by clubs, and that the Board's selling points would be merely agencies for clubs. Counsel for the Board stressed this concept strongly as a reason why there should be no change. He relied, in part, on the judgment of the Court of Appeal in *Official Assignee of Richardson v. TAB* 1960 N.Z.L.R. 1064, where the Court held that in the accepting of a bet the Board acts as agent of the club conducting the meeting. We accept that, especially as the money is at least notionally transmitted to the course and put through the totalisator. But it does not follow that in all its activities the Board acts as an agent, nor can it be argued that it serves no other purpose than promoting the interests of clubs. The work of the TAB has expanded enormously and in a way which may not have been foreseen at the time when the legislation was passed. We believe that more and more it has come to be accepted that whatever the original concept of the organisation may have been, it was given a monopoly of off-course betting mainly to ensure that the public had adequate opportunities to bet off-course, that the betting was conducted in ways which the public approved, and that the State received a proper share of the money bet. The original view that the TAB was merely an extended arm of horse racing clubs is less prevalent (and less valid) today.

18. (f) The present assets of the Board have derived very substantially from deductions from bettors' money. The deductions for establishment purposes, authorised by the Gaming Amendment Act 1949 in the form of a half-percent levy on turnover (chapter 12) produced between 1 November 1950 and 31 October 1955, \$1,850,000. The assets bought with this money should be regarded, in equity at least, as largely the property of those who found the money. But while their legal ownership is clearly vested in the Board, the beneficial ownership is often a matter of argument. Not a few racing men consider that the clubs are the real owners, and that the State, either on its own behalf or on behalf of the betting public, should be treated as having no rights to them at all. We do not accept this. It is clear we think that the State in its own right and, as the representative of the betting public, should be seen as the major beneficial owner. Furthermore, we recommend below that the State should assist again by allowing the Board to retain profits for development and for repayment of moneys borrowed for establishment, without those profits attracting income tax. If this is accepted, the State will have an increased interest in the Board's assets. These considerations immediately raise the issue whether the assets should be wholly administered by a board made up of representatives of the two codes only. Plainly in our view the answer must be, No; there must be some governmental representation. We shall discuss later what that representation should be.

19. (g) But, however the composition of the Board be ultimately decided, there can be no doubt that the Department of Internal Affairs is correct in its criticisms of the annual exchange of chairmanship between the two codes. This is a plainly unsatisfactory game of musical chairs, obstructive to long-term planning and direction, and a potential source of unsatisfactory compromise. The practice inspires no confidence. We understand that most horse racing people condemn it. We would put an end to it.

Proposed Board Membership

20. It is self-evident that an organisation such as this must have a chairman completely independent of ties with either code—a man of standing and integrity (as the chairmen have always been), but above all, independent. He must also have the business ability and experience which would qualify him to be the chairman of the board of an expanding multi-million dollar business. He must be appointed by the Government. The Government represents who we think are the chief owners of the business and so it must carry the responsibility of seeing that the right people run it. While doubtless it would make for happy relations if his appointment were acceptable to the two

Conferences, we do not see the same need for this as we do in the case of the National Racing Authority. We would not make this a requirement.

21. We have considered whether it would be suitable to have the same person acting as chairman of the Authority and as chairman of the Board. The disadvantages outweigh the advantages. The qualities needed for the two posts are very different, and even if one person had them in himself, such a concentration of power and influence would, we think, be inadvisable, and unacceptable to the industry.

22. Besides the chairman, there should be four members. The two codes should each have the right to nominate one of these for appointment by the Minister. Each code should itself decide whether to nominate the same man for both the Board and the Authority, or make different nominations. Then there should be another independent person appointed by the Minister for his administrative and business experience. Then, we think, the Treasury should be present, preferably in the person of the Secretary. Both he and the man of business could be seen as special representatives of the betting public who provide the turnover, and the State whose interest in the assets and in the health of the organisation we have already stressed.

23. We would be naive if we believed that horse racing circles would applaud the appointment of a Treasury official. But the case for such an appointment is very strong. We believe that the TAB will increasingly be regarded as being predominantly a service authorised by the Government to enable the public to bet. The handling of the money it receives should therefore be watched in the public interest. Moreover, we have already made the point that as the Government has an investment in the Board's assets it should also supervise their custody. And, last, if our recommendation to allow the Board to retain tax-free profits for expansion and for repayment of borrowings is accepted, the Government can rightly ask that it be satisfied from time to time that the amounts set aside are fair, and are prudently spent, and that the concession is not maintained over an unnecessarily long period of time. It would be unreasonable to expect the Government to agree to any concession except upon some such terms. Moreover, before the Government could agree to help, it would require a report from the Treasury, whose duty in these matters is helped if it is represented on the body asking for aid.

24. The objection that the majority of such a Board would be Government appointed, is answered, we think, by saying that that is how it must be in light of the considerations given above. Moreover it would be a strong Board, and that is what is needed.

RECOMMENDATIONS

We recommend that:

- (24) The present membership of the Totalisator Agency Board be amended by legislation to provide for:
- A chairman appointed by the Minister;
 - one member appointed by the Minister on the nomination of the New Zealand Racing Conference;
 - one member appointed by the Minister on the nomination of the New Zealand Trotting Conference;
 - one member appointed by the Minister for his administrative and business ability; and
 - the Secretary to the Treasury.
- (25) The new Board have the same powers, duties and responsibilities provided by legislation for the present Board, except those relating to the division of the profits declared available for distribution.

RETENTION OF RESERVES

25. The Approved Scheme which at present controls the distribution of TAB profits entitles the Board to retain at its discretion part or all of any profits made in any year. All profits not so retained are to be distributed to racing and trotting clubs in a prescribed manner.

26. The Board has not in fact reserved any of its profits to develop or improve betting operations, because, as it said, it would have had to pay income tax on profits retained, and because it felt that clubs could not afford to lose from the yearly distribution twice the net amount which the Board might wish to retain.

Department of Internal Affairs Comments

27. The Department of Internal Affairs said:

It may be regarded as rather surprising that although since the inception of the Scheme the Board has made a profit of approximately \$29,000,000, it has not considered it necessary or desirable to retain some profits from distribution for the purpose of establishing a reserve fund for capital development purposes. This would seem to be contrary to the well-accepted practice in most financial undertakings, and especially for any of a magnitude comparable with the activities of the Board. The fact that all profits have been distributed to clubs could be a further indication of the present completely representative character of the composition of the Board to which I have already referred.

TAB Proposals

28. The TAB now claims that it needs the capital set out in the following table 22.

Table 22

TAB CAPITAL PROPOSALS

Purpose	Estimated Cost	
Resiting leasehold to freehold—	\$	\$
16 city branches	1,895,000	
114 agencies	3,609,000	
		5,504,000
Providing—		
4 computer centres and ancillary equipment	2,400,000	
mechanical ticket machines	4,200,000	
telephone betting machines	150,000	
		6,750,000
Total		12,254,000

29. In explanation, the Board said that it leases 285 of its 325 offices and that there are 16 branches and 114 agencies which it considers could be advantageously resited on freehold land to secure tenure and avoid increased rentals. Also, to maintain present profits it believes it must move into the use of mechanical selling machines linked to computers, a system not only more efficient but one which would offset rising labour costs. In the 5 years to 1969 TAB turnover increased by 20 percent but its labour costs rose by 39 percent. The Board estimated the cost of introducing mechanical selling coupled with computers at \$6,750,000. It said that, "To lease such equipment or borrow to purchase it, is at present calculated to be uneconomic, as rental or interest payable and depreciation chargeable would exceed immediate savings. In the long term, and assuming that wage rates increase at the same rate in the future as in the past, the purchase of this mechanical equipment would be economic."

30. The TAB sought a recommendation that, for capital purposes only, it be allowed:

- (a) A rebate of totalisator duty for capital purposes equal to one-half percent of the off-course turnover (on the 1968-69 year approximately \$400,000).
- (b) In addition, to retain for capital purposes from its annual profits a non-taxable sum up to the amount of the rebate sought in (a).

31. It pointed out that the undistributed profits of the six TABs in Australia are not subject to income tax and so they can, and do retain profits for capital purposes, in addition to rebates of duty for capital development. Our TAB believes that the increase in turnover that would result from the improved betting service coupled with same-day payouts could very soon recoup any immediate loss of taxation resulting from such concessions.

Conclusions

32. We think that it will not often be necessary for the Board to resite branches and agencies on freehold property. No doubt there are some instances, particularly in the larger centres, where it needs better security than it has at present. In such cases the Board could follow the now fairly common commercial practice of arranging for some financial, insurance, or other institution to build the necessary premises on a "lease back" basis. It should rarely have to buy. We are not convinced that the TAB should have a large amount of capital invested in freehold premises. We are not prepared therefore to recommend that the Government make money available for this purpose.

33. We do, however, agree with the Board that it must investigate and arrange the introduction of mechanical ticket-selling machines and a computer system of recording and collating its betting transactions. Our members who visited Australia found that there it is generally accepted that the TAB betting systems must as soon as possible be computerised at headquarters, and the agencies linked by electronic systems. The volume of betting, and mounting wages, demand this in Australia. Victoria already has one computer working and is about to install another. New South Wales is installing its first. Simultaneously both States are moving towards electronic equipment at agencies. Discussions with racing and TAB officials in Australia convinced us that the TAB in New Zealand must move in the same way.

34. Although there may be advantages if the Board were to buy the equipment (as the present Board wishes to do), many commercial firms have found that renting is preferable, especially as such equipment rapidly becomes obsolescent. The Board should, we think, give serious attention to renting equipment.

35. Coming to the Board's requests. We do not favour the first that it should be allowed a rebate of totalisator duty for capital purposes. Nor do we think the bettor should be asked (as the Board does *not* ask) to provide capital money through increased deductions from his bets. The increased commission of 2.68 percent on doubles betting together with a substantial rise in betting in 1969-70 has enabled the Board to declare the largely increased profits of \$3,019,913 for 1968-69 and \$3,520,871 for 1969-70. Compared with \$1,894,260 for 1967-68, the latter figure shows a growth of about 86 percent. With such profits the Board should be able to set aside sufficient for development and yet distribute a reasonable amount to clubs.

36. Indubitably the main reason why the Board has not created capital reserves in the past years was that it would have had to pay income tax on profits retained. Clubs maintained that they could not afford a reduction in distribution equivalent to twice the net amount needed for development.

37. We appreciate the force of this point and we agree that a reasonable part of the Board's yearly profits retained for capital development could well be freed from taxation. This view can be justified in several ways. The TAB organisation has, in our view, been primarily set up to give the public an off-course legal betting service. It constitutes an efficient and substantial tax-earning institution for the State. Any improvement in the Board's betting facilities leading to increased turnover must benefit the Government through larger tax receipts. There should be no loss of tax even if turnover does not grow, for s. 5c (2) Gaming Amendment Act 1949 provides that the Board cannot itself be assessed for income tax on the profits *distributed to clubs*. These are assessable as club revenue, but very few clubs make profits attracting income tax.

38. We do think, then, that the Board's second request should be met. Expansion is essential and money must be set aside to finance it. But if the required amounts are to attract income tax, the consequential effects on the distribution to clubs will, we agree, be too heavy. Therefore we have included in chapter 13 a recommendation in which we propose that the Board be authorised to retain from its annual profits, without liability for income tax, an amount up to one-half percent of its off-course turnover, including special doubles and overseas betting. We see the amounts so retained being placed in a special capital account and administered by the Board solely for capital development and for repaying loans made by clubs to finance the establishment of the organisation.

DISTRIBUTION OF PROFITS BETWEEN CODES

39. The Finlay Royal Commission suggested that TAB profits be divided among racing and trotting clubs in the ratio that the off-course totalisator turnover of a club bore to the grand total of the Board's off-course betting over the year. The Racing Conference favoured this method.

40. The Trotting Conference thought differently. It wanted the profits divided on the basis of on-course turnover only. The two Conferences could not resolve their differences, and the scheme approved by the Minister was a compromise which took as the basis of distribution the combined on- and off-course turnovers.

41. The scheme provides for the distributable TAB profits to be divided on that basis into two funds—the racing fund and the trotting fund. A part of each fund (presently 10 percent) may be divided equally among the clubs in each code, but the balance of each fund is then to be apportioned to each club in the ratio that its combined on- and off-course turnover bears to the total on- and off-course turnover of that code.

42. The basis of division between codes of the distributable profits of the TAB is an issue on which there has always been, and still is, a difference of opinion between the two Conferences. Each Conference has strong views about it. We must refer fairly extensively to their submissions.

The Racing Conference's Arguments

43. The Racing Conference advanced four main but inter-related arguments against the present basis of division. It was supported by submissions from some racing clubs and the New Zealand Racing Owners and Trainers Federation. The first argument said that as the TAB's purpose is to run *off-course* betting, the true measure of what part of the TAB's profit each code can justifiably claim must be based on the contribution the off-course followers of each code make to that profit. As it would be impracticable to allocate proportionate expenses to each code, the simple expedient would be to make a division in proportion to the amount which each code's off-course investments contributed to the Board's income.

44. The second argument proposed that the code with the greater appeal to off-course followers could reasonably expect to reap the full advantage of the greater appeal when profits are divided. At present this was not the case because the amounts of the Racing and Trotting Funds are not calculated solely by reference to the following which each code attracts from TAB bettors.

45. Third, it maintained that the present situation gives rise to some apparently illogical consequences, three of which illustrate that the funds can be affected by factors completely unrelated to the off-course investments on meetings of either code. The Racing Conference said:

(i) Because the Racing and Trotting Funds are established on the basis of combined on- and off-course turnover, the quantum of the profit which the Racing Clubs as a whole receive from the Racing Fund can be affected by the volume of *on-course* betting at trotting meetings.

(ii) A vast increase in the total off-course turnover from all trotting meetings, which was not matched by a corresponding increase in on-course turnover at all trotting meetings, would significantly increase the income and profits of the Board but would not increase the Trotting Fund by a corresponding percentage of the Board's profit.

(iii) A vast increase in on-course betting at meetings held by Racing Clubs would, assuming that there were no other increases in turnover, significantly increase the amount of the Racing Fund even though the Racing Fund is derived solely from the profits made by the Totalisator Agency Board in respect of off-course investments.

46. The fourth argument, it said, illustrated the illogicality of the present division:

The illogicality of the two Funds not being divided on the basis of TAB turnover can be graphically illustrated by assuming that the facilities of the TAB were also made available to off-course investors wishing to bet on greyhound racing and by assuming that in that situation the profits of the Board would be divided into three Funds. If the quantum of those three Funds were to be calculated as at present it would mean that the quantum of the Racing Fund would be affected by the number of people who went to, and bet at, meetings where greyhound racing took place. The Conference considers that to be entirely illogical and is unable to see why, when each of the three Funds would exist only because the TAB provided a medium for off-course investors to invest on the meetings of each of the three codes, the profits derived by each code from off-course investments should be determined in any way by reference to the number of people who actually attend the meetings of one or both of *the other* codes. If the Conference may be permitted to put this proposition in another way, it might for example be the case that greyhound racing had appeal as a spectator sport but had little appeal to off-course investors. If that were the case there would be a small amount of money invested with the Board in respect of greyhound racing generally. Accordingly only a very small proportion of the Board's profits would be derived from off-course investments in respect of greyhound racing. If, however, the present method of calculating the Racing Fund, the Trotting Fund and the Greyhound Fund were to be employed, the Greyhound Fund

31 (assuming the relatively much greater on-course betting on grey-
32 hound racing previously referred to) would amount to a sum which
33 was completely disproportionate to the profits derived by the Board
34 from off-course investments in respect of greyhound racing.

47. The Racing Conference summed up:

35 In these circumstances the Conference submits that the Racing
36 and Trotting Funds should be calculated solely by reference to the
37 off-course turnover of racing as a whole and trotting as a whole.
38 In that way effect will be given to the undoubted fact that each
39 code has its own following from off-course investors in the same
40 way that each has its own following among those who attend
41 meetings.

The Trotting Conference's Arguments

42 48. The Trotting Conference was equally insistent on the merits of
43 the present basis of distribution between the two codes, and opposed
44 any change, particularly one to a system based on off-course turn-
45 over only. Trotting's share (\$832,135) of the TAB profit for 1968-
46 69 would have decreased by \$57,946 on a basis of off-course
47 turnover only. Thus the Racing Conference's proposals would have
48 serious implications for trotting. It went on to pose the question
49 whether clubs would be encouraged to attract patrons to their courses
50 if the emphasis were on off-course turnover.

51 49. The Trotting Conference answered this in the negative,
52 saying:

53 While Clubs will obviously still want on-course patronage, there
54 will not be the same incentive to attract patrons because the level of
55 on-course turnover will have no operative effect on the distribution
56 of the Board's profits.

57 While it might be argued by those, who support the off-course turn-
58 over principle, that Clubs gain more, comparatively speaking, from
59 the commission on the on-course investments than they do from the
60 distribution of the Board's profits, nevertheless an added emphasis is
61 being given to off-course betting and the Trotting Conference believes
62 that this will be at the expense of the on-course patron.

63 Reference has already been made in the Submissions of the Trotting
64 Conference . . . to the tendency of some Clubs to seek to race mid-
65 week and not in competition with any other Racing or Trotting Club
66 in order to gain the complete off-course turnover on that particular
67 day or night.

68 If the Board's profits are to be distributed on the basis of off-course
69 turnover only then obviously more Clubs will seek to gain the
70 advantage of a mid-week date when they have the whole of the off-
71 course turnover in New Zealand on that day or night to themselves.
72 In the normal course of events there is no Racing or Trotting on a
73 Thursday (because the Totalisator Agencies of the Board are closed
74 on that day). This means that there are only four days and/or nights

during the week upon which mid-week racing can take place. The Trotting Conference believes that the dates structure would be placed under serious strain if the off-course method of profit distribution was adopted because so many more Clubs would want to race mid-week due to the monetary advantage that would accrue to them.

It is clear that the "Totalisator Agencies" operated by the Totalisator Agency Board are no more than *AGENTS* of the on-course totalisator. . . . There is, in fact, only *one* totalisator and that is the totalisator which is on the course where the particular Racing or Trotting meeting is being held. All investments made through the Totalisator Agency Board are channelled on to the totalisator on-course. As the result, there is *one* dividend only. It does not matter whether the patron is on the course or off the course, he receives precisely the same dividend from the one pool.

Department of Internal Affairs Comments

50. The Department of Internal Affairs had this to say on the subject:

It has been frequently contended over the years, especially by galloping interests, that off-course turnover alone would be the most equitable basis for distribution of Board profits. This, of course, accords with the Finlay Royal Commission's suggestion, and the argument is also advanced that, since the Board's profits are derived from off-course operations, they should be distributed in line with the way in which they are obtained.

Whatever the justification for the recommendation of the Finlay Royal Commission may have been, the Department is not now convinced of the validity of this line of thought.

Later the Department said:

. . . the operation of the totalisator on-course and of its off-course agent (the Totalisator Agency Board) is a unitary enterprise. It seems reasonable that the fact that sums bet off-course and on-course form part of the single betting pool for each race and jointly set the dividends should be reflected in the basis for distribution of profits.

To argue that the Board's off-course betting operations are a separate financial enterprise and that its profits should be distributed accordingly seems to ignore, not only the above facts, but also the fact that important considerations other than the making and distribution of profits originally led Government to pass legislation establishing the Board.

In the final analysis, whatever basis is adopted for the distribution of the Board's profits, some clubs in both codes will tend to gain and others to lose, relatively speaking. It would be difficult to find a basis for distribution which would satisfy completely all clubs and all sections of the industry.

The Department is satisfied that the present policy of basing the distribution of profits on a combination of on-course and off-course betting is probably as equitable as any that could be designed and allows a fairer distribution than most others would. It has the

additional incidental advantage of helping to iron out fluctuations in Clubs' receipts when the attendance of the public at a meeting, and consequently the level of on-course betting, is deleteriously affected by bad weather or major counter-attractions. In these circumstances clubs would benefit to a lesser extent if the distribution of profits were based on off-course turnover, and to a lesser extent still if the basis were on-course turnover.

Conclusions

51. The most appropriate basis of distribution is largely a matter of opinion. No choice is necessarily right: we are not in the field of absolutes. The members of this Royal Commission themselves hold differing views. In the absence of any compelling case for change we think there should be none at this point of time, though future circumstances may justify change. Two important factors in favour of the present form of distribution must however always be kept in mind. They are (a) the need to have some monetary incentive to clubs to provide adequate facilities for the public on their courses, and (b) the need for some curb on pressures by clubs to increase mid-week racing. We feel that clubs which by their efforts attract more of the public to their courses and thereby increase their on-course turnover (possibly in part at the expense of off-course turnover) may suffer if distribution is made according to off-course turnover only. The evidence has shown conclusively that some clubs have been seeking mid-week race days for the express purpose of gaining the greatest off-course turnover. They recognise that the increased TAB distribution more than offsets the decreased on-course attendance and the resulting lower on-course turnover. We doubt whether this is in the best interests of the sport.

52. We have recommended in chapter 14 that one of the executive functions of the National Racing Authority should be to determine from time to time the scheme according to which the distributable profits of the TAB are to be divided between the two codes. Until the Authority has an opportunity to adequately consider its course of action, and is satisfied that change is warranted, we do not favour any alteration to the present method of division between the two codes.

DISTRIBUTION OF PROFITS AMONG CLUBS

53. We now come to the method of distributing the Racing and Trotting Funds among clubs in the two codes. We have already described the provisions of the Approved Scheme relating to this.

54. For some years the proportion equally distributed among clubs was fixed by the Board at 15 percent of each fund. For the 1968-69 season the Board reduced the proportion to 10 percent. In that year the Board's profit had risen from \$1,894,260 to \$3,019,913. The combined effect of the decreased percentage of an equal distribution and of the increased profit, was that each club received not less than it received the previous year from the 15 percent equal distribution. The Board recently decided to maintain the 10 percent figure in the distribution of its 1969-70 profits.

55. This equal distribution of a portion of each fund gives clubs with small turnovers a greater share of the profits than they would have received from distribution based solely on turnover. It is one of the forms in which those clubs have received special financial support from the industry.

56. A few, but not many (10 out of 88), racing clubs made submissions seeking an alteration to the basis of distributing the Racing Fund. They opposed the present distribution based on the combined on- and off-course totalisator turnover, and argued that it should be made according to the ratio of each club's off-course turnover to the total off-course turnover of all clubs in the code. On the other hand, from our discussions with clubs, we are aware that a large number, perhaps most, favour the present practice. The Auckland Racing Club in particular, while it supported the Racing Conference's submission that the two funds should be calculated according to off-course turnover, urged that the distribution of the Racing Fund among the racing clubs should be maintained on the present basis of both on- and off-course turnovers. It examined in some detail the relationship between on- and off-course betting, the factors influencing the volume of off-course betting on any particular race meeting, and the effects likely to follow should the basis of distribution of profit be changed to off-course turnover. Its views were:

- (a) Without on-course patronage horse racing would not survive.
- (b) The aim should be to encourage interest in the horse and in the sport, and to this end all possible incentives should be given clubs to increase on-course patronage.
- (c) Distribution according to off-course turnover only has been shown: (i) to result in inequity between clubs; (ii) to result in a continuing conflict about dates; (iii) to be basically unfair unless an equal number of clubs race on each day the TAB is open to receive bets. As this would be impracticable, it was argued that the formula is also impracticable.
- (d) The present system tended to even out the inequalities of profit distribution which would arise if either of the other possible formulae (that is on on-course only, or off-course only) were adopted.

57. The Racing Conference itself favours the present basis of distribution of the Racing Fund among the racing clubs and submitted that there should be no change.

Conclusions

58. From the fact that we have received no submissions from trotting clubs or from the Trotting Conference on this issue, we assume that they are all satisfied with the present basis of distribution among clubs. It is clear however from the submissions of racing clubs and the Racing Conference, and more especially from discussions which we had on our visits to clubs, that there is no such unanimity in the racing code.

59. Many factors, which do not apply uniformly to all clubs, can affect the respective proportions of on- and off-course betting of clubs. These include the location of the course near or far from a large centre of population, whether the club races on weekdays or Saturdays or public holidays, and weather conditions on the day of the meeting. There is thus no clear-cut answer to what is most equitable or appropriate among a large number of clubs of varying character. Here, too, opinions differ widely, often according to the way these different factors affect the club and its off-course turnover. When there is an issue as variable as this, and there being no obvious solution in principle, the question must be left to the code itself to decide in Conference. There is however one qualification: the views of the code must ultimately be weighed along with the interests of the industry as a whole. That is why we have recommended in chapter 14 that the final decision on the question must rest with the Authority. But at the earlier stage the code should decide for itself how it wants its share distributed.

RECOMMENDATION

We recommend that:

- (26) Until the National Racing Authority is able to decide the questions involved, the profits of the TAB available for distribution be distributed (a) as between the two codes, in the ratio which that code's combined on- and off-course turnover bears to the total on- and off-course turnovers of both codes, and, (b) as between the clubs in a code, in such manner as the Conference of the particular code decides its code's share should be divided.

DELAY IN PAYMENT OF DIVIDENDS

60. The Approved Scheme provides that "no dividends for cash investments will be paid at any totalisator agency on the same day as the race in respect of which the dividend is due is run. They will be paid on the first convenient working day after such race day". The purpose was to discourage bettors from lingering at TAB agencies and prevent agencies from acquiring the undesirable atmosphere of "betting shops".

61. We received submissions from the Conferences, some clubs and members of the public asking that the TAB pay out dividends on the same day as the races are run. The benefits would be twofold. First, bettors would have these dividends available for reinvestment the same day, and particularly for night trotting meetings. They would not have to find all the money needed for the day's betting at the outset, but could bet progressively using their dividends. Second, clubs, the industry, and the Government would benefit from the expected increased turnover.

62. The TAB, too, sought a recommendation that the scheme be amended to allow it to make same-day payouts. It said that in 1968 following hold-up robberies at some TAB agencies, senior police officers recommended that the Board should institute same-day payouts in afternoons. They thought that that would increase the numbers of the public attending agencies at that time, and would thereby reduce the possibility of armed robberies. The consequent reduction in the amount of money held would also discourage would-be robbers. The Board then pointed to the fact that same-day payouts had worked in New South Wales since the inception of the TAB there in 1964, and claimed that very few TAB offices experienced any objectionable loitering, or any other public nuisance. In its opinion an extension of its services in this way was now warranted and desirable.

63. The Department of Internal Affairs thought that there was no compelling social reason to continue the present prohibition of same-day payouts. At our request it conferred with the Police Department and was able to tell us that that Department, on balance, favoured the removal of the prohibition.

Conclusion

64. While we received no evidence against the proposal we think it should be approached with some caution. The social problems associated with the possible development of a betting-shop atmosphere should be watched. We think same-day payouts could be introduced on a trial basis.

RECOMMENDATION

We recommend that:

- (27) To test the social effects, the scheme be amended to authorise the TAB to pay dividends on the day they are won, for a set trial period.

CLOSING TIMES FOR BETTING

65. Win and place bets are accepted at TAB agencies up to 70 minutes before the advertised starting time of the race, but as TAB selling offices close at 7.30 p.m., bets on night trotting meetings must be placed before then. Doubles bets are accepted up to 90 minutes before the advertised starting time of the first race of the double. We received some submissions complaining that this interval was too long, and that bettors should be able to place bets closer to starting times.

66. The TAB said there were no technical difficulties in accepting win and place bets up to about 40 minutes before the starting time of the race, and doubles bets up to about 50 minutes before the start of the first doubles race. Under the present system it takes the TAB approximately 36 minutes to collate all win and place bets from its 300 agencies and transmit the total to the totalisator on the course. The time for similar operations for doubles betting is approximately 49 minutes. It explained, however, that clubs and the Department of Internal Affairs both like to have all off-course bets recorded on the totalisator at or close to opening time. Because of this the TAB is unable to shorten the interval between the closing of off-course betting and race starting times.

67. Totalisator Inspectors, as part of their duty of guarding the public interest, check from time to time the accuracy of the probable dividends shown on course indicators. For this reason the Department of Internal Affairs prefers to see the off-course bets recorded on the totalisator when it opens, or shortly after. Clubs have found that betting on-course does not start in earnest until off-course betting is shown. Consequently they wish that to be done as early as possible.

68. The TAB watches this matter closely, and over the years has been able to shorten the time taken. On 1 February 1969, it reduced the interval from 90 minutes to 70 minutes for win and place betting, and from 2 hours to 1½ hours for doubles betting, a reduction of 20 minutes and 30 minutes respectively.

Conclusion

69. We think that this is not a matter on which we should need to make any specific recommendation. No doubt the TAB, the two Conferences, and the National Racing Authority will discuss the matter, and make whatever adjustments may be possible for the general benefit of the betting public. The introduction of computers could help to shorten the time necessary for collating betting.

DOUBLES BETTING

70. In doubles betting the bettor must select the winners of two races in "straight out" doubles, and in "concession" doubles the winner of the first race and the first or second horse in the second race of the double. The on-course bettor buys a ticket on his choice in the first race, and if that horse wins he may then exchange that ticket for his choice in the second race of the double (see chapter 8).

71. The procedure applied in off-course betting through the TAB is necessarily different. The bettor must nominate his choice of horses in both races when he buys his doubles ticket. If the horse he nominates in the first race does not start, the TAB refunds his bet. If however the horse he nominates in the first race wins and the horse he nominates in the second race of the double does not start, the TAB selects a substitute horse for him. This is known as the "off-course substitute". The TAB selects as the substitute the horse carrying the largest off-course doubles investment.

72. We received two submissions criticising this procedure. One asked that the bet be refunded if the horse nominated in the second race does not start. This, however, is not practicable because the Department of Internal Affairs does not allow money to be withdrawn from the doubles pool after the start of the first race of the double. The other urged that the bettor in making his bet should be allowed to nominate a second and a third choice to be substituted in that order in the event of his first and second choices not starting. We understand that this is not favoured by the TAB. It considers that late withdrawals of horses for the second leg would not give it time to re-collate the investments for transmission to the totalisator on-course.

73. In the absence of more of the same criticism we assume that the procedure adopted by the TAB is generally acceptable to bettors. In any case we believe that such procedural details as these should be left to the TAB to decide.

TAB AGENTS' CONTRACTS

74. The TAB has 300 agencies run by agents as independent contractors to the Board under an agency agreement.

75. The New Zealand TAB Agents' Association, to which most of such agents belong, sought (a) the right to negotiate effectively with the Board on behalf of agents, which right it claims it is now denied; (b) the right of agents, or the Association, to know and discuss with the management details of the composition of the fee scale on which agents are paid.

76. These issues were argued strongly and at length by counsel for the Association. He said it was difficult for the Association to get adequate access to the Board itself to discuss problems, and impossible to get details of the way the scale of fees paid to agents was compiled.

77. The Board maintained, however, that it has always been willing to meet the Association on major issues, but was reluctant to involve itself in problems which it believes should be discussed and decided at management level. In reply to a question from the Chairman of this Commission asking why it would be against the Board's interests to disclose to agents the basis upon which the fee scale was compiled, the Board's Managing Director said:

... our experience of negotiation with workers has shown that it is only a matter of restraining increases; there is never any decrease in negotiation, so that the Board would voluntarily be inviting increases in the agency fees. But, more important, every item in the scale fee—and there are perhaps 20 components or different expense items—is calculated differently for different sized agencies, and we do not doubt that in negotiation there would be one of the 300 agents who could point out, for instance, that we were not allowing enough for his class of turnover for, say, one expense item. He would always say that he thought he was not getting enough for one item, but he would never admit it or say that he was perhaps getting too much or more than he should for some other item. We would never reach amicable agreement.

78. The West Coast (S.I.) Agents representing a small group of agents from the West Coast of the South Island also criticised some aspects of the Agency Agreement and the fee scale.

Conclusions

79. We hold the view that industrial relations between the Board and its agents are not fairly within the scope of our Warrant. They should be dealt with by the usual processes of industrial negotiation and not solved by the recommendations of a Royal Commission.

We therefore make no recommendation. Nevertheless we think it proper to make some observations about the problem brought to our attention.

80. Whatever may have been the position in the past, we accept that the present Board is willing, as we think it should be, to discuss major problems affecting agents with the Association. We were surprised by its reluctance to disclose the composition of its fee scale. This reluctance has obviously created irritations and a sense of frustration. We think it is generally accepted in this day and age that disclosure and discussion on such vital issues as the calculation of rewards for service are essential to promote and maintain a good industrial atmosphere, not only between employers and employees but also with agents such as these, whose relationship with their principals have features very close to those of conventional employment. We hope that the Board will reconsider the matter, and that some scheme of remuneration will be devised which can be discussed openly with its agents.

UNECONOMIC TAB AGENCIES

81. A reminder of the aims in establishing the TAB off-course betting system makes a suitable introduction to this section. As we see them, they were mainly to provide an acceptable scheme for enabling the public to bet off-course anywhere in New Zealand on any race meeting, to eliminate illegal betting with bookmakers, and to ensure that the Government receives its tax on betting.

82. Paragraph 2 of Part III of the Approved Scheme under which the TAB operates defines the Board's responsibilities for setting up agencies thus:

The Board will establish and continue to operate sufficient totalisator agencies and other offices as, having regard to the business which in the opinion of the Board is offering, or is likely to be offering in any locality and to the cost and availability of staff and premises, will ensure that the public anywhere in New Zealand are offered reasonable and convenient facilities for investing at race meetings or on horse races off-course.

83. Neither the legislation nor the scheme requires the Minister's approval to the opening or the closing of an agency. Under s. 11 of the Gaming Amendment Act 1953, however, the Governor-General by Order in Council, on a recommendation made by the Minister after he has consulted with the Board, may make regulations necessary or expedient for controlling the establishment and conduct of totalisator agencies. No regulations have been issued.

TAB Views

84. The TAB considers that there are a number of agencies for which the public demand is so small that their expenses exceed their earnings. It estimates the losses on such agencies at \$125,000 for the year ended 31 July 1969. In 1967 the Board decided to close 55 of these agencies. Although it did not need to do so, the Board submitted its proposals to the Minister. The Minister asked the Board to reconsider its decision, as closing these agencies might lead to an upsurge of illegal bookmaking. He warned the Board that if necessary the Government would invoke its powers under s. 11 of the Gaming Amendment Act 1953 to prevent the Board closing some or all of these agencies. The Board did not proceed with its plan and has continued to operate the agencies. It thinks, however, that it should make the decision to close or not to close, and that the decision should not be controlled by political considerations. It seeks from us a recommendation that the Gaming Act be amended to make it clear that the decision is one for the Board.

Other Submissions

85. The New Zealand TAB Agents' Association made a submission on this matter saying that, as the main aim of the scheme is to give the public facilities for which there is a reasonable demand, agencies should not be closed unless the demand is very small indeed, or other facilities are reasonably accessible.

86. The Department of Internal Affairs considered that in a context where it was socially desirable to maintain a legal and properly run off-course betting service for the public, and taking into account the present overall profit of TAB operations, the losses on the uneconomic agencies were not large enough to always justify a closure merely to increase profit. It agreed that there may be isolated cases where the closing of an established agency is justified by a marked loss of people, for instance in the case of a temporary construction town in which an agency is opened to meet the needs of construction workers who move elsewhere when the job is finished. Otherwise, there should be great caution in closing agencies, for any widespread closing of agencies for economic reasons alone could in many places create a loss of a legitimate social amenity and probably pave the way for a return of the bookmaker. It favoured as an alternative the reducing of business hours to a point more commensurate with the patronage offering. It noted that the Board had already done that in some cases.

Conclusions

87. It cannot be doubted that the monopoly of legal off-course betting granted to the TAB brought with it the obligation to provide betting facilities wherever they are reasonably needed throughout New Zealand. A proposal to close an uneconomic agency must therefore be looked at not only from the financial aspect but also from that of the needs of the particular community.

88. We cannot accept the Board's claim that it should have an unfettered right to close such agencies. The Government is properly concerned to see that the Board carries out its obligations, and that a revival of bookmaking is not encouraged. Therefore, in our view, it should have the final say. We think that the position should be put beyond doubt by the legislation saying unequivocally that established agencies may not be closed or moved beyond a defined distance, without the consent of the Minister.

RECOMMENDATION

We recommend that:

- (28) The gaming legislation be amended to provide that the consent of the Minister is needed before an established agency is closed or moved beyond a stated distance.

PREMISES OF TAB AGENCIES

Background

89. When the 1949 referendum on the introduction of legal off-course betting on horse racing was carried, there was considerable opposition to the proposal—424,219 for and 199,406 against. The opposition continued while legislation to establish the TAB was being considered, and was still evident when the Board began to open and run betting agencies. Criticism and opposition centred on two points: first, again, the fear that agencies would build an undesirable "betting shop" atmosphere, and second that the siting and possible proliferation of agencies would give public offence.

90. There was nothing in the legislation or in the Approved Scheme about the siting of agencies or the nature of the premises to be used. We understand that in the early stages some agencies were run by agents as part of their businesses, and in the same offices or commercial buildings. A few were unfortunately sited close to schools and churches, a fact which evoked further public criticism, so the Government asked the Board not to site agencies

where they could offend the public, and not to allow agents to run agencies in buildings used for other purposes, unless the agency areas were partitioned off and had a separate entrance. The requirement for separate or partitioned premises caused some problems, particularly in the smaller country centres, and added to the cost of establishing agencies. In 1952 the Board approached the Government for approval to set up betting facilities in retail shops. The Board was told that the Government considered that agencies should be carried on in premises used exclusively for the purpose of accepting bets; that if it was found necessary to use premises that had been or were being used as a retail shop, such premises should be so subdivided and partitioned off as to ensure complete privacy in the betting agency, which was to have a separate entrance; and that all such premises should be inspected and approved by the police before they were opened for business.

91. The Government subsequently waived the last condition but maintained the other two. As we have said previously, in 1953 it amended the Gaming Act (s. 11 Gaming Amendment Act 1953) to authorise the Governor-General on the recommendation of the Minister after consultation with the TAB to make regulations necessary or expedient for regulating the establishment and conduct of totalisator agencies. No regulations have been issued.

TAB Submissions

92. The TAB told us that renting separate premises and fitting them up are material cost factors. It said that if an agent could run his agency with another business, the Board could pay him on the basis of time spent in selling tickets, rather than on hours of attendance. This would save money.

93. It argued that it has now become accepted as a regular part of New Zealand life; that its business is run in an orderly way and in respectable surroundings; that the time has come when it should be allowed to run small agencies in retail premises, as some small country post offices are, and as is done in some States of Australia. It acknowledged that not all such premises would be suitable.

Conclusions

94. We have recommended that the TAB be authorised to pay out dividends on the day they are won. This could affect the hours agencies have to be open. It certainly will raise the numbers of people attending agencies on race days. In our opinion the effects of same-day payout should be studied before any alteration is made to the present Government direction that agencies be carried on in

premises used exclusively for accepting bets and paying dividends, or, if that is not possible, that the part of any other premises used by the agency be subdivided and partitioned off with a separate entrance to ensure complete privacy in the betting agency.

RECOMMENDATION

We recommend that:

- (29) No alteration be made at this stage to the present Government direction on the separation of totalisator agency premises from those used for other purposes.

Chapter 18: CHANGES IN BETTING FORMS

1. Chapter 8 describes in detail the three main forms or systems of betting on horse racing now legal in New Zealand. They are *win* and *place*, both on-course and off-course; *doubles*, both straight-out and concession, on-course and off-course; and *sweepstakes*, on-course only, in two forms (i) equalisators, and (ii) jackpots.

2. The little evidence we heard about forms of betting dwelt on three themes: suggesting detailed changes in the present operation of win and place and doubles betting; advocating the introduction of new forms of betting, for instance quinella; and criticising the operation of the two kinds of sweepstakes.

Present Forms

3. The first, in our view, raised questions of machinery rather than principle, and thus concern the Conferences and the TAB rather than us. The submissions, mainly from individuals, have been made available to them. No doubt if the suggestions are worth while, they will be adopted.

Further Multiple Forms

4. The second is more significant. Doubles betting is only one of the very many forms of multiple betting, for example, quinella, so popular in Australia, tierce the favourite of the French, and twin doubles, trebles, triellas, or picks. To win, one must nominate the finishing position (first, second, third, or within the group) of more than one horse in either one race or in a number of races. The odds are greater than those of picking a winner or place-getter in win or place betting, but the larger amount likely to be won attracts many bettors.

5. We were urged to recommend the introduction of a variety of multiple forms of betting. The only point of principle we see in this is that of stimulating further gambling. But as we do not consider gambling a major problem in New Zealand (indeed as we have pointed out in chapter 2, New Zealanders are not heavy gamblers), we see no substantial distinction in principle between one form of multiple betting and another. There would seem to be no reason why other forms of betting on horse racing should not be introduced if, first, the Department of Internal Affairs approves the way in which they are to be set up and later supervises their operation;

second, if they draw the same rate of taxation as other totalisator betting; and third, if the clubs or the TAB are entitled to deduct the same commissions as they take from doubles betting.

6. Any new form of betting should be authorised by legislation, and before introducing such legislation we would hope that the Minister would ask the advice of the National Racing Authority, especially as the introduction of, say, quinellas on-course might create difficulties for the TAB, and vice versa. We need hardly add that new forms of multiple betting could prove very expensive to clubs or the TAB. This, doubtless, will be weighed carefully by them before permission is sought.

7. The present exclusory nature of the gaming legislation should be maintained, and all forms of betting on horse racing, except those specifically authorised, should continue to be prohibited.

Sweepstakes

8. We agree with the general tenor of the evidence about the third form of betting, sweepstakes. Sweepstakes, run either in the form of jackpots or through equalisators, are claimed by the clubs running them to be authorised by s. 45 of the Gaming Act 1908, which is quoted in chapter 8. This section was obviously designed to legalise small sweepstakes, and as we have said, we doubt very much whether its originators contemplated the use made of it today, especially with jackpots. But we have also said that equalisators help horse racing, giving added interest to and greater attendance at the picnic-type meetings which are so valuable for training and proving young horses. Therefore we would not oppose the continued use of s. 45 for equalisators, provided that the section is amended to limit its use to that particular form of sweepstake, and to stop it expanding to cover other forms, such as jackpots.

9. We believe that the invocation of s. 45 for jackpots is an extravagant use of the section. The language, if read literally, may authorise them, but we think the section should no longer be used for this purpose. The recent happenings at Matamata point urgently to the need for better formulation and control of this betting. But up till now neither the Government nor the Conferences have sought to do much about it. In our view, if jackpots are to continue—and we see no ethical reason why they should not, if they are disciplined—then they should be run under controls like those now applying to totalisator betting, and be subject to the same deductions.

10. We would have them run only if: (a) acceptable conditions of operation, termination, and payment, and possibly other aspects,

were first approved by the Department of Internal Affairs; (b) the amount invested were subject to the same rates of duty as totalisator betting; and (c) the investments were subject to the same club and TAB commissions and levies as doubles betting. If these three conditions are not to be enforced, jackpots should be prohibited.

11. We heard no evidence about the proper conditions of operation of jackpots, and thus cannot express an opinion. When evidence was ended, we intimated to the two Conferences that we thought that they should begin some control without delay. Suggested conditions were then sent us. These are now being considered by the Department of Internal Affairs whose duty we think it is to say whether they are satisfactory.

12. We do not overlook that at least one non-totalisator club runs a jackpot in connection with its equalisator betting. We do not like this. Equalisator betting is intended to be untaxed "low-key" betting, and is justified at that level. The equalisator is not subject to supervision by totalisator inspectors. Jackpots and other devices grafted on to it could lead to large-scale betting calling for Government supervision and taxation.

RECOMMENDATIONS

We recommend that:

- (30) The Government, if requested by the Conferences or the TAB and having consulted the National Racing Authority, consider approving new forms of betting.
- (31) The legislative control of forms of betting on race meetings be continued, and that no new form of betting be authorised unless it is made—
 - (a) subject to the supervision and control of the Department of Internal Affairs;
 - (b) subject to totalisator duty;
 - (c) subject to the payment of the same club and TAB commissions and levies as doubles betting.
- (32) Section 45 of the Gaming Act 1908 be amended to restrict its use to sweepstakes run through equalisators, and that jackpots and any other form of sweepstake (except an equalisator sweepstake) be lawful only if authorised by specific legislation and made subject to the three conditions mentioned in recommendation (31) above.
- (33) Non-totalisator clubs using equalisators be prohibited from running jackpots.

Chapter 19. HORSE RACING— MISCELLANEOUS MATTERS

1. Previous chapters cover most of those horse racing matters raised before us important enough to merit substantial discussion. Some, but not all, of the remaining matters deserve mention and are conveniently dealt with here. Only one of them seems to us to call for a recommendation. They are: admission to racecourses; bracketing of horses on the totalisator; display by the TAB of jockeys' and drivers' names, and weather and track conditions; doping; research on horses; a national stud; barrier and race trials—qualifying systems for horses; transport subsidies; whips and spurs; minimum betting units; incorporation and powers of horse racing bodies; accident insurance and superannuation for jockeys; betting age; and minimum dividends.

ADMISSION TO RACECOURSES

2. Section 33 of the Gaming Act 1908 authorises any racing or trotting club with the approval of the Governor-General to regulate admission to racecourses during a race meeting. Section 7 (2) of the 1949 amendment provides for regulations to prevent the entry to TAB premises of anybody excluded from racecourses.

3. All racing and trotting clubs have adopted standard regulations. These were originally published in 1915. They have been amended from time to time. They exclude from racecourses, while meetings are being held, bookmakers, persons disqualified under the Rules of Racing and of Trotting, and certain other classes of people, including those convicted of an offence under the Crimes Act 1961 and under some of the provisions of the Police Offences Act 1927.

4. The Department of Internal Affairs and the Department of Justice criticised certain consequences of the regulations in their exclusion of people convicted of offences. They said that the regulations excluded more than were really necessary to enable clubs to maintain order, to protect the public, and to keep racing clean. They also said that excluding these people had, in some cases, the effect of a second penalty for their offences. They sought, furthermore, a time limit on the operation of the exclusion. An excluded person if he wishes to attend a race meeting must now apply to the Racing or Trotting Conferences for exemption from the regulations no matter how long ago the offence was committed.

5. At our suggestion, discussions were then held between representatives of the Department of Justice, the Police Department, the Department of Internal Affairs and racecourse inspectors to see if some more acceptable classifications, and a suitable time limit, could be found. We were later told that the Conferences and the Departments had agreed on a basis for new regulations which are now to be drafted and issued. There is thus no need for us to make a recommendation.

BRACKETING OF HORSES ON THE TOTALISATOR

6. In horse racing, bracketing is the coupling of two or more horses under one number on a race card and on the totalisator. The bet is recorded against the number, not the individual horse. Bracketing policies differ between racing and trotting.

7. *Racing*: The Rules of Racing say that the following horses are to be bracketed:

- (a) All horses owned by the same person.
- (b) All horses in which the same person has a joint interest as defined by the Rules, except that a horse leased for the whole of its racing career which is nominated in the name of the lessee during the term of the lease need not be bracketed with any other horse leased from the same breeder, if the President so directs.
- (c) Where the number of starters in a race exceeds the numbers available on the totalisator.

8. *Trotting*: The Rules of Trotting are more stringent. They say that all horses shall be bracketed:

- (a) Which are owned wholly or partly by the same owner.
- (b) Which are trained by the same trainer.
- (c) Which are trained by different trainers in the same stable, unless the stipendiary stewards shall otherwise order, and excepting the case of a visiting trainer temporarily using, for a period not exceeding 2 months, the stable of another trainer.
- (d) Which are owned separately by husband and wife.
- (e) If members of the same family have any interests therein, except in the case of members of the same family having separate households.
- (f) Which the stipendiary stewards order to be bracketed.
- (g) Where the number of starters in a race exceeds the numbers available on the totalisator.

9. The Finlay Royal Commission recommended that the bracketing practices required by the Rules of the Trotting Conference be adopted by the Racing Conference. It said (para. 253):

There is an ineradicable conviction current amongst members of the public that trainers with two horses in a race, if they do not actually know, must have a very fair idea which of the two is the better, and so which of the two is likely to win. It is, in part, this exclusive knowledge which lies at the root of the system of bracketing except insofar as the adoption of that system is rendered necessary by the number of starters exceeding the numbers available on the face of the totalisator. The system finds its justification, too, in that it precludes an owner from securing a personal advantage by arranging which of his horses is to win. That kind of arrangement can equally well be made when horses are trained by the same trainer or are owned by members of the same family all living together, and that contingency should be guarded against by bracketing.

This recommendation was not accepted by the Racing Conference.

10. The Department of Internal Affairs considered that there was little justification for the different policies. It suggested that the practices of the Trotting Conference should be adopted by the Racing Conference.

11. A few submissions from individuals and one from Mr Chadwick speaking for the New Zealand Seamen's Union, also wanted the Trotting Conference's bracketing policy adopted by the Racing Conference. Running through these submissions was the suggestion that trainers with two unbracketed horses could arrange for the lesser-backed to win, to the disadvantage of bettors.

12. The Racing Conference objected to any amendment of its practice. It submitted that there are adequate safeguards against malpractice—most courses have facilities for filming races, and at every meeting stipendiary stewards and assistants are stationed around the course to observe the running.

13. The fact that people have taken the trouble to make submissions on the matter indicates that it is of concern to some of the betting public. But we have no evidence of the extent of such concern. In any event this is one of the matters which a Conference itself should decide. Doubtless the Conferences recognise the need to maintain good public relations and to give adequate consideration to the views and suggestions of organisations and people, including the public, which support the industry. We make no recommendation.

DISPLAY OF HORSE RACING INFORMATION BY THE TAB

14. *Jockeys' and Drivers' Names*: Submissions that the public be notified in advance of jockeys' and drivers' engagements and that

their names be shown on the race lists in TAB agencies were received. One suggestion was that names be posted on TAB race lists 2 hours before the close of betting on the race, and that any change in rider thereafter be made only with the permission of a stipendiary steward. It was alleged that, on occasions, the daily press had indicated that a horse would be ridden by a certain jockey but, before the actual race, the previously nominated rider was replaced by one of greater ability. This it was stated put the off-course bettor at a disadvantage.

15. Another suggestion went even further in recommending that all jockeys and drivers be named by 7.30 p.m. on the day before the races; that horses with undeclared jockeys or drivers be compulsorily withdrawn; that no change of jockey or driver be permitted on the race day; that if the nominated jockey or driver was not available on the race day the horse should not be allowed to start; that no withdrawal should be permitted on a race day except on the advice of a veterinary surgeon and that the reason for it should be published by the stewards.

16. Our attention was drawn to Australian procedures. We were told that in most States the names of riders and drivers have to be posted by 9.30 a.m. on the race day. Any subsequent changes of riders or drivers because of accident, illness, or the like are at the discretion of the stewards, but the rules only permit a replacement of like standing. In other words an apprentice jockey cannot be replaced by a leading rider—he can only be replaced by another apprentice. In Western Australia the names are written in on the race programmes displayed in TAB agencies. Although this is not done yet in other states, the Victorian TAB considers it could be done in doubles races.

17. The TAB however pointed out that under the Rules of Racing jockeys need not be engaged, nor names displayed, earlier than 15 minutes before the start of the race; while under the Rules of Trotting the names of drivers need not be notified earlier than half an hour before the horses enter the birdcage. In these circumstances it was quite impracticable for the Board to name jockeys or drivers in its race lists.

18. We agree that early notification of jockeys and drivers could help off-course bettors, and as there seems to be some demand for this information, we think that the TAB and the Conferences should consider whether it is possible to go some way to meet the wishes of TAB patrons.

19. *Weather and Track Conditions:* Also criticised was the inadequate, and sometimes inaccurate, information supplied in TAB

agencies about weather and track conditions. This again is a matter which should be considered by the TAB and the various racing and trotting clubs with a view to removing criticism.

20. Neither of these matters needs a recommendation from us.

DOPING

21. Doping horses to influence their performances is still a matter of concern in horse racing, but is no longer a major problem. Generally, what we heard leads us to the view that both Conferences have been assiduous in their efforts to eliminate doping and, indeed, all forms of malpractice.

22. The New Zealand Veterinary Association did however suggest that there should be some changes in present procedures which, it claimed, lead to inconsistent and unduly harsh decisions. It recommended that whenever an abnormal substance appeared in a urine or saliva test, the analyst's report should be referred to a screening committee representative of analysts, pharmacologists, and practising veterinary surgeons which could review the technical evidence and consider whether the substance found could affect the performance of a horse and also whether, considering the amount found, performance had in fact been affected. The Committee's advice should then be considered by the Conference concerned before a decision was made to lay a charge. The Association foresaw cases where, because of minimal traces, no charge should be made.

23. The Conferences resisted any suggestion of departing from present procedures, and pointed out that on occasions they do arrange for tests (supplementary to the analyst's) to be carried out by veterinary surgeons before a decision is made to lay a charge. They also argued that public confidence would be lessened if no charge were laid despite the confirmed presence of a drug. The charge usually made under the Rules of Racing and the Rules of Trotting requires the tribunal making the inquiry to find only that a drug, stimulant, or depressant capable of affecting its speed, stamina, courage, or conduct had been given to the horse. There is no requirement to prove that the substance in fact affected performance.

24. The practice of laying this charge, though at first sight a little harsh, is considered by most racing administrators to be necessary if efforts to stamp out doping are to be successful, or at least as successful as they have been in recent years. The requirement that a drug had actually affected performance would bring very considerable difficulties of proof.

25. The proof of the capability of a drug to affect performance is a technical matter to be decided on evidence given by expert witnesses. It is then for the tribunal hearing a charge to decide whether the proof is adequate or not. It is not, we think, for us to say what a tribunal should demand by way of evidence in any particular case. There may however be some value in the view of the Veterinary Association that an opinion on the capability of drugs should be sought from a specialist screening committee before a charge is laid. The Conferences will, no doubt, give consideration to this. We have no recommendation to make.

RESEARCH ON HORSES

26. This matter was raised by several organisations. The New Zealand Thoroughbred Breeders Association submitted that a more intensive equine research programme is essential in the interests of the industry, and suggested, in particular, that attention should be directed to fertility and reproduction, diseases of foals, nutrition, parasitism, and respiratory diseases in young horses. It noted the fact that fertility rates in New Zealand are significantly lower than those in Australia, England, and Ireland. Equine veterinary research is subsidised in some countries, for example, in Ireland it is carried out by the Department of Agriculture and Fisheries, and in England by the Equine Research Station run under the auspices of the Animal Health Trust which receives annual grants from the Betting Levy Board for both equine research and other veterinary research and education. The Association recommended the establishment in New Zealand of a statutory board along the lines of our producer boards, one of whose functions would be to engage in and promote veterinary research and education. It proposed that the board be financed by levies on people in the industry, and by a commission of one-quarter percent on all on- and off-course totalisator turnover.

27. Equine research was also advocated by others. The New Zealand Racing Owners and Trainers Federation saw a need for a research station run with a National Stud, which could either be controlled by a body such as the National Racing Authority or at least helped by annual grants from it. The New Zealand Veterinary Association recommended a research station working in close collaboration with the veterinary faculty at Massey University financed by the Thoroughbred and Trotting Breeders organisations and the Racing and Trotting Conferences, complemented by the Government subsidy sometimes given research institutes.

28. The Faculty of Veterinary Science, Massey University, also favoured the establishment of such a centre, financed by contributions from the industry and a Government subsidy, but said that research could also be put under way by establishing a scholarship or fellowship awarded to a suitable person to work in a named field, or by commissioning, for an agreed fee, research to be done by an individual or an organisation.

29. The Conferences, although accepting the need for equine research, claimed to have been unable to offer any financial support because of lack of money.

30. We agree that marked benefits are to be gained from a more intensive programme of equine research, but we have already said that this should not be financed out of taxation. Whether it should be supported by some contribution from the industry, and if so, to what extent, should be considered by the National Racing Authority and the Conferences when determining the distribution of TAB profits. The present financial situation of clubs does not warrant our recommending that they have contributions imposed on them. We have therefore no recommendation to make.

A NATIONAL STUD

31. This is another matter raised primarily by the Thoroughbred Breeders Association. It submitted that a National Stud under the control of the statutory board they recommended (chapter 14) would greatly increase the quality of the New Zealand thoroughbred, and would bring benefits not only to the breeding industry but also to horse racing generally. It also claimed that because of the prestige such a stud would give to New Zealand horse racing and breeding, the Government should make some contribution. The Government would, it was claimed, gain directly from the taxation on the sale of bloodstock, and indirectly from increased sales overseas. The association saw needs to import high quality stallions from overseas to improve the blood lines, to buy top-class fillies for retention in New Zealand for breeding, and to buy, if necessary, good quality New Zealand bred stallions which otherwise might be sold overseas.

32. The Racing Owners and Trainers Federation believed that "consideration could well be given" to setting up a National Stud either under the control of, or supported by, the controlling body it contemplated.

33. The Racing Conference did not propose a National Stud, but agreed that the breeding industry needed some help. It thought it impracticable to build and sustain a breeding industry solely for an

export market. Breeding must be supported by healthy and vigorous racing activity in New Zealand with stake money sufficient to justify payment of reasonable sums for well-bred bloodstock. It advocated additions to stakes in the form of special awards payable to breeders of winners. It proposed setting up a "Special Purposes Fund" financed by a one-half percent deduction from totalisator turnover. One of the objects of the fund would be to support the breeding industry. The Trotting Conference, too, saw a need for a "Breeding and Special Purposes Fund" to help financially towards the establishment of a National Stud.

34. We think that there is insufficient support at present to justify us recommending a National Stud. There are widely divided opinions about its desirability. Not all breeders favour it. We do however see merit in the Racing Conference's argument for special breeders' awards attached to stake moneys. But that, and indeed all questions of support for the breeding industry by the clubs or Conferences, are matters to be left to the National Racing Authority and the Conferences acting together. We make no recommendation about setting up or supporting a National Stud.

QUALIFYING SYSTEMS FOR HORSES

35. Both racing and trotting run race trials, with different controls and for different purposes. All trotting trials are under the control of the Trotting Conference and are primarily aimed to qualify pacing horses to start at a totalisator meeting. Racing trials, however, are not controlled by the Conference and are primarily aimed at educating horses and apprentice riders. We shall explain that more fully.

36. Some racing clubs, and owners' and breeders' organisations hold non-totalisator meetings consisting of both race trials and barrier trials. Their chief purpose is to give inexperienced jockeys and horses, especially apprentices, experience in circumstances like those of normal race meetings.

37. In race trials horses usually run a specified distance to a finishing post, but there is no obligation to ride the horses out. Although in some districts nothing hinges on the result of race trials, we were told (chapter 16) that in the Auckland and Waikato areas, where there is a surfeit of horses wishing to race, acceptance of nominations in certain classes depends on form shown in these trials. Barrier trials are usually held only for the purpose of educating horses in racing from starting stalls and starting barriers, and do not involve running any specified distance.

38. Jockeys are not paid for riding at these meetings, and as attendance involves expense without a return, some jockeys refuse to attend. But the presence of experienced jockeys is desirable, especially to educate young horses.

39. The Racing Conference said that there was difference of opinion on whether totalisator clubs had to obtain a licence for such meetings under the Race Meetings Act 1909. It wished the position to be made clear by legislation and favoured licensing them so that they could be run under suitable rules. The Jockeys Association agreed that race and barrier trials were an important aspect of the sport, but asked that jockeys riding at these meetings receive fees.

40. These are not matters on which we should have to make any recommendation. We consider, however, that the Conference should consult with the Department of Internal Affairs to define the circumstances in which a licence to hold race or barrier trials is necessary. The Department could no doubt arrange to clarify the situation in the redrafting of the legislation at present taking place. The matter of jockeys' fees for riding at trial meetings is, we think, one for negotiation within the industry itself. We would draw attention to our earlier observation (chapter 16) that there should be some better and more extensive qualifying system in racing.

41. Under the Rules of Trotting horses of the pacing gait must with few exceptions meet a minimum qualifying standard before being eligible to start at a totalisator meeting. The qualifying meetings are usually run by non-totalisator clubs and by owners', trainers' and breeders' organisations. Licences for such meetings are granted under the Race Meetings Act 1909. All meetings must be approved by the Trotting Conference, are run under the Rules of Trotting and are run under race-day conditions. Races for older horses are sometimes included as an added attraction to the public, and to help bring these horses to racing fitness. It is usual to award trophies only, although some clubs put up a penalty-bearing stake.

42. The Wellington Trotting Club asked that such trials be allowed on a Sunday afternoon. The Department of Internal Affairs said that they often receive applications to hold trial meetings from both codes on Sundays, but that these have always been declined. It thinks, however, that ideas of what are acceptable Sunday activities have changed and been liberalised. Entertainments and sports are now held which a few years ago would have aroused strong criticism from a large section of the public. Nevertheless, the Department argues that Sunday racing of any type could lead to pressures for betting facilities by way of equalisator and, perhaps eventually, by way of totalisator, and for this reason it does not want the present policy relaxed. We agree with the Department's view

that those pressures could arise; but they may not. In any event, public attitudes to the appropriateness of betting on Sundays may change as rapidly as other public attitudes have. However, there is at this point of time clearly insufficient demand for Sunday horse racing of any character to justify a recommendation from us.

43. The South Canterbury and North Otago Owners, Trainers, and Breeders Association raised another matter about the trotting qualifying system. The Association recommended that the time trial system be replaced by a "money won" system of qualification at meetings run by registered non-totalisator clubs who should be granted licences unlimited in number. To finance this, such clubs should be allowed to run an on-course totalisator with a 50-cent betting unit, 15 percent commission and no totalisator duty. There would be no off-course betting. The benefits were said to be: the elimination of time trials which are variable because of weather and track conditions; it would lead to better performed and more experienced horses appearing at totalisator meetings; and owners would recover some of their expenses during the qualification period. We see too many disadvantages in this radical proposal to warrant a favourable recommendation.

TRANSPORT SUBSIDIES

44. This is another matter raised during both our formal hearings and our visits to clubs. The New Zealand Horse Transport Operators Association said that the number of clubs offering transport subsidies had increased significantly over recent years, and that that in turn had increased the number of horses carried by owners or trainers in trailers and farm trucks. It seemed, too, that although in some districts the number of horses racing had increased, a larger demand for the services of the specialist transport operator had not come about. Rather it had resulted in some owners or trainers making a profit by carrying other owners' horses which would normally be carried by a licensed transport operator. The Association did not wish to interfere with the right of an owner to transport his own horses, but pointed out that he should not carry horses other than his own, in breach of the Transport Regulations and to the detriment of licensed operators. It recommended that the system adopted by some clubs, whereby subsidies are paid only for horses carried by licensed operators, should be made universal.

45. While we sympathise with the transport operators, these questions are not for us but should be dealt with by negotiation within the industry itself. If the transport regulations are being broken, the attention of the Transport Department should be drawn to it. We make no recommendation.

WHIPS AND SPURS

46. A submission from Mr R. J. Glen asked that whips and spurs should be unconditionally prohibited on the grounds that they inflict unnecessary pain, create fear in horses, and bring discredit on racing and all connected with the sport. It also argued that as stakes grow and monetary considerations become greater, so does the temptation to use whips more often. The Racing Conference, however, claims that the Rules of Racing are stringent about the excessive use of whips, and that only dummy spurs or spurs fitted with a brass roller may now be used. Furthermore the rules prohibit the use of spurs on a 2-year-old horse. The Rules of Trotting restrict the type and length of whips which may be used and prescribe penalties for undue use.

47. It seems to us that the use of whips and spurs is already adequately controlled by the Rules of Racing and the Rules of Trotting. This matter is best left to the Conferences. We make no recommendation.

MINIMUM BETTING UNITS

48. The unit of betting, either on the totalisator or with the TAB, is \$1 for a win or place bet and 50 cents for a doubles bet. Some clubs, while stipulating a minimum of \$1 on the first leg of a double, allow the bet to be converted into two 50-cent units for the second leg (chapter 8). There are no legislative provisions about the size of the betting unit, so the racing, trotting, and TAB administrators are free to make their own rules.

49. In the early days of the totalisator, the unit varied among clubs, gradually becoming standardised at \$2, and later at \$1. During the depression of the early 1930s some clubs had a 50-cent unit, but this innovation was short-lived. Apparently it was felt that the handling of coins and the extra calculations involved made the experiment unpopular with totalisator staff, and tended to reduce the total volume of betting.

50. The Finlay Royal Commission considered the size of minimum betting units and said (para. 271-2):

To insist on all clubs in New Zealand changing over to the 5s. unit would be utterly impracticable under present conditions; nor do we consider such a course either necessary or desirable. At the same time, racing clubs, as holders of a statutory monopoly of the only lawful means of betting, must always have in mind their obligation to meet a reasonable public demand for further totalisator facilities. There are many people, and by no means women alone, who would welcome the provision of 5s. betting, particularly the

spread of the win and place system. It would enable them to back their own fancies instead of making up a 10s. or £1 ticket with others on, as often as not, a compromise choice. There can be no doubt, too, that the absence of a lower unit than 10s. is the cause of considerable amount of silver betting with bookmakers, even the biggest of whom is not averse to handling small sums.

We feel that the 5s. unit might well be given a fresh trial on an experimental scale by some of the major clubs, both racing and trotting, through the medium of a separate manual totalisator. This would leave their existing installations available to cope with the betting on the 10s. unit, which will probably constitute the main volume. We do not recommend that for the present there should be any element of compulsion, but if, as we have elsewhere recommended in this report, a Racecourse Advisory Board is set up, this is a question on which it might, in the light of experimental experience or in the light of further knowledge, report to the Minister. The governing factor must always be not the expense to the club, but the right of the public to have their reasonable requirements met.

Neither Conference adopted the suggestion of an experimental 50-cent unit.

51. The Reid Committee made no recommendation on the submissions it received on the betting unit.

52. Various submissions were made to our inquiry. The Department of Internal Affairs drew comparisons between England and Australia. In the former, the unit for bets on horse racing is generally 4s; in most Australian States 50 cents, but in multiple betting, such as quinellas, often less. In both these countries, however, there are larger town populations, and the totalisator has to compete with bookmakers who rely substantially on a volume of small bets. The Department thought that the Finlay Royal Commission's proposal of a trial period for a reduced amount was a wise one, and recommended that it be adopted. At the same time it raised the social question whether it was desirable that betting be encouraged.

53. The TAB believed that no insuperable difficulty stands in the way of 50-cent units for win and place betting. Costs might increase, but mechanisation could lessen these. However, the Board fairly made the point that if increased attendances at race meetings and consequent larger on-course turnovers are primary aims, it would not be sensible for it to work a 50-cent betting unit while clubs retained a \$1 unit. From this submission we drew the inference that the Board considered that a reduction in the size of its unit could increase TAB turnover.

54. The Conferences, however, want the minimum unit to remain at \$1. They base their opposition to change on the cost factor:

totalisator machinery would need to be converted or new machinery obtained, and additional selling points and staff would be needed. Some clubs could not meet such extra overheads.

55. We see no social merit in stimulating betting, but on the other hand, we are not called upon to make an ethical judgment here. If increased turnover be accepted as a proper aim, then we feel that the opposition to change so apparent in this country is not necessarily right. Overseas experience supports change to a smaller unit. Racing administrators and people concerned with betting organisations in other countries more readily accept the viewpoint that very many people like to bet regularly in small amounts. People acquire a pattern of regular betting—for example, the small bet of the housewife on the way to the corner grocery—and this creates a volume of betting which more than offsets the extra costs.

56. We do not wish to make any recommendation about this matter. No case was made to us in the interests of the public which would support a firm recommendation for reducing the minimum unit of betting. But we think, as the Finlay Royal Commission plainly thought, that horse racing administrators could well take a less rigid view, and that experimentation with smaller units could be advantageous.

INCORPORATION AND POWERS OF HORSE RACING BODIES

57. The Registrar of Incorporated Societies raised two legal issues, thus:

- (a) The Incorporated Societies Act 1908 as at present drawn no longer allows racing and trotting clubs to be incorporated under it, and those clubs which were, may now be in a position where their basic functions and objects are *ultra vires*.
- (b) The Act in its present form is not appropriately drawn to provide the checks and balances needed to properly regulate racing clubs, or to prevent, or provide remedies for, any abuse of their powers.

58. In support of his opinion that not every association is entitled to take advantage of the Act, the Registrar referred in particular to s. 4 (1) of the Act which reads:

Any society consisting of not less than fifteen persons associated for any lawful purpose but not for pecuniary gain may, on application being made to the Registrar in accordance with this Act, become incorporated as a society under this Act.

and to, s. 5 (c) which states in effect that persons shall not be deemed to be associated for pecuniary gain if they form a society established for the protection or regulation of some trade, business, industry, or calling in which the members are interested, provided such society does not itself engage in that trade, business, industry, or calling.

59. His challenge to the right of racing and trotting clubs to registration under the Act was founded on the propositions: (a) that some concessions in the way of free admission to members' car parks and racecourses amount to pecuniary gain within the meaning of the Act; (b) that racing and trotting have developed from a sport into an industry, therefore clubs are engaged in an industry and this excludes them from registration under s. 5 (c) of the Act.

60. Turning then to his second point the Registrar said:

... the Incorporated Societies Act does not provide the checks and balances which the power they wield and their position in the community appear to warrant. Racing clubs and trotting clubs can no longer be regarded as private associations into the activities of which no outsider has any right to pry. Their nature is more that of a public organisation owing duties to and demanding responsibilities of the public at large. This is in some degree reflected in the clubs' attitude that they are the public's trustees and guardians in matters relating to racing. Little objection would be expected to such a view. As public organisations, however, racing clubs have a degree of responsibility which cannot be assured by registration under the Incorporated Societies Act.

61. Finally the Registrar referred to the absence of statutory authority for the two Conferences to make rules binding clubs and organisations of people participating in the industry. The Registrar did not question the need for the powers and authorities which they claim. He agreed that these are necessary for the proper control of racing and the prevention of malpractice. But he questioned the right of any private body to take power to exact fines and to deprive persons of their livelihood or to restrict the liberty of the citizens of the State. He said:

These matters are in my view the prerogative of the State or those to whom the State elects to delegate such authority. It is suggested that power along these lines cannot be acquired by usage or by the consent of all those who at any time are concerned or interested in racing.

62. The Registrar concluded a lengthy submission by saying:

1. That the Incorporated Societies Act is an ill fashioned vehicle for the properly expectable control of racing and clubs and that there should on that account be a special act providing for the constitution, powers and incorporation of racing and trotting clubs.
2. That the jurisdiction and hearing procedures of the Rules of both trotting and racing and the legislative powers of the Conferences of both codes be defined by an appropriate statute.

63. *Conclusions*: The points raised by the Registrar are important ones but they are legal issues which are not for us to decide. But as they come from such a highly qualified and experienced Government official, they surely call for careful consideration by those responsible for the constitutions of the two Conferences and the clubs, who will now, we imagine, seek the help of their legal advisers. If as a result they are satisfied that the points raised by the Registrar need attention, they will no doubt take all necessary steps, including the promotion of desirable legislation. It is not for us to advise them what they should do.

ACCIDENT INSURANCE AND SUPERANNUATION FOR JOCKEYS

64. The New Zealand Jockeys Association complained that the present arrangements for compensation for death or injury in the course of their riding engagements, and the absence of any scheme for superannuation on retirement, leave them, as a class, inadequately protected. They ask that we recommend some better financial support in these two particulars.

65. *Accident Insurance*: Jockeys are usually, *vis-à-vis* owners, independent contractors, and consequently do not have the protection of the Workers Compensation Act 1956. The Racing Conference has sought, however, to meet the situation by setting up the General Trust Fund which we have described in chapter 9. But compensation from that fund is paid only for injuries sustained "in the course of managing, training, riding, and care of race horses in training". Jockeys claim that their work, and that of stable hands, is so varied that it is often difficult to determine whether they are covered for any specific occasion. They also believe that the amounts paid for death or serious incapacity are inadequate in modern terms, and lead to hardship.

66. *Superannuation*: There is no superannuation scheme for jockeys. The Association wishes to have one set up, and said:

The jockey enters the industry as an apprentice when he leaves school at 15 and it is accepted by most authorities including the Insurance Companies from whom quotes have been sought that the age of 45 seems the age of termination of the jockey's career. With the increased general health and welfare of the New Zealand community, weight, choice and accident intervene in this period often to interrupt a career of a jockey. With no other training at his command he often finds himself at an age where the acquisition of a new trade is difficult, flung upon the labour market with only those financial resources which he has been able to save out of his tax paid income. There has been in the past no provision whatsoever within the industry for a superannuation fund for jockeys equivalent to that which is a matter of right in most other industries.

67. The Racing Conference agrees that some form of superannuation is needed, and estimates the cost at around \$25,000 a year. It sees difficulty in finding such an amount.

68. *Conclusions*: The General Trust Fund is unquestionably of considerable value to jockeys and their dependents, but we agree with the criticisms of the scheme, and we doubt whether the cover it gives is either inclusive or substantial enough. We agree, too, that some form of superannuation for jockeys is highly desirable. But we told both the Racing Conference and the Jockeys Association that before we could make a firm recommendation we would need to be given more definite proposals about risks to be covered and costs involved. Apart from some very tentative estimates of cost, these have not been given us. We therefore cannot decide the practicalities of the matter.

69. Moreover, we think the problem should not be considered in relation to jockeys alone. It seems to us that it may extend to other sections of the industry, and that it should be looked at by the proposed National Racing Authority which could take the matter up with the two Conferences.

70. And finally, if the Government implements the report of the Royal Commission on Compensation for Personal Injury in New Zealand presided over by the Hon. Mr Justice Woodhouse (which is at present being considered by a Parliamentary Committee), the situation of such independent contractors as jockeys may be changed materially. For these different reasons we consider that we should do no more than note the situation and hope that it will have the attention of the National Racing Authority and the two Conferences.

BETTING AGE

71. Section 8, Gaming Amendment Act 1910 makes it an offence for people under the age of 21 years to bet on the totalisator. Section 8A (1) of the 1949 Amendment applies similar provisions to betting at TAB agencies. Section 67 of the 1908 Act prescribes the penalties for betting with an infant, and for selling totalisator tickets to an infant.

72. *Trotting Conference Submissions*: The Trotting Conference argued that as recent legislation allowed 20-year-olds to vote at parliamentary elections, and to enter and drink on licensed premises, they should be allowed to bet on the totalisator either on-course or off-course. The Conference said that a person considered responsible and mature enough for voting and drinking should be able to make a legal bet. It supplied the following table showing the age minima for betting, drinking, and voting in six States of Australia:

Table 23

State	Betting	Drinking	Voting
Victoria	18	18	18
New South Wales	21	18	21
South Australia	21	21	21
Tasmania	18	20	21
Queensland	21	21	21
Western Australia	21	21	21

73. *The Department of Internal Affairs Submission:* The Department told us that it had received a request from the combined committee of the Racing and Trotting Conferences to seek an amendment of the legislation lowering the permissible betting age. It said:

Control over persons under the age of 21 years can be, and is, exercised far less today than when the philosophy behind the age restriction imposed in the Gaming Act was established.

Until comparatively recently, attaining the age of 21 was of particular significance in a person's life entitling him as it did to vote, to drink on licensed premises, to marry without parental consent and to enter into contracts.

Today society questions 21 years of age as being an appropriate age for the achievement of legal capacity in a number of fields. In New Zealand, as in other countries, there is a general trend for the age at which legal capacity is achieved, to be lowered. In Great Britain a person 18 years of age may now vote, marry without parental consent, drink on licensed premises, and place bets. Recent legislation enacted in New Zealand lowered the voting and drinking age to 20. People suggest that if 20-year-olds may vote at Parliamentary elections and drink on licensed premises they should be able legally to place bets.

The precise age at which legal capacity for various purposes should be achieved is a debatable one and it may be considered that the age at which a person may legally bet is not necessarily connected with the age at which he may vote or drink.

The Department is not aware of Government policy on this issue, but considers that a good case could now be made for reducing the betting age from 21 to at least 20, and possibly 18.

74. *Conclusion:* We agree with the views expressed by the Trotting Conference and the Department of Internal Affairs that the age at which a person may legally bet on horse racing should be reduced. To what age is a matter of opinion, but we think it would be appropriate to fix this at 20 years—the same as for voting and drinking. It could even be less.

RECOMMENDATION

We recommend that:

- (34) The legislation be amended to allow persons 20 years and over to bet on horse racing and on greyhound racing if betting facilities are given that sport.

MINIMUM DIVIDENDS

75. Where one horse is heavily backed compared with others in a race, it can happen that the dividend declared on that horse is less than the unit of investment. The return from an investment of \$1 may be, say, only 80 cents. This applies especially in place betting when the pool is divided among three horses, or more in the event of a deadheat or a division race. It also happens occasionally, but rarely, with win betting.

76. *The Department of Internal Affairs Submission:* The Department of Internal Affairs said that in the past few years some bettors and newspapers had agitated for a system which would ensure to the bettor at least the amount of his bet on any dividend-paying horse. Various suggestions had been made to the Department on how this should be done. Some asked that the Government forgo sufficient duty to enable such a dividend to be paid. The Department did not favour this, as in its opinion the effect would be a subsidy to bettors at the expense of the general taxpayer. Others suggested that clubs should make up the difference from fractions and from their share of TAB profits. Still others suggested changes in the method of calculating the dividend, saying that enough to return the bettor the amount of his investment should be taken first from the pool, the balance to be distributed as dividends in the normal way. The Department did not like either of these proposals for the following reasons: dividends could not be accurately displayed during betting; bettors would have little indication of the probable dividends; backers of horses paying long odds would have their dividends reduced to subsidise those who bet on the strong favourites.

77. The Department drew our attention to the fact that minimum dividends were paid in some States of Australia from fractions and other sources, but with safeguards to prevent abuse. It concluded:

Investors in New Zealand pride themselves on their knowledge of racing. Most are aware in advance of which horses are likely to be the favourite. No doubt many people invest on a horse because it is a "certainty" but there seems to be little justification for expecting

the Government or the industry to subsidise those who insist on investing on a horse even though they may be aware that it is unlikely to return the full investment if it is placed.

In view of the difficulties involved the Department does not favour any departure from the present system.

78. *Other Submissions:* Although this matter was mentioned to us several times by club officials and others during our visits to race-courses, only two submissions were received. Both of these made suggestions which have already been described in the submission of the Department of Internal Affairs.

79. *Conclusions:* Course betting-indicators give on-course bettors a reasonably accurate indication of the dividends payable on each horse. They show the variations as betting progresses. The on-course bettor can bet with a reasonable knowledge of the dividends likely to be paid. The off-course bettor is in a more difficult position. He has no guide to the likely dividends other than his own assessment from the extent a horse is favoured or "written up" in the newspapers or racing guides.

80. In the absence of any strong criticism of the present system of calculating dividends, and as its merits or demerits were not debated at any length in submissions, we conclude that while there is some dissatisfaction it is not sufficiently widespread to call for change. The possibility of receiving a dividend less than the unit bet is one of the risks the backers of strong favourites take. We do not recommend any change in the present system of calculating dividends.

PART IV

In this part, which comprises chapter 20, we consider item 1 (e) of our Warrant, "The desirability or otherwise of granting betting facilities for dog racing similar, either in whole or in part, to those authorised for horse racing and trotting".

Chapter 20. GREYHOUND RACING

HISTORICAL

1. Settlers from England and Ireland in the early days of the Colony brought racing hounds with them, and coursing matches are recorded from the mid nineteenth century. The first major attempt at organised racing was made in the South Island, so we were told, about 1890. Thereafter the sport developed rapidly and attracted bookmaker betting. The 1920 amendment to the gaming laws made bookmaking illegal and seriously depressed attendances, and the 1949 Amendment to the Gaming Act made things even more difficult by making all betting at a greyhound meeting illegal.

2. Meanwhile in England, Ireland, the United States, and Australia, where patrons can place bets, the sport has grown steadily more popular, attracting large betting turnovers, especially after the mechanical hare was developed.

3. In Victoria and New South Wales there are greyhound races on more than one evening each week, and the sport has grown immensely from the relatively minor and not altogether honest activity it was often considered to be in the recent past. During our visit to Australia we attended some greyhound races and spoke with many of the sport's officials. We gained the impression that greyhound racing is run most efficiently, with great care taken to make it a clean sport. State Government and TAB officials confirmed our impression.

4. In Australia, totalisator licences and TAB services are provided for greyhound racing in very much the same manner as they are for horse racing. In Victoria in 1968-69, greyhound betting turnover with on- and off-course totalisators and through bookmakers was \$54 $\frac{1}{4}$ million. In the same year in New South Wales, the TAB off-course turnover alone amounted to \$36 million, representing over 18 percent of all off-course turnover, a higher figure than that reached by trotting. Proportionately high figures for on-course totalisator and bookmaking investments were also recorded. In both states the figures show that betting on greyhound racing is climbing at a higher rate than that of either of the horse racing codes. Australian greyhound organisations are prepared to send experienced administrators to New Zealand to help local officials run totalisator meetings similar to those in Australia, if and when totalisator licences are available.

5. However, in New Zealand, the sport has been very much the poor relation of racing and trotting. Being convinced that it could never progress unless it received betting facilities, it sought from the Finlay Royal Commission a recommendation that totalisator licences be granted it. That Commission was firm in its refusal, saying that horse racing in its two forms gave enough gambling opportunities, and that any extension was unnecessary and undesirable. Those interested in greyhound racing had unfortunately "arrived on the scene too late", and in the Commission's view the mere fact that they were late was "decisive".

6. Those concerned with the sport did not take this lying down. They have twice since petitioned Parliament. The first petition in 1966, supported by 3,280 signatures, was promoted by Mr G. I. Reddaway who gave evidence before us. It sought totalisator licences but not TAB facilities. The Parliamentary Petitions Committee had no recommendation to make. In 1968 a new petition signed by 16,155 petitioners asked for the right to use equalisators, not totalisators. Mr Reddaway was again spokesman for the petitioners. He assured the Committee that at least 1 year's experience with the administration and organisation of equalisators would be undertaken before greyhound racing would even contemplate seeking a totalisator licence. His view was that probably 2 or 3 years' experience would be better to equip the sport to run totalisators. He gave the further assurance that not for at least 10 years would the sport seek off-course betting through the TAB organisation. He also assured the Committee that any betting on greyhound racing would not clash with nearby galloping or trotting meetings. The Parliamentary Committee reported the petition back to the House for "favourable consideration" but no action was taken on it. No doubt, the Government felt that action should await our findings. We have been told that the agitation for betting facilities for greyhound racing was one of the factors leading to our appointment.

7. There are, at the moment, only three greyhound racing clubs operating in New Zealand. There were 14 some years ago. The present three are the Auckland Greyhound Racing Club, which owns a property at Kumeu some 20 miles out of Auckland, and races on Sunday afternoons; the Inglewood Greyhound Racing Club which also owns its own property in Inglewood and races there; and the Christchurch Greyhound Racing Club which leases a few acres in Marshlands, Christchurch, and races on Sunday afternoons. We were told that there are some other associations about to be formed. The rules of the New Zealand Greyhound Racing Association Inc., to which clubs are affiliated, control greyhound racing. Senior officials of this body gave evidence before us.

THE CASE FOR GREYHOUND RACING

8. The case originally presented to us asked for totalisator licences, and was built on three arguments: that the reasons on which the Finlay Royal Commission based its refusal are no longer valid; that greyhound racing is widely supported by public demand; and that over the years the sport has been unjustly treated compared with racing and trotting.

9. Though the application for immediate totalisator licences was eventually abandoned in favour of immediate equalisator facilities (with totalisator later), we shall state our views about the three original arguments.

10. First, we agree that in the present situation there is little weight in the reasons advanced by the Finlay Royal Commission for its refusal of betting facilities to greyhound racing. It may well be that that Commission thought that there were sufficient gambling opportunities in existence in 1947, but their recommendations, which led to the institution of the TAB off-course system, have in fact produced a very considerable growth both in facilities and the amount of betting. In any event since 1947 Government policy has been not to restrict rigidly avenues of gambling.

11. Second, the extent of current public support of this sport is doubtful. We received no evidence other than the signatures to the two petitions to Parliament. However, we think it probable that greyhound followers want to bet on their sport. Furthermore, greyhound racing has some appeal which horse racing does not possess, especially the lower cost to owners. Compared with the cost of training and racing a thoroughbred, or even a standard bred horse, the expenses associated with greyhound racing are quite small. Thus people can participate who could not afford to race horses. The dog is usually brought up at the owner's house, as part of the domestic scene, the owner being the trainer. This creates interest widely within family circles. We believe that there is some, but an indefinite, demand for gaming facilities and that as these are given, interest in this sport would grow.

12. Third, we think the sport has in the past been treated comparatively unjustly, and its request for betting facilities opposed by horse racing interests with somewhat inconsistent reasoning. Horse racing has sought extension of its own totalisator licences while arguing that a similar extension to greyhound racing could damage turnovers.

13. At the present hearing, none of the horse racing bodies wished to object to the use of equalisators by greyhound racing clubs. Indeed, the two Conferences went further and said that if and when

greyhound racing could show itself financially and administratively competent to operate totalisators, an application for licences should be favourably considered. At this point, counsel for the New Zealand Greyhound Racing Association and for the three clubs intimated that his clients would be satisfied with such a situation—they would not press for immediate totalisator licences and would be satisfied by the use of equalisators by those clubs able to provide suitable facilities, so long as greyhound racing could feel reasonably sure that when it was able to prove the necessary financial and administrative qualifications, totalisator licences would be granted. He conceded that such an evolution, with time for experience and administrative structure to grow, was desirable.

14. The Department of Internal Affairs was also of the same view. However, we must state our conclusions independently, in spite of the general agreement.

CONCLUSIONS

15. We favour the granting of some betting facilities to greyhound racing. At the same time we are satisfied that the sport has not reached the stage of development where totalisator licences can immediately be justified. It has quite a way to go. The case presented to us on behalf of the sport convinced us that its present administrative experience and competence, despite the very admirable enthusiasm and work of men who have fought against great odds for years, is insufficient to produce the sophisticated management and expertise which totalisator operations demand. Not all the present office-holders of the New Zealand Greyhound Racing Association accept this. They believe that the necessary financial arrangements can be made, and the necessary administrative competence supplied. But other men prominent in the sport, for example, Mr Reddaway and Mr John Blakeley, Jun., took much the same view as the Department of Internal Affairs.

16. The Secretary for Internal Affairs said:

The Department's main reservations on the question of granting betting facilities to dog-racing are in respect of the capacity of the administrative structure and finances of this sport to undertake satisfactorily the regulatory and disciplinary function that would be involved, and to ensure the provision and maintenance of public amenities of an adequate standard.

It is possible that these reservations to some extent stem from the Department's admittedly rather limited knowledge of the administration, finances and physical assets of dog-racing.

It is possible that evidence may be presented to the Commission that would give satisfactory reassurance on the points about which the Department at present has the reservations expressed above. If

this proved to be the case, I would see no objection from the viewpoints of ethics, incidence of total gambling or possible effect on racing and trotting, to the extension of limited betting facilities to dog racing.

The Department considers that in the first instance any such betting facilities should be restricted to the use of the equalisator system, the possible later use of the totalisator to be the subject of further investigation at the end of an adequate experimental and developmental period.

As a protection for the public interest, the Department believes that use of the equalisator should be restricted to meetings conducted by clubs that are registered under the rules of the New Zealand Greyhound Association and that are licensed under legislation similar to the legislation that at present applies to non-totalisator racing and trotting clubs. Before conducting meetings, the latter clubs must apply to the Minister of Internal Affairs for a licence issuable at his discretion under the Race Meetings Act 1909.

17. We agree completely with the Department's summation. We favour the immediate grant of equalisator facilities. These could be granted subject to the Department's being satisfied with the conditions under which the licences are to operate. The Race Meetings Act 1909 could be amended to make a licence issued by the Minister under that Act obligatory. The sport is no doubt aware that, as long as public attitudes to Sunday gambling remain as they are, having betting facilities will entail that meetings at which betting takes place cannot be held on Sundays.

18. At the same time we believe that if and when the sport is able to show that it can make all necessary financial arrangements to operate totalisators, and has an administrative structure of sufficient depth, quality and experience, totalisator licences should follow, bringing with them the same taxation and the same commission deductions as in horse racing. If our earlier recommendation to establish a National Racing Authority is accepted, then the greyhound racing organisation should be free at appropriate times to ask the Authority to recommend to the Government that totalisator licences be made available to the sport. We hope that our statement that *now* is not the time, will not be used merely to obstruct progress towards totalisator operations. As we have said, we feel that in common justice it should have a chance at the proper time to show that it is fitted for them. The number of licences, the days and terms on which they might operate, cannot be determined in advance. We do not favour the suggestion of Mr Blakeley Jun. that we should now recommend a specific number of licences to be held by the Minister unissued until the time is ripe to issue them. Numbers and terms must be controlled by the circumstances at the time of issue.

19. The rules of the different greyhound racing clubs, and the New Zealand body will need professional scrutiny and amendment to cope with betting facilities. So also will the gaming legislation. For example, the provision of s. 6 of the Gaming Amendment Act 1924 dealing with the ownership of the assets of clubs and their distribution on winding-up, should be extended to greyhound racing clubs having betting facilities.

20. Implications of one part of the evidence worried us. The Auckland Greyhound Racing Club said it intended to upgrade its course at Kumeu with public amenities like stands, toilets, bars, etc. We understood that other present or proposed clubs might have similar intentions for properties owned or leased by them. Such tendencies to spend large amounts on buildings, tracks, or facilities for further animal racing in New Zealand must be discouraged. The aim should be to use present facilities for more than one activity, as racing and trotting do when they share a course. In Australia, greyhound racing and trotting operate most successfully in this way, a development which should be fostered in New Zealand. We hope that the National Racing Authority will take this view. We do not overlook that the Christchurch Greyhound Racing Club's delegate spoke of a possible arrangement with the Canterbury Agricultural and Pastoral Association for the use of the Christchurch Showgrounds, but here again the evidence lacked detail.

21. It will be observed that we have used the term "greyhound racing" instead of "dog racing". We were told that, though other breeds besides greyhounds were once raced, present racing is confined to greyhounds. The administrators of the sport prefer the term "greyhound racing", which seems to us far more suitable.

RECOMMENDATIONS

We recommend that:

- (35) Betting facilities in the form of equalisators be given greyhound racing now, provided—
 - (a) that a club wishing to use an equalisator first obtains a licence issued by the Minister under the Race Meetings Act 1909 or some other appropriate statute;
 - (b) that before a licence is issued, the Department of Internal Affairs be required to report to the Minister on the club's financial and administrative capacity to operate an equalisator;

(c) that licences be restricted to meetings conducted by clubs registered with the New Zealand Greyhound Racing Association (Inc.).

(36) When the Minister, after receiving the recommendations of the National Racing Authority, is satisfied that greyhound racing clubs have the administrative and financial capacity to operate totalisators, licences for totalisators be granted under the same terms and conditions as are then applying to horse racing clubs.

(37) In official documents the term "greyhound racing" be used instead of "dog racing".

PART V

Part V assembles our recommendations, and gives our concluding remarks.

ASSEMBLY OF RECOMMENDATIONS

We assemble here the recommendations we make in the course of our report in the order in which they appear:

Chapter 13. THE FINANCES OF THE RACING AND TROTTING INDUSTRY

- (1) (a) The rate of duty on all betting including special doubles and overseas betting be reduced by one-half percent.
(b) A Stakes Subsidy Fund be established by a levy of one-half percent on all betting including special doubles and overseas betting.
(c) The amount produced by this levy be paid to the National Racing Authority proposed in chapter 14 without liability for income tax, and administered by it in the manner we have suggested in paragraph 88 in chapter 13 (p. 122).
- (2) (a) The TAB be authorised to retain from its annual profits, without liability for income tax, and for as long as is reasonably necessary, the equivalent of up to one-half percent of the off-course turnover including special doubles and overseas betting, to establish a fund for the further development of the TAB, and for the repayment of moneys borrowed from clubs.
(b) This fund be administered by the TAB in a separate capital account (p. 123).
- (3) (a) Fractions and unclaimed dividends be paid by clubs and TAB to the Government.
(b) Club and TAB commission be increased by one percent to compensate for this loss of revenue (p. 123).
- (4) The Half Percent Amenities Levy on all investments on the totalisator continue on a permanent basis providing its administration be in the hands of the National Racing Authority (p. 123).
- (5) The TAB continue to receive the additional one-half percent commission on special doubles and overseas betting where the TAB operates its own pool (p. 123).
- (6) The deductions from betting to give effect to the above recommendation be fixed by legislation at (p. 123):

	On-course	Off-course	
		Through Totalisator	TAB Pool
	%	%	%
<i>Club and TAB Commission—</i>			
Win and Place	8.50	8.50	9.00
Doubles	11.18	11.18	11.68
Amenities Levy	0.50	0.50	..
Stakes Subsidy Levy	0.50	0.50	0.50
Duty	7.82	7.82	7.82
<i>Totals—</i>			
Win and Place	17.32	17.32	17.32
Doubles	20.00	20.00	20.00

NOTE: The above duties should continue to be subject to a rebate equal to 2½ percent on the first \$100,000 of totalisator turnover with a maximum of \$2,500 to any one club.

- (7) Non-totalisator clubs registered in accordance with the rules of the New Zealand Racing Conference or the New Zealand Trotting Conference be authorised to deduct, by way of commission, an amount not exceeding 15 percent from investments on equalisators run by them (p. 124).
- (8) The National Racing Authority undertake, in co-operation with all organisations and sectors of the industry likely to be affected, an investigation of the possible effects of Government taxation being levied on off-course turnover only, and of clubs not receiving any share of TAB profits, but relying on commissions at increased rates on on-course turnover (p. 124).

Chapter 14. THE STRUCTURE OF THE RACING AND TROTTING INDUSTRY

- (9) A National Racing Authority be constituted by legislation (p. 147).
- (10) The functions of the Authority be defined by legislation and include:
 - (a) the promotion of the stability of the industry;
 - (b) the maintenance of the economic well-being of those organisations and people who make their livings from it;

- (c) the control of any stakes subsidy fund;
 - (d) the control of the Half Percent Amenities Fund;
 - (e) at the request of the Minister, reporting to and advising him on any matters needing his approval or decision (p. 147).
- (11) The powers of the Authority be:
- (a) *Advisory*
 - (i) To examine and make recommendations to the Minister from time to time about the total number of totalisator licences needed, such recommendations to be made only after consulting with and receiving submissions from the two Conferences.
 - (ii) To examine and make recommendations to the Minister from time to time:
 - (a) as to the distribution of available totalisator licences between the two codes;
 - (b) as to the allocation to particular clubs in both codes of the available licences; and
 - (c) as to the particular days on which each licence might be used.
 (All these recommendations to be made only after consultation with, and/or receipt of submissions from the two Conferences.)
 - (iii) To advise the Minister in the exercise of his power (under s. 6 of the Gaming Amendment Act 1924) to approve the disposal of assets of clubs that have been dissolved.
 - (iv) To advise the Minister in the exercise of his authority (under s. 4 of the Race Meetings Act 1909) to grant or refuse applications to conduct non-totalisator horse races.
 - (v) To consider and report on any matter or proposed amendment of legislation referred to it by the Minister.
 - (vi) To report to the Minister on applications by clubs registered with the N.Z. Greyhound Racing Association for licences to operate equalisator or totalisator facilities on greyhound races.
 - (b) *Executive*
 - (i) To determine from time to time (having first received submissions from the two Conferences) the scheme according to which profits made available by the TAB are to be divided between the two

horse racing codes and among the clubs of each code, and in due course to distribute those moneys in accordance with that scheme.

- (ii) To administer the Half Percent Amenities Fund after first receiving submissions from the two Conferences.
- (iii) To administer any stakes subsidy fund.
- (iv) To receive submissions touching the operation and welfare of the industry from any organisation representing groups within the industry.

(c) *Appellate*

To hear disputes arising between the Conferences of the two codes as to any matter within the Authority's jurisdiction arising at any level—club, district or conference—where a judicial solution is desirable (p. 147).

- (12) The Authority be housed and serviced by the TAB organisation and that its administration be a charge on the revenue of that body (p. 149).
- (13) The Authority be authorised to pay honoraria and travelling expenses to members, subject to the approval of rates by the Minister (p. 149).
- (14) The membership of the Authority be:
 - (a) a chairman appointed by the Minister of Internal Affairs after consultation with the Racing and Trotting Conferences;
 - (b) one member appointed by the Minister on the nomination of the New Zealand Racing Conference;
 - (c) one member appointed by the Minister on the nomination of the New Zealand Trotting Conference;
 - (d) one member selected by the Minister from a panel nominated by the present breeders', owners' and trainers' organisations;
 - (e) the Secretary for Internal Affairs (p. 149).
- (15) The Racing Conference re-examine in the light of anticipated changes the Reid Committee's proposal for the appointment of a General Manager of Racing (p. 157).

Chapter 15. REGIONALISATION OF RACECOURSES

- (16) The National Racing Authority and the Conferences take all necessary steps to induce progressively and reasonably quickly regionalisation along the lines set out in para. 42 to 86 in chapter 15 (p. 178).

Chapter 16. TOTALISATOR LICENCES AND THE ALLOCATION OF RACING DATES

- (17) Until such time as the National Racing Authority is authorised to fix the total annual number of totalisator licences which may be issued under the Gaming Act or other relevant legislation, the Minister be empowered from time to time to fix the number by Order in Council (p. 200).
- (18) So long as the Minister retains the power to issue licences to particular clubs, the National Racing Authority be given the duty of advising him concerning the appropriate total number, its distribution between codes and among clubs within each code, and concerning the allocation of the actual dates upon which such licences may be used. (See also recommendation 16.) (p. 200).
- (19) In advising the Minister concerning changes needed from time to time in the total number of licences or the distribution of licences, the Authority should take into account desirable redistributions of existing licences (p. 200).
- (20) The racing licences annually authorised for clubs on the West Coast of the South Island be reduced from 12 to 9 (p. 200).
- (21) The total number of totalisator licences issued annually to racing be increased from 271 to 280 (p. 200).
- (22) The trotting licences annually authorised for clubs on the West Coast of the South Island be reduced from 8 to 6 (p. 200).
- (23) The number of totalisator licences issued annually to trotting be increased from 133 to 145 (p. 200).

Chapter 17. OFF-COURSE BETTING—ADMINISTRATION AND CONTROL

- (24) The present membership of the Totalisator Agency Board be amended by legislation to provide for:
- a chairman appointed by the Minister;
 - one member appointed by the Minister on the nomination of the New Zealand Racing Conference;
 - one member appointed by the Minister on the nomination of the New Zealand Trotting Conference;
 - one member appointed by the Minister for his administrative and business ability; and
 - the Secretary to the Treasury (p. 209).
- (25) The new Board have the same powers, duties and responsibilities provided by legislation for the present Board, except those relating to the division of the profits declared available for distribution (p. 209).

- (26) Until the National Racing Authority is able to decide the questions involved, the profits of the TAB available for distribution be distributed (a) as between the two codes, in the ratio which that code's combined on- and off-course turnover bears to the total on- and off-course turnovers of both codes, and, (b) as between the clubs in a code, in such manner as the Conference of the particular code decides its code's share should be divided (p. 219).
- (27) To test the social effects, the scheme be amended to authorise the TAB to pay dividends on the day they are won, for a set trial period (p. 221).
- (28) The gaming legislation be amended to provide that the consent of the Minister is needed before an established agency is closed or moved beyond a stated distance (p. 226).
- (29) No alteration be made at this stage to the present Government direction on the separation of totalisator agency premises from those used for other purposes (p. 228).

Chapter 18. CHANGES IN BETTING FORMS

- (30) The Government, if requested by the Conferences or the TAB and having consulted the National Racing Authority, consider approving new forms of betting (p. 231).
- (31) The legislative control of forms of betting on race meetings be continued, and that no new form of betting be authorised unless it is made—
- (a) subject to the supervision and control of the Department of Internal Affairs;
 - (b) subject to totalisator duty;
 - (c) subject to the payment of the same club and TAB commissions and levies as doubles betting (p. 231).
- (32) Section 45 of the Gaming Act 1908 be amended to restrict its use to sweepstakes run through equalisators, and that jackpots and any other form of sweepstake (except an equalisator sweepstake) be lawful only if authorised by specific legislation and made subject to the three conditions mentioned in recommendation (31) above (p. 231).
- (33) Non-totalisator clubs using equalisators be prohibited from running jackpots (p. 231).

Chapter 19. HORSE RACING—MISCELLANEOUS MATTERS

- (34) The legislation be amended to allow persons 20 years and over to bet on horse racing and on greyhound racing if betting facilities are given that sport (p. 249).

Chapter 20. GREYHOUND RACING

- (35) Betting facilities in the form of equalisators be given greyhound racing now, provided—
- (a) that a club wishing to use an equalisator first obtains a licence issued by the Minister under the Race Meetings Act 1909 or some other appropriate statute;
 - (b) that before a licence is issued, the Department of Internal Affairs be required to report to the Minister on the club's financial and administrative capacity to operate an equalisator;
 - (c) that licences be restricted to meetings conducted by clubs registered with the New Zealand Greyhound Racing Association (Inc.) (p. 257).
- (36) When the Minister, after receiving the recommendations of the National Racing Authority, is satisfied that greyhound racing clubs have the administrative and financial capacity to operate totalisators, licences for totalisators be granted under the same terms and conditions as are then applying to horse racing clubs (p. 258).
- (37) In official documents the term "greyhound racing" be used instead of "dog racing" (p. 258).

LEGISLATIVE AMENDMENTS

It is not uncommon for a Royal Commission in its report to draw attention to specific sections of existing legislation which will need amendment if its recommendations are accepted. Some have gone further and drafted desirable changes. We are saved from any obligation to do either of these things by the circumstances that the whole of the gaming legislation is, as we said earlier, already in the course of redrafting and rearrangement by a law draftsman. It is best for us then to leave it to him to fit into the redrafting such of our proposals as are accepted, and require legislative action.

FINAL REMARKS

The recommendations assembled above express the core of our conclusions. Though they could be considered and implemented separately, they have been designed to relate to one another and with the object of presenting one comprehensive plan of reform. Piecemeal adoption would lose much of the advantage of a plan aimed at ensuring a viable future for the industry as a whole. Hopes of this are less likely to be fulfilled if the recommendations are not seen as inter-related.

Nevertheless we see some parts of the plan as more important than others. The most important is that recommending the establishment of a National Racing Authority which we hope will act not merely to co-ordinate and use to the best advantage the different forces in the industry, but also to give the inspiration and direction which up to now the machinery of the industry has been unable to supply. We see as next in importance our recommendations designed to meet the needs of those sectors and classes whose livelihoods depend on the industry. We have set out to give them some voice in decisions about the industry's economic life, and to support them by a stake subsidy scheme designed to improve their earnings now and in the future. Then we would point to the recommendations intended to promote a pattern of regionalisation with increased use of certain courses and the closing of others. We are convinced that the surfeit of courses and facilities presently existing in certain areas imposes a severe economic strain on the whole industry. And last, we would mention the steps we recommend to equip the TAB with high-level expertise and modern operating machinery, so that it can, in a deepening technological age, efficiently meet the betting needs of an expanding population.

Even if our proposals are rejected we are satisfied that the very existence of this Royal Commission has led, and will lead, to changes. It has caused the industry to lay aside its day to day tasks, examine itself and form views on possible improvements. The consequences of this self-examination are already apparent.

We cannot leave our task without stressing once more two points which we have made often during this report. The first, that though racing and trotting are merely different parts of an industry which includes other groups as well and which must therefore have machinery to co-ordinate and direct it, yet we firmly believe that the two codes should be left to decide their own internal structures and run their own affairs as they themselves would wish, without direction from others, save when the economic welfare of the whole industry is involved. Because of this belief we have refrained from some positive recommendations which we might otherwise have made about matters which we think would be better changed. The second point is, that though we are convinced that the industry will experience increasing difficulties and challenges in the years ahead, its situation is far from desperate; it has much vitality and many forces for good. It must, however, prepare for the future by mobilising and employing them with the greatest efficiency. Only if it does that, will it live vigorously and prosper.

Appendix 1

ORGANISATIONS AND PEOPLE WHO MADE SUBMISSIONS

(Most submissions were presented orally at a public sitting and the people who appeared were subject to questioning. Those submissions that were not presented orally are distinguished by an asterisk. The figures in brackets refer to the number of papers presented.)

ORGANISATIONS					
Alexandra Trotting Club .. .. .	..	..	..	..	(1)
Amberley Racing Club .. .. .	..	..	..	..	(1)
Amberley Trotting Club .. .. .	..	..	..	..	(1)
Auckland Racing Club .. .. .	..	..	..	..	(1)
Avondale Jockey Club .. .. .	..	..	..	..	(1)
*Banks Peninsula Racing Club .. .. .	..	..	..	..	(1)
Bay of Plenty Racing Club .. .. .	..	..	..	..	(1)
Cambridge Jockey Club .. .. .	..	..	..	..	(1)
Carterton Racing Club .. .. .	..	..	..	..	(1)
*Central Otago Trotting Club .. .. .	..	..	..	..	(1)
Cheviot Trotting Club .. .. .	..	..	..	..	(1)
*Christchurch Greyhound Racing Club .. .. .	..	..	..	..	(1)
Egmont Racing Club .. .. .	..	..	..	..	(1)
Foxton Racing Club .. .. .	..	..	..	..	(1)
Greymouth Trotting Club .. .. .	..	..	..	..	(1)
Hawke's Bay Jockey Club .. .. .	..	..	..	..	(1)
*Hororata Trotting Club .. .. .	..	..	..	..	(1)
Internal Affairs, Department of .. .. .	..	..	..	..	(7)
Justice, Department of .. .. .	..	..	..	..	(1)
Kumara Racing Club .. .. .	..	..	..	..	(1)
*Kumeu District Trotting Club .. .. .	..	..	..	..	(1)
*Kurow Jockey Club .. .. .	..	..	..	..	(1)
Lands and Survey, Department of .. .. .	..	..	..	..	(1)
Levin Racing Club .. .. .	..	..	..	..	(1)
Manawatu Racing Club .. .. .	..	..	..	..	(3)
Massey University (Faculty of Veterinary Science) .. .. .	..	..	..	..	(1)
*Matamata Racing Club .. .. .	..	..	..	..	(1)

*Napier Park Racing Club	(1)
N.Z. Federated Clerical and Office Staff Employees' Industrial Association of Workers	(1)
N.Z. Greyhound Racing Association	(1)
N.Z. Horse Transport Operators Association	(1)
N.Z. Jockeys Association	(1)
N.Z. Racing Conference	(5)
N.Z. Racing Owners and Trainers Federation	(3)
N.Z. TAB Agents' Association	(1)
N.Z. Thoroughbred Breeders Association	(1)
N.Z. Trotting Conference	(7)
N.Z. Trotting Horsemen's and Trainers Association	(1)
N.Z. Trotting Owners, Trainers, and Breeders Association	(2)
N.Z. Veterinary Association	(2)
*Pahiatua Racing Club	(1)
Poverty Bay Turf Club	(2)
Rangiora Trotting Club	(1)
Registrar of Incorporated Societies	(1)
*Riverton Racing Club	(1)
*Riverton Trotting Club	(1)
*Roxburgh Trotting Club	(1)
*Scientific Breeding and Racing Publications Limited	(2)
South Canterbury and North Otago Trotting Owners and Breeders Association	(1)
South Island West Coast TAB Agents	(1)
*Stratford Racing Club	(1)
Tapanui Racing Club	(1)
*Taranaki Jockey Club	(1)
Totalisator Agency Board	(3)
Treasury Department	(1)
Waikato Hunt and Rotorua and Bay of Plenty Hunt Clubs	(1)
Waikato Racing Club	(1)
*Waipa Racing Club	(1)
Waipukurau Jockey Club	(1)
Wairarapa Racing Club	(1)
Wairoa Racing Club	(1)
Waiuku Racing Club	(1)
Wanganui Jockey Club	(1)
Wellington Trotting Club	(1)
Westland Racing Club	(1)
Whakatane Racing Club	(6)
*Woodville District Jockey Club	(1)
Wright Stephenson and Company Limited	(1)

PEOPLE

Beder, I. J.	(1)
*Bedford, I. F.	(1)
*Blackwell, M.	(1)

Blakeley, Major J. (rtd.)	(1)
Blakeley, J. R.	(1)
Bolt, W. M.	(1)
*Boock, B.	(1)
Bray, B.	(1)
*Britton, W.	(1)
Chadwick, J. T.	(2)
Cole, G. A.	(2)
*Cruickshank, D. J.	(1)
Davis, J.	(1)
de Latour, H. M. B.	(1)
*Ellery, P. E.	(1)
*Falconer, E. C. S.	(1)
*Farrell, J. L.	(1)
*Garner, L. (Mrs.)	(1)
Glen, R. J.	(1)
Hall, S. W.	(1)
Hyndman, D. J.	(1)
Keenan, J. F.	(1)
*Kingston, B. H.	(1)
*Kingston, M.	(1)
*Low, C. D.	(1)
*McBride, M.	(1)
Macnab, A.	(1)
*Maddock, A. C.	(3)
Mobberley, A. A.	(1)
*Morgan, M. J. E.	(1)
*Nicol, A. J.	(1)
*Papps, R. J.	(2)
*Power, C. G.	(1)
Reddaway, G. I.	(1)
*Reid, G. E. A.	(1)
*Rickerby, A. R.	(1)
*Seaton, J. H.	(1)
*Simmonds, M. D.	(1)
*Spurway, F. J.	(1)
*Torbet, W. A.	(1)
*Walsh, C. J.	(1)
*Winter, J. H.	(2)

*Appendix 2*COUNSEL APPEARING AND THE ORGANISATIONS
THEY REPRESENTED.

Bennett, J. A. L.	..	..	Manawatu Racing Club
Borin, I. A.	..	..	N.Z. Trotting Horsemen's and Trainers Association
Brown, L. W. (Q.C.)	..	..	N.Z. Racing Owners and Trainers Federation
Buckton, B. E.	..	..	N.Z. TAB Agents' Association
Cleary, M. P.	..	..	Foxton Racing Club
de Cleene, T. A.	..	..	N.Z. Jockeys Association
Drake, B. J.	..	..	Cheviot Trotting Club
Dunning, B.	..	..	N.Z. TAB Agents' Association
Fookes, T.	..	..	N.Z. Racing Conference
Fraser, A. C.	..	..	Rangiora Trotting Club
Gibson, J. A. L.	..	..	Whakatane Racing Club
Heron, R. A.	..	..	N.Z. Trotting Owners, Trainers, and Breeders Association
Jamieson, A. M.	..	..	Greymouth Trotting Club
Kerr, C. M. D.	..	..	Wellington Trotting Club
Kinley, B.	..	..	N.Z. Racing Owners and Trainers Federation
McClelland, B.	..	..	N.Z. Trotting Conference
Mills, J. R.	..	..	Tapanui Racing Club
O'Brien, M. J.	..	..	Totalisator Agency Board
O'Flynn, F. D. (Q.C.)	..	..	N.Z. TAB Agents' Association
O'Regan, J. B.	..	..	N.Z. Thoroughbred Breeders Associa- tion, Bay of Plenty Racing Club and Hawke's Bay Jockey Club
Penlington, P. G. S.	..	..	N.Z. Trotting Conference
Ryan, K.	..	..	N.Z. Greyhound Racing Association
Savage, R. C.	..	..	Counsel assisting the Royal Commission
Sinclair, J. B.	..	..	Avondale Jockey Club
Smith, S. G.	..	..	Whakatane Racing Club
Tanner, G. E.	..	..	N.Z. Racing Owners and Trainers Federation
Whitehouse, N. F.	..	..	Levin Racing Club

Appendix 3

RACECOURSES AND TRAINING TRACKS VISITED BY THE ROYAL COMMISSION

Course or Track	Owners	Users	Licences 1969-70	
			Racing	Trotting
Whangarei (Kensington Park)	99 year lease of 87 acres from Whangarei City Council	Whangarei Racing Club Northland Trotting Club	4	2
Dargaville	116 acres owned by club	Northern Wairoa Racing Club	2	
Auckland— Ellerslie	187 acres owned by Auckland R.C.	Auckland Racing Club Pakuranga Hunt Club	17 1	
Alexandra Park	35 acres owned by A.T.C., 18 acres leased from Cornwall Park Trustees	Auckland Trotting Club Franklin Trotting Club Thames Trotting Club		13 2 3
Avondale	140 acres owned by club	Avondale Jockey Club	8	
Pukekohe	191 acres owned by club	Franklin Racing Club	4	
Hamilton— Te Rapa	200 acres owned by Waikato R.C.	Waikato Racing Club Waikato Hunt Club Cambridge Jockey Club	8 1 1	
Claudelands	Lease from Waikato Showgrounds Trust	Waikato Trotting Club		5
Cambridge	38 acres owned by club—balance leased	Cambridge Trotting Club Morrinsville Trotting Club		4 1

Paeroa	120 acres owned by Ohinemuri J.C.	Ohinemuri Jockey Club	4	
		Maramarua Hunt Club	1	
Te Aroha	156 acres owned by club	Te Aroha Jockey Club	4	
Thames	87 acres owned by club	Thames Jockey Club	2	
Tauranga	54 acres domain	Bay of Plenty Racing Club	4	
		Whakatane Racing Club	1	
		Bay of Plenty Trotting Club		2
Rotorua	43 acres owned by Rotorua R.C.	Rotorua Racing Club	5	
	47 acres reserve leased	Rotorua - Bay of Plenty Hunt Club	1	
		Rotorua Trotting Club		1
Matamata	132 acres owned by club	Matamata Racing Club	3	
Te Awamutu	108 acres owned by Waipa R.C.	Waipa Racing Club	3	
		Taumarunui Racing Club	1	
		Te Awamutu Trotting Club		2
New Plymouth	1½ acres owned by club	Taranaki Jockey Club	5	
	95 acres recreation and racecourse reserve vested in New Plymouth City Council perpetual lease	Taranaki Hunt Club	1	
		Taranaki Trotting Club		1
Stratford	160 acres owned by Stratford R.C.	Stratford Racing Club	4	
		Stratford Trotting Club		1
Hawera	106 acres owned by Egmont R.C. but leased to a partnership of the three clubs	Egmont Racing Club	4	
		Opunake Racing Club	1	
		Hawera Trotting Club		3
Waverley	164 acres domain board leased 21 years	Waverley Racing Club	2	
Wanganui	67 acres racecourse reserve leased 21 years	Wanganui Jockey Club	7	
		Egmont-Wanganui Hunt Club	1	
		Wanganui Trotting Club		2
Marton	96 acres owned by Marton J.C.	Marton Jockey Club	3	
		Rangitikei Hunt Club	1	

Appendix 3—continued

Course or Track	Owners	Users	Licences 1969-70	
			Racing	Trotting
Gisborne	104 acres owned by Poverty Bay T.C.	Poverty Bay Turf Club	5	
		Poverty Bay Hunt Club	1	
Wairoa	95 acres owned by club	Wairoa Racing Club	3	
Hastings	96 acres owned by Hawke's Bay J.C.	Hawke's Bay Jockey Club	8	
		Hawke's Bay Hunt Club	1	
		Napier Park Racing Club	4	
		Dannevirke Hunt Club	1	
Waipukurau	128 acres owned by club	Waipukurau Jockey Club	2	
Woodville	84 acres owned by Woodville District J.C.	Woodville District Jockey Club	4	
		Pahiatua Racing Club	2	
Palmerston North— Awapuni	208 acres owned by Manawatu R.C.	Manawatu Racing Club	7	
		Ashhurst-Pohangina Racing Club	1	
		Manawatu Hunt Club	1	
		Rangitikei Racing Club	2	
Raceway	50 acres owned by club	Manawatu Trotting Club		4
Feilding	128 acres owned by club	Feilding Jockey Club	4	
Foxton	116 acres racecourse reserve	Foxton Racing Club	2	
Levin	95 acres owned by club	Levin Racing Club	2	
Otaki	170 acres owned by club	Otaki Maori Racing Club	4	
Masterton	127 acres owned by club	Masterton Racing Club	3	

Tauherenikau	118 acres owned by Wairarapa R.C.	Wairarapa Racing Club	4	
		Carterton Racing Club	1	
Wellington— Trentham Hutt Park	333 acres owned by club 27 acres leased from Hutt Park race- course reserve	Wellington Racing Club	13	8
		Wellington Trotting Club		1
		Masterton Trotting Club		1
		Otaki Trotting Club		1
Nelson, Richmond Park	135 acres owned partly by A. and P. Association and partly by the clubs	Nelson Jockey Club	2	4
		Nelson Trotting Club		4
Blenheim, Waterlea	80 acres owned jointly by clubs	Marlborough Racing Club	3	2
		Marlborough Trotting Club		2
Kaikoura	23 acres leased of domain vested in Kaikoura County Council	Kaikoura Trotting Club		1
Westport	72 acres owned by the clubs	Westport Jockey Club	4	
		Westport Trotting Club		2
Reefton	49 acres owned by the clubs	Reefton Jockey Club	1	1
		Reefton Trotting Club		1
Greymouth— Omoto Victoria Park	250 acres owned by club Leased 21 years with perpetual right of renewal	Greymouth Jockey Club	3	
		Greymouth Trotting Club		5
Kumara	60 acres reserve vested in county	Kumara Racing Club	1	
Hokitika	76 acres owned by club	Westland Racing Club	3	
Amberley	230 acres owned by Amberley R.C.	Amberley Racing Club	1	
		Amberley Trotting Club (non tote)		
Rangiora	121 acres owned by North Canter- bury R.C. and Rangiora T.C.	North Canterbury Racing Club	2	2
		Rangiora Trotting Club		1
		Cheviot Trotting Club		1

Appendix 3—continued

Course or Track	Owners	Users	Licences 1969-70	
			Racing	Trotting
Hororata Motukarara	Leased from Hororata Domain Board 20 acres jointly owned by the clubs 80 acres leased Waihora Domain Board	Hororata Trotting Club Banks Peninsula Racing Club Banks Peninsula Trotting Club	2	1 1
Christchurch— Riccarton	300 acres racecourse reserve	Canterbury Jockey Club Christchurch Hunt Club Hororata Racing Club	12 1 1	
Addington	7 acres owned and 95 acres leased by Addington Raceway Limited a holding company of the three clubs	N.Z. Metropolitan Trotting Club Canterbury Park Trotting Club New Brighton Trotting Club		10 4 5
Methven Ashburton	108 acres owned by club 150 acres racecourse reserve	Methven Trotting Club Ashburton County Racing Club Ashburton Trotting Club		2 4
Orari	87 acres racecourse reserve	Geraldine Racing Club Geraldine Trotting Club	2	1
Timaru, Washdyke	200 acres racecourse reserve	South Canterbury Jockey Club South Canterbury Hunt Club Timaru Trotting Club	4 1	4
Waimate	64 acres racecourse reserve	Waimate Racing Club Waimate District Hunt Club Waimate Trotting Club	1 1	1

Kurow	79 acres racecourse reserve	Kurow Jockey Club	1	
Oamaru	191 acres racecourse reserve	Oamaru Jockey Club	4	3
		Oamaru Trotting Club		1
Waikouaiti	Domain vested in county council. Clubs own the land on which buildings are sited	Kurow Trotting Club	1	1
		Waikouaiti Racing Club		
		Waikouaiti Trotting Club		
Dunedin— Wingatui	149 acres owned by Dunedin J.C.	Dunedin Jockey Club	9	
		Otago Hunt Club	1	
Forbury Park	32 acres owned by club	Forbury Park Trotting Club		7
Beaumont	29 acres leased	Beaumont Racing Club	2	
Roxburgh	32 acres owned by Roxburgh T.C.	Roxburgh Trotting Club		1
		Central Otago Trotting Club (for 1970)		1
Omakau	105 acres owned by club	Vincent Jockey Club. (Normally also used by Central Otago Trotting Club)	2	
Cromwell	300 acres racecourse reserve	Cromwell Jockey Club	2	
Tapanui	69 acres leased	Tapanui Racing Club	1	
Gore	132 acres owned by Gore R.C.	Gore Racing Club	4	
		Eastern Southland Hunt Club	1	
		Gore Trotting Club		2
Wyndham	151 acres recreation reserve	Wyndham Racing Club	2	
		Wyndham Trotting Club		3
Winton	220 acres racecourse reserve	Winton Trotting Club		2
		Wairio Trotting Club		1
Invercargill	143 acres owned by Southland R.C.	Southland Racing Club	9	
		Birchwood Hunt Club	1	
		Winton Jockey Club	2	
		Invercargill Trotting Club		4

Appendix 3—continued

Course or Track	Owners	Users	Licences 1969-70	
			Racing	Trotting
Riverton	200 acres owned by Riverton R.C.	Riverton Racing Club Wairio Jockey Club	3 1	
TOTALS—Courses 72		Clubs—Racing 88 Trotting 47	271	133

Training Tracks

Takanini	90 acres owned by Auckland R.C.	Operates as training track only	..	..
Pukekohe	90 acres owned by Franklin T.C.	Operates as training track, but also used by Pukekohe Trotting Club (non-totalisator)	..	..
Cambridge	50 acres owned by Cambridge J.C.	Operates as training track	..	..
Whakatane, Te Teko	200 acres owned by Whakatane R.C.	Being developed for racecourse	..	..
Bulls	99 acres owned by Rangitikei R.C.	Previously used as racecourse, but club raced at Awapuni 1969-70. Now training track only.	..	..
Cheviot	100 acres owned by Cheviot T.C.	Developed as racecourse. Used by Spotswood Trotting Club (non-totalisator).	..	..
Alexandra	53 acres leased from Dunstan Domain Board	Racecourse developed and used by Alexandra Trotting Club (non-totalisator).	..	..

Appendix 4

CLUBS HOLDING TOTALISATOR LICENCES

(a) RACING

AUCKLAND METROPOLITAN DISTRICT

Club	Licences	Club	Licences
Auckland Racing	.. 17	Ohinemuri Jockey	.. 4
Avondale Jockey	.. 8	Pakuranga Hunt	.. 1
Franklin Racing ..	.. 4	Te Aroha Jockey	.. 4
Maramarua Hunt	.. 1	Thames Jockey ..	.. 2
Northern Wairoa Racing	.. 2	Whangarei Racing	.. 4

WAIKATO METROPOLITAN DISTRICT

Bay of Plenty Racing	.. 4	Taumarunui Racing	.. 1
Cambridge Jockey	.. 1	Whakatane Racing	.. 1
Matamata Racing	.. 3	Waikato Hunt ..	.. 1
Rotorua and Bay of Plenty Hunt	.. 1	Waikato Racing	.. 8
Rotorua Racing	.. 5	Waipa Racing ..	.. 3

HAWKE'S BAY METROPOLITAN DISTRICT

Dannevirke Hunt	.. 1	Poverty Bay Hunt	.. 1
Hawke's Bay Hunt	.. 1	Poverty Bay Turf	.. 5
Hawke's Bay Jockey	.. 8	Waipukurau Jockey	.. 2
Napier Park Racing	.. 4	Wairoa Racing ..	.. 3
Pahiatua Racing	.. 2	Woodville District Jockey	.. 4

TARANAKI METROPOLITAN DISTRICT

Egmont Racing ..	.. 4	Taranaki Hunt ..	.. 1
Opunake Racing	.. 1	Taranaki Jockey ..	.. 5
Stratford Racing	.. 4		

WANGANUI METROPOLITAN DISTRICT

Ashhurst-Pohangina Racing	1	Marton Jockey ..	.. 3
Egmont-Wanganui Hunt ..	1	Rangitikei Hunt ..	.. 1
Felding Jockey	.. 4	Rangitikei Racing	.. 2
Foxton Racing ..	.. 2	Wanganui Jockey	.. 7
Manawatu Hunt	.. 1	Waverley Racing	.. 2
Manawatu Racing	.. 7		

WELLINGTON METROPOLITAN DISTRICT

Carterton Racing	.. 1	Nelson Jockey ..	.. 2
Levin Racing ..	.. 2	Otaki Maori Racing	.. 4
Marlborough Racing	.. 3	Wairarapa Racing	.. 4
Masterton Racing	.. 3	Wellington Racing	.. 13

CANTERBURY METROPOLITAN DISTRICT

Club	Licences	Club	Licences
Amberley Racing	.. 1	Hororata Racing	.. 1
Ashburton County	.. 4	North Canterbury Racing	.. 2
Banks Peninsula	.. 2	South Canterbury Hunt	.. 1
Canterbury Jockey	.. 12	South Canterbury Jockey	.. 4
Christchurch Hunt	.. 1	Waimate District Hunt	.. 1
Geraldine Racing	.. 2	Waimate Racing	.. 1

DUNEDIN METROPOLITAN DISTRICT

Beaumont Racing	.. 2	Otago Hunt	.. 1
Cromwell Jockey	.. 2	Tapanui Racing	.. 1
Dunedin Jockey	.. 9	Vincent Jockey	.. 2
Kurow Jockey	.. 1	Waikouaiti Racing	.. 1
Oamaru Jockey	.. 4		

GREYMOUTH METROPOLITAN DISTRICT

Greymouth Jockey	.. 3	Westland Racing	.. 3
Kumara Racing	.. 1	Westport Jockey	.. 4
Reefton Jockey	.. 1		

SOUTHLAND METROPOLITAN DISTRICT

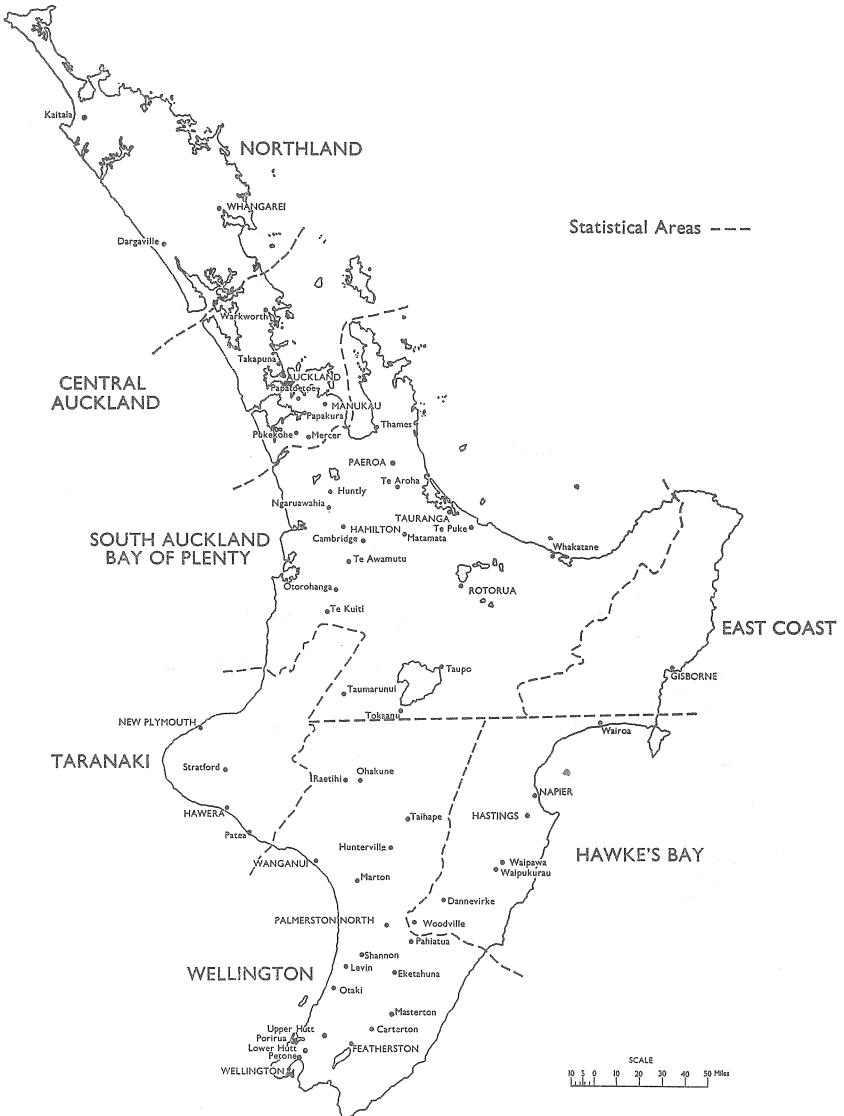
Birchwood Hunt	.. 1	Southland Racing	.. 6
Eastern Southland Hunt	.. 1	Wairio Jockey	.. 1
Gore Racing	.. 4	Winton Jockey	.. 2
Riverton Racing	.. 3	Wyndham Racing	.. 2

(b) TROTTING

Northland	.. 2	Cheviot	.. 1
Auckland	.. 13	Rangiora	.. 2
Franklin	.. 2	N.Z. Metropolitan	.. 10
Thames	.. 3	New Brighton	.. 5
Waikato	.. 5	Canterbury Park	.. 4
Cambridge	.. 4	Banks Peninsula	.. 1
Morrinsville	.. 1	Hororata	.. 1
Te Awamutu	.. 2	Methven	.. 2
Bay of Plenty	.. 2	Ashburton	.. 4
Rotorua	.. 1	Geraldine	.. 1
Taranaki	.. 1	Timaru	.. 4
Stratford	.. 1	Waimate	.. 1
Hawera	.. 3	Oamaru	.. 3
Wanganui	.. 2	Kurow	.. 1
Manawatu	.. 4	Waikouaiti	.. 1
Otaki	.. 1	Forbury Park	.. 7
Wellington	.. 8	Central Otago	.. 1
Masteron	.. 1	Roxburgh	.. 1
Nelson	.. 4	Gore	.. 2
Marlborough	.. 2	Wyndham	.. 3
Kaikoura	.. 1	Winton	.. 2
Westport	.. 2	Wairio	.. 1
Reefton	.. 1	Invercargill	.. 4
Greymouth	.. 5		

Appendix 5A

NORTH ISLAND STATISTICAL AREAS

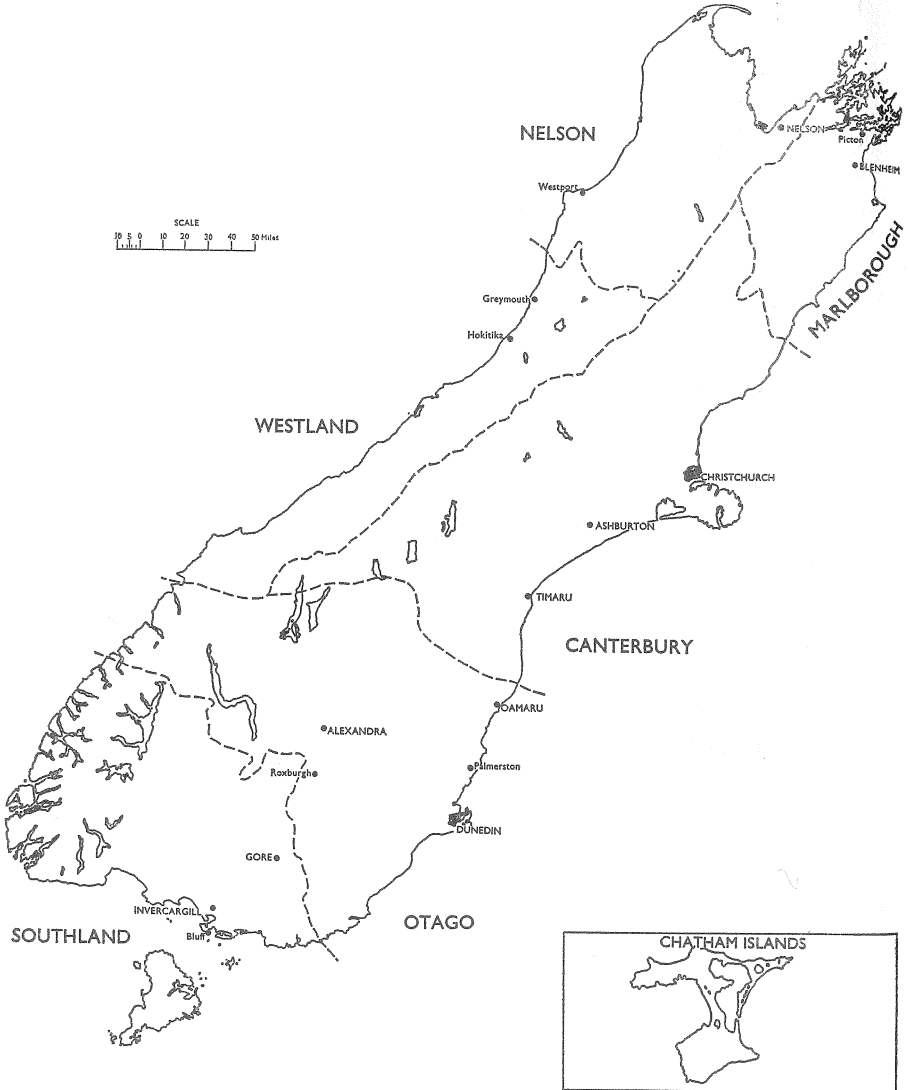


Drawn by the Department of Lands & Survey

1ST EDITION 1970

Appendix 5B
SOUTH ISLAND STATISTICAL AREAS

Statistical Areas ---



Appendix 5C

POPULATION AND HORSE RACING DATA RELATED TO OFFICIAL STATISTICAL AREAS
(1968-69 SEASON)

Statistical area	Population	No. of Days Racing and Trotting	Total Turnover		Average Population to Days	Average Turnover to Days	
			On-course	Off-course		On-course	Off-course
Northland	94,900	8	\$ 531,916	\$ 1,157,100	11,862	\$ 66,489	\$ 144,638
Central Auckland ..	656,198	48	13,495,943	12,935,114	13,671	281,165	269,481
South Auckland—Bay of Plenty	408,800	55	7,296,277	14,319,240	7,433	132,660	260,350
East Coast	47,100	6	353,480	1,052,119	7,850	58,913	175,353
Hawke's Bay	129,600	25	2,264,219	5,048,014	5,184	90,569	201,920
Taranaki	101,500	22	1,355,593	3,684,237	4,614	61,618	167,556
Wellington	542,000	72	10,946,088	17,892,552	7,528	152,029	248,508
Nelson	68,400	6	357,257	626,251	11,400	59,543	104,375
Marlborough	30,400	6	322,042	813,709	5,067	53,673	135,618
Westland	23,900	19	568,632	1,134,437	1,258	29,928	59,707
Canterbury	388,141	68	8,707,773	11,420,280	5,793	129,967	170,452
Otago	182,300	37	2,791,854	3,770,342	4,927	75,455	101,901
Southland	107,600	32	1,806,196	1,952,088	3,363	56,444	61,003

Source: Department of Internal Affairs

Appendix 5D

RACING AND TROTTING DATA DIFFERENTIATED
(1968-69 SEASON)

Statistical Area	Number of Days 1968-69 Season		On-course Turnover		Off-course Turnover		Average On-Course per day		Average Off-Course per day	
	Racing	Trotting	Racing	Trotting	Racing	Trotting	Racing	Trotting	Racing	Trotting
Northland	6	2	\$ 440,821	\$ 91,095	\$ 938,153	\$ 218,947	\$ 73,470	\$ 45,547	\$ 156,359	\$ 109,473
Central Auckland	30	18	9,755,415	3,740,528	9,556,009	3,379,105	325,180	207,807	318,534	187,728
South Auckland—Bay of Plenty	40	15	6,185,835	1,110,442	12,031,699	2,287,541	154,646	74,029	300,792	152,503
East Coast }	31	..	2,617,699	..	6,100,133	..	84,441	..	196,778	..
Hawke's Bay }	17	5	1,040,810	314,783	3,383,460	302,777	61,224	62,956	199,027	60,555
Taranaki	56	16	9,464,767	1,481,321	14,799,319	3,093,233	169,014	92,582	264,273	193,327
Wellington	2	4	110,905	246,352	206,000	420,251	55,452	61,588	103,000	105,062
Nelson	3	3	139,743	182,299	499,420	314,289	46,581	60,766	166,473	104,763
Marlborough	11	8	303,900 ¹	264,732	543,935 ¹	590,502	27,627	33,091	49,449	73,813
Westland	32	36	3,079,866	5,627,907	5,588,900	5,831,380	96,246	156,331	174,653	161,983
Canterbury	23	14	1,229,370	1,562,484	1,807,037	1,963,305	53,451	111,606	78,567	140,236
Otago	20	12	1,107,015	699,181	1,180,420	771,668	55,351	58,265	59,020	64,306

¹This figure includes \$38,318 (on-course), \$66,565 (off-course) invested on trotting events on racing club programmes. NOTE—These figures do not include investments on off-course special doubles.

Source: Department of Internal Affairs

Appendices 6A and B

The maps which comprise these appendices may be found at the end of this report.

Appendix 6C

POPULATION AND HORSE RACING DATA FOR EACH RADIAL AREA

Centre ¹	Population 1 April 1969 Within 40-mile Radius	Racecourses	1969-1970 Licences			Average Daily On-course Turnover 1968-69		Dates Allocated 1969-70 ²			
			Racing	Trotting	Total	Racing	Trotting	Racing		Trotting	
								Sat.	Weekday	Sat.	Weekday
Whangarei ..	78,650	Whangarei ..	4	2	6	\$ 75,887	\$ 45,547	2	2	1	1
Auckland ..	661,737	Dargaville ..	2		2	68,635		1	1		
		Alexandra Park ..		18	18		193,405			14 (14)	4 (3)
		Ellerslie ..	18		18	377,606		15	3		
		Avondale ..	8		8	280,565		7	1		
		Pukekohe ..	4		4	178,494		4			
Hamilton ..	216,140	Te Rapa ..	10		10	187,204		8	2		
		Claudlands ..		5	5		68,587			3 (3)	2 (2)
		Cambridge ..		5	5		76,960			1 (1)	4 (4)
		Te Awamutu ..	4	2	6	180,073		3	1	2	
Faeroa ..	191,750	Thames ..	2		2	99,055		2			
		Te Aroha ..	4		4	124,823		4			
		Paeoa ..	5		5	101,678		4	1		
Tauranga ..	182,370	Matamata ..	3		3	167,405		3			
		Tauranga ..	5	2	7	178,861	87,343	5		2	
Rotorua ..	167,880	Rotorua ..	6	1	7	148,688	94,235	5	1	1	
Gisborne ..	44,200	Gisborne ..	6		6	58,913		3	3		
		Wairoa ..	3		3	53,755		3			
Hastings ..	106,620	Hastings ..	14		14	96,644		11	3		
		Waipukurau ..	2		2	58,813		1	1		
Palmerston North ..	182,320	Awapuni ..	11		11	147,333		11			
		Raceway ..		4	4		53,261				4 (4)
		Woodville ..	6		6	105,386		5	1		
		Feilding ..	4		4	104,015		4			
		Foxton ..	2		2	130,467		2			
		Levin ..	2		2	114,677			2		
		Otaki ..	4		4	103,528		4			

Hawera	97,320	Hawera	5	3	8	68,864	69,595		5	2	1
		New Plymouth ..	6	1	7	58,996	50,610	3	3	1	
		Stratford	4	1	5	63,264	55,387	3	1	1	
Wanganui	143,340	Wanganui	8	2	10	111,608	37,774	6	2	1	1
		Waverley	2		2	44,725			2		
		Marton	4		4	68,594		2	2		
Wairarapa	387,430	Tauherenikau ..	5		5	123,966		5			
(Tauherenikau)		Masterton	3		3	81,139		2	1		
Wellington	365,000	Trentham	13		13	345,500		11	2		
		Hutt Park		10	10		113,272			4 (4)	6 (6)
Nelson	53,120	Nelson	2	4	6	55,452	61,588	1	1	3	1
Blenheim	28,060	Blenheim	3	2	5	46,581	61,093	1	2	2	
Kaikoura	4,760	Kaikoura		1	1		60,112			1	
West Coast ³ ..	35,310	Greymouth-Omoto	3		3	34,636		3			
		Greymouth									
		Raceway		5	5		32,157			1 (1)	4 (4)
		Kumara	1		1	34,676		1			
		Reefton	1	1	2	18,559	42,753		1		1
		Hokitika	3		3	24,276		1	2		
		Westport	4	2	6	27,685	30,595	1	3	2	
Christchurch/North	300,110	Riccarton	14		14	158,198		9	5		
Canterbury		Addington		19	19		226,203			16 (13)	3 (2)
		Amberley	1		1	42,376		1			
		Rangiora	2	3	5	59,314	93,220	1	1	3	
		Hororata		1	1		88,502			1	
		Motukarara ..	2	1	3	46,210	91,508	2		1	
Ashburton	75,710	Methven		2	2		78,921			2	
		Ashburton	4	4	8	51,379	116,307	2	2	4	
Timaru	69,350	Timaru	5	4	9	51,209	82,393	4	1	4	
		Orari	2	1	3	41,623	61,273	1	1	1	
		Waimate	2	1	3	33,430	57,212	2		1	
Oamaru	36,230	Oamaru	4	4	8	50,635	79,030	3	1	4	
		Kurow	1		1	32,909		1			
Dunedin	127,070	Wingatui	10		10	60,196		8	2		
		Forbury Park ..		7	7		154,177			6 (6)	1 (1)
		Waikouaiti	1	1	2	71,542	49,484	1		1	

Appendix 6C—continued

POPULATION AND HORSE RACING DATA FOR EACH RADIAL AREA—continued

Centre ¹	Population 1 April 1969 Within 40-mile Radius	Racecourses	1969-1970 Licences			Average Daily On-course Turnover 1968-69		Dates Allocated 1969-70 ²				
			Racing	Trotting	Total	Racing	Trotting	Racing		Trotting		
								Sat.	Weekday	Sat.	Weekday	
Central Otago (Alexandra)	18,910	Beaumont ..	2		2	\$	\$					
		Roxburgh ..		2	2	44,245	58,818	2			2	
		Omakau ..	2		2	57,559		1	1			
		Cromwell ..	2		2	42,345		1	1			
Gore	110,930	Gore	5	2	7	49,080	71,774	5			2	
		Tapanui ..	1		1	32,116		1				
Invercargill ..	100,000	Invercargill ..	9	4	13	50,554	63,167	8	1		2	2
		Wyndham ..	2	3	5	53,454	50,732	2			3	
		Winton ..		3	3		50,256					3
		Riverton ..	4		4	74,930		3	1			
			271	133	404			205	66		98 (42)	35 (26)

NOTES—¹ Because of the overlapping of areas the same people are counted in the population allocated to more than one area.

² Saturdays include week days which are observed as public holidays (for both codes). Figures in brackets represent night trotting meetings.

³ The population shown is the total for the West Coast of the South Island and not that within a 40 mile radius of any particular point. Westport raced at Riccarton instead of home course 14 October 1969 and 15 December 1969. Westport surrendered two days, 21 and 23 February 1970. Greymouth surrendered one day, 17 January 1970. One day allocated Hororata Racing Club for 27 April 1970. One day allocated Cambridge Jockey Club for 15 July 1970. One day allocated Woodville D.J.C. for 22 July 1970.

Source: Royal Commission

Appendices 7A and B

The maps which comprise these appendices may be found at the end of this report.

Appendix 7C

POPULATION AND HORSE RACING DATA FOR EACH GEOGRAPHICAL AREA

District	Actual Population 1 April 1969	Existing Licences			Population per Licence	No. of Licences Suggested by the National Average of 6,883 People per Licence	Average Daily On-course Turnover 1968-69	
		Racing	Trotting	Total			Racing	Trotting
							\$	\$
Northland	92,180	6	2	8	11,522	14	73,470	45,547
Auckland	653,900	30	18	48	13,623	95	325,180	193,405
Waikato	187,940	21	12	33	5,695	28	171,135	70,127
Bay of Plenty	74,250	12	2	14	5,304	12	130,759	87,343
Rotorua	127,610	6	1	7	18,230	18	148,688	94,235
Gisborne	44,460	6	..	6	7,410	6	58,913	
Wairoa	11,470	3	..	3	3,823	2	53,755	
Hawke's Bay	106,860	16	..	16	6,679	16	91,915	
Taranaki	96,630	17	5	22	4,392	14	61,224	62,956
Wanganui	69,150	12	2	14	4,940	10	97,270	37,774
Manawatu	128,770	29	4	33	3,902	20	123,222	53,261
Wairarapa	39,400	8	..	8	4,925	6	107,906	
Wellington	310,380	13	10	23	13,495	45	345,500	113,272
Subtotal, North Island		179	56	235		286		
Nelson	56,620	2	4	6	9,437	8	55,452	61,588
Marlborough	27,560	3	2	5	5,512	4	46,581	61,093
Kaikoura	7,420		1	1	7,420	1		60,112
West Coast	35,310	12	8	20	1,715	5	27,627	33,091
Christchurch/North Canterbury	303,350	19	24	43	7,054	44	129,905	198,230
Mid/South Canterbury	79,210	13	12	25	3,168	13	47,051	89,260
North Otago	25,140	5	4	9	2,793	4	47,089	79,030
Dunedin/South Otago	124,260	11	8	19	6,540	18	61,228	141,091
Central Otago	22,240	7	2	9	2,438	3	45,774	58,818
Southland	115,970	20	12	32	3,624	18	55,350	58,265
Subtotal, South Island		92	77	169		118		
Total, New Zealand		271	133	404	6,883	404		

NOTE—Population at 1 April 1969 (from Supplement to June 1969 *Monthly Abstract of Statistics*): North Island, 1,980,098; South Island, 800,741; Total, 2,780,839.

Source: Royal Commission

Appendix 8

RESERVE LAND USED FOR RACECOURSES

Location	Area (acres)	Users
<i>Racecourse Reserves—</i> New Plymouth ..	95	Taranaki Jockey Club Taranaki Hunt Club Taranaki Trotting Club
Wanganui ..	67	Wanganui Jockey Club Egmont-Wanganui Hunt Club Wanganui Trotting Club
Foxton	116	Foxton Racing Club
Christchurch ..	300	Canterbury Jockey Club Christchurch Hunt Club Hororata Racing Club
Ashburton ..	150	Ashburton County Racing Club Ashburton Trotting Club
Orari	87	Geraldine Racing Club Geraldine Trotting Club
Timaru	200	South Canterbury Jockey Club South Canterbury Hunt Club Timaru Trotting Club
Waimate	64	Waimate Racing Club Waimate District Hunt Club Waimate Trotting Club
Oamaru	191	Oamaru Jockey Club Oamaru Trotting Club Kurow Trotting Club
Cromwell	300	Cromwell Jockey Club
Kurow	79	Kurow Jockey Club
Wyndham ..	151	Wyndham Racing Club Wyndham Trotting Club
Winton	220	Winton Trotting Club Wairio Trotting Club Winton Jockey Club (training purposes only)

RESERVE LAND USED FOR RACECOURSES—*continued*

Location	Area (acres)	Users
<i>Domains and Other Reserves—</i>		
Tauranga ..	54	Bay of Plenty Racing Club Whakatane Racing Club Bay of Plenty Trotting Club
Waverley ..	164	Waverley Racing Club
Kaikoura ..	23	Kaikoura Trotting Club
Wellington ..	27	Wellington Trotting Club Masterton Trotting Club Otaki Trotting Club
Kumara	60	Kumara Racing Club
Motukarara ..	13	Banks Peninsula Racing Club Banks Peninsula Trotting Club
Hororata	23	Hororata Trotting Club
Alexandra ..	48	Alexandra Trotting Club (train- ing purposes only)
Waikouaiti ..	40	Waikouaiti Racing Club Waikouaiti Trotting Club

Appendix 9

DETAILS OF EXPENDITURE—AMENITIES FUND—RACING
1 NOVEMBER 1955 TO 31 OCTOBER 1969

Name of Club	Amount Approved	Certified Expenditure							Balance to be Paid from Future Grants
		Grandstands	Track Improvements	Starting Gates	Course Amenities	Stable Facilities	Total	Amount Refunded to Clubs	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amberley R.C.	15,625	916	2,674	..	9,548	1,059	14,197	14,197	..
Ashburton C.R.C.	55,719	14,950	5,070	3,443	13,465	17,791	54,719	54,719	..
Auckland R.C.	1,607,366	1,498,366	..	..	..	..	1,498,366	683,784	814,582
Avondale J.C.	324,209	307,470	..	2,000	14,739	..	324,209	294,692	29,517
Banks Peninsula R.C.	20,875	5,066	5,058	..	7,254	2,750	20,128	20,128	—
Bay of Plenty R.C.	280,840	124,000	368	..	14,472	..	138,840	132,957	5,883
Beaumont R.C.	36,101	..	8,031	..	22,236	2,577	32,844	19,262	13,582
Canterbury J.C.	426,379	302,286	..	10,223	85,253	24,721	422,483	281,621	140,862
Cromwell J.C.	24,953	..	6,155	..	15,298	..	21,453	21,453	—
Dunedin J.C.	120,285	96,572	5,587	8,335	2,341	..	112,835	110,733	2,102
Egmont R.C.	106,781	82,171	..	2,942	15,777	5,891	106,781	47,935	58,846
Feilding J.C.	85,789	70,346	906	..	2,116	10,018	83,386	83,386	—
Foxton R.C.	99,497	46,851	12,889	1,520	9,170	..	70,430	70,365	65
Franklin R.C.	91,276	63,723	..	10,326	11,958	5,269	91,276	91,276	—
Geraldine R.C.	17,707	..	4,549	1,373	11,485	300	17,707	17,707	—
Gore R.C.	91,175	80,171	3,155	..	7,849	..	91,175	47,343	43,832
Greymouth J.C.	26,287	..	2,000	1,350	19,937	3,000	26,287	26,287	—
Hawke's Bay J.C.	326,548	192,290	27,835	6,832	99,591	..	326,548	255,971	70,577
Kumara R.C.	11,662	..	7,584	1,350	2,728	..	11,662	11,662	—

Appendix 9—continued

DETAILS OF EXPENDITURE—AMENITIES FUND—RACING
1 NOVEMBER 1955 TO 31 OCTOBER 1969—continued

Name of Club	Amount Approved	Certified Expenditure							Amount Refunded to Clubs	Balance to be Paid from Future Grants
		Grandstands	Track Improvements	Starting Gates	Course Amenities	Stable Facilities	Total			
Kurow J.C.	\$ 20,259	\$ 4,595	\$ 8,359	\$	\$ 6,493	\$	\$ 19,447	\$ 15,045	\$ 4,402	
Levin R.C.	76,854	57,186	3,877	493	8,242	7,056	76,854	53,964	22,890	
Manawatu R.C.	304,950	278,540					278,540	227,804	50,736	
Marlborough R.C.	44,110		839	5,200	25,117	7,542	38,698	38,482	216	
Marton J.C.	71,331	11,002	974	3,504	47,702	2,649	65,831	65,831	—	
Masterton R.C.	85,268	25,530	1,045	1,120	14,588	7,269	49,552	49,552	—	
Matamata R.C.	144,086	128,389			12,222	3,475	144,086	81,264	62,822	
Nelson J.C.	47,430	24,000			23,430		47,430	28,872	18,558	
Northern Wairoa R.C.	51,957				49,857		49,857	32,936	16,921	
Oamaru J.C.	37,373	11,181	974	1,357	21,511	2,350	37,373	37,373	—	
Ohinemuri J.C.	94,706	76,867			11,406		88,273	55,140	33,133	
Otaki Maori R.C.	81,643		44,000		26,000	11,643	81,643	81,643	—	
Poverty Bay T.C.	74,691	40,244	6,786	5,040	20,592	649	73,311	73,311	—	
Rangitikei R.C.	35,706	30,462	1,924	860	2,460		35,706	35,706	—	
Reefton J.C.	15,971	383	6,875	500	6,265	1,148	15,171	15,171	—	
Riverton J.C.	79,182	58,480			18,860	1,842	79,182	46,927	32,255	
Rotorua R.C.	188,083	129,835	2,600		45,383	3,811	181,629	123,047	58,582	
South Canterbury J.C.	73,972	51,006	1,758	3,430	6,173	5,162	67,529	67,529	—	
Southland R.C.	76,893	32,056	13,825		30,472	540	76,893	60,661	16,232	
Stratford R.C.	54,285	2,801	1,440	7,452	21,464	1,371	34,528	34,528	—	

Tapanui R.C.	..	..	16,917		9,499		6,358	1,060	16,917	16,469	448
Taranaki J.C.	..	..	72,921	3,000	7,672	9,302	34,335	11,112	65,421	65,421	—
Te Aroha J.C.	..	..	291,834	291,834					291,834	111,525	180,309
Thames J.C.	..	..	87,384	81,054			3,338		84,392	51,386	33,006
Vincent J.C.	..	..	45,509	11,433	2,410		15,499		29,342	23,964	5,378
Waikato R.C.	..	..	358,719	334,016			24,703		358,719	259,471	99,248
Waikouaiti R.C.	..	..	34,330	18,443	3,887		12,000		34,330	18,447	15,883
Waimate R.C.	..	..	20,429	11,370	6,118		2,941		20,429	20,429	—
Waipa R.C.	..	..	275,082	38,214	6,721		55,147		100,082	100,082	—
Waipukurau R.C.	..	..	57,771	41,698			10,925	114	52,737	47,135	5,602
Wairarapa R.C.	..	..	130,000	130,000					130,000	79,937	50,063
Wairoa R.C.	..	..	35,157		3,230		18,184	13,743	35,157	35,157	—
Wanganui J.C.	..	..	216,682	125,037		1,900	79,627		206,564	115,314	91,250
Waverley R.C.	..	..	23,911	1,256		2,726	18,791	1,062	23,835	23,835	—
Wellington R.C.	..	..	866,723	124,614	4,509	11,286	640,212	30,153	810,774	565,320	245,454
Westland R.C.	..	..	16,782		3,590	1,030	9,698	2,464	16,782	16,782	—
Westport J.C.	..	..	29,499	7,400	5,918	1,030	4,411	5,540	24,299	24,299	—
Whangarei R.C.	..	..	46,460	20,608	11,273	444	6,283	5,498	44,106	44,106	—
Woodville D.J.C.	..	..	207,666	195,940			9,416		205,356	126,700	78,656
Wynndham R.C.	..	..	42,097	1,327	11,828	80	17,454		30,689	30,538	151
Winton J.C.	..	..	10,767		1,201	813	8,753		10,767	10,767	—
Whakatane R.C.	..	..	16,172		16,172				16,172	16,172	—
Wairio J.C.	..	..	14,176	5,500		76	8,600		14,176	14,176	—
Taumarunui R.C.	..	..	16,077				16,077		16,077	13,766	2,311
Napier Park R.C.	..	..	10,677	3,459	492	200	6,526		10,677	6,278	4,399
Hororata R.C.	..	..	8,695	1,983		1,120	3,807	1,785	8,695	8,695	—
Carterton R.C.	..	..	2,020		590	190	1,240		2,020	2,020	—
Cambridge J.C.	..	..	16,145		7,305		4,734	4,106	16,145	16,145	—
Totals ..	..	..	8,393,326	5,295,921	289,552	108,847	1,782,513	206,520	7,683,353	5,374,600	2,308,753

Source: N.Z. Racing Conference

Appendix 10

DETAILS OF EXPENDITURE—AMENITIES FUND—TROTTING
1 NOVEMBER 1955 TO 31 OCTOBER 1969

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Course on Which Expenditure Incurred	Grandstands	Totalisator Amenities	General Amenities	Race Control Equipment	Track Improvements and Horse Accommodation	Lighting	Total
Whangarei	\$ 737	\$..	\$ 7,569	\$ 2,456	\$..	\$..	\$ 10,762
Auckland (Alexandra Park)	275,050	..	29,892	..	3,083	74,115	382,140
Pukekohe	..	..	3,558	..	..	..	3,558
Thames (before transfer of trotting to Alexandra Park)	3,564	920	1,258	..	..	..	5,742
Tauranga	19,345	..	..	..	..	..	19,345
Hamilton (Claudelands Raceway)	34,974	1,564	6,323	850	2,503	11,700	57,914
Cambridge Raceway	13,960	5,544	..	..	..	20,105	39,609
Te Awamatu	10,461	3,063	4,723	..	..	..	18,247
Rotorua	5,800	..	916	..	..	..	6,716
New Plymouth	4,844	3,869	3,354	..	..	..	12,067
Stratford	..	..	910	..	2,845	..	3,755
Hawera	22,063	1,179	928	..	2,116	..	26,286
Wanganui	13,270	..	..	..	794	..	14,064
Palmerston North (Manawatu Raceway)	..	..	29,527	..	..	..	29,527
Palmerston North (Awapuni before transfer to Manawatu Raceway)	..	..	6,978	..	..	..	6,978
Otaki (before transfer to Hutt Park Raceway)	..	..	4,768	..	2,000	..	6,768

Masterton (before transfer to Hutt Park Raceway)	\$..	\$..	\$ 4,512	\$..	\$..	\$..	\$ 4,512
Wellington (Hutt Park Raceway)	149,841	..	11,674	..	..	12,605	174,120
Nelson	30,334	..	3,182	..	..	..	33,516
Blenheim	..	120	9,100	..	9,816	..	19,036
Kaikoura	..	..	12,347	..	919	..	13,266
Westport	3,566	550	2,282	..	4,150	..	10,548
Reefton	..	707	2,750	1,063	4,994	..	9,514
Greymouth (Victoria Park)	..	6,571	..	..	4,000	27,395	37,966
Rangiora	..	..	20,092	..	11,539	..	31,631
Christchurch (Addington)	295,872	..	..	..	..	105,390	401,262
Christchurch (New Brighton before closure of course)	33,218	..	..	..	..	..	33,218
Motukarara	2,809	702	1,244	70	5,534	..	10,359
Hororata	2,800	..	7,527	..	1,446	..	11,773
Methven	28,262	..	..	..	..	..	28,262
Ashburton	48,768	834	6,603	1,438	584	..	58,227
Orari	..	1,598	3,118	..	4,592	..	9,308
Timaru (Washdyke)	24,957	998	2,577	232	7,546	..	36,310
Waimate	7,548	..	4,046	..	..	..	11,594
Oamaru	12,934	1,998	14,561	..	6,046	..	35,539
Waikouaiti	4,717	..	4,976	..	..	..	9,693
Dunedin (Forbury Park)	96,890	371	2,032	..	2,108	27,500	128,901
Roxburgh	..	..	10,514	317	..	..	10,831
Omakau	..	..	2,163	270	..	..	2,433
Gore	15,384	..	2,481	..	..	..	17,865
Winton	2,298	5,237	4,771	1,796	1,518	..	15,620
Wairio	5,788	..	..	..	..	..	5,788
Wyndham	1,382	..	12,365	1,037	..	..	14,784
Invercargill	3,000	346	5,365	1,140	23,246	..	33,097
	1,174,436	30,627	256,530	10,669	101,379	278,810	1,852,451

Source: N.Z. Trotting Conference.

Appendix 11

SUMMARY OF CHANGES IN DUTY, REBATES, AND REFUNDS

Year	Act	Totalisator Duty	Dividend Duty	Rebates to Clubs	Refunds to Clubs
		Per cent	Per cent		
1891	Stamp Acts Amendment	1.5	Nil	..	..
1909	Stamp Duties Amendment	2.5	Nil	..	..
1915	Finance	2.5	2.25	..	..
1921	Finance (No. 2) ..	2.5	4.5	..	..
1923	Stamp Duties ..	2.5	4.5	..	..
1925	Finance	2.5	4.5	..	Up to \$500 ¹
1930	Finance	5.0	4.375	..	Up to \$500
1931	Finance (No. 4) ..	5.0	4.375	..	Up to \$1000 ²
1932	Finance	5.0	4.375	$\frac{1}{2}$ totalisator duty	Up to \$1000
1933	Finance (No. 2) ..	5.0	4.375	$\frac{1}{10}$ totalisator duty	Up to \$1000
1934	Finance (No. 3) ..	5.0	4.375	$\frac{1}{5}$ totalisator duty	Up to \$1000
1935	Finance (No. 2) ..	5.0	4.375	$\frac{1}{5}$ totalisator duty	Up to \$1000
1936	Finance (No. 2) ..	5.0	4.375	$\frac{1}{5}$ totalisator duty	Up to \$1000
1937	Finance (No. 2) ..	5.0	4.375	$\frac{1}{5}$ totalisator duty	Up to \$1000
1938	Finance	5.0	4.375	$\frac{1}{5}$ totalisator duty	Up to \$1000
1939	Provisions of Finance Act 1938 expired 31 July 1939	5.0	4.375	..	Up to \$1000
1950	Gaming Amendment ..	5.0	4.35	..	Up to \$1000
1951	Finance	5.0 ³	4.35	Up to \$1000 ..	..
1953	Gaming Amendment from 1 November 1955 ..	5.0	4.35	Up to \$1000 ..	..
1960	Gaming Amendment ..	5.0	4.35	Up to \$1000 ..	..
1965	Gaming Amendment ..	5.0	4.35	Up to \$1000 ..	..
1965	Stamp Duties Amendment	5.0 ⁴	4.35	Up to \$2,500 ..	..
1967	Stamp Duties Amendment	9.32	Nil	Up to \$2,500 ..	..
1967	Gaming Amendment ..	9.32	Nil	Up to \$2,500 ..	..

NOTES—¹ Refunds of Totalisator Duty of 1.25 percent of totalisator takings with a maximum of \$500 for improvements, at discretion of Minister of Finance.

² Refunds of Totalisator Duty of 2.5 percent of totalisator takings with a maximum of \$1,000 for improvements, at discretion of Minister of Finance.

³ Actual rate 2.5 percent on first \$40,000 of totalisator investments and 5 percent on balance of investments for each year. The difference is shown as a rebate to clubs of up to \$1,000 each.

⁴ Actual rate 2.5 percent on first \$100,000 of totalisator investments and 5 percent on balance of investments for each year. The difference is shown as a rebate to clubs of up to \$2,500 each.

Source: Department of Internal Affairs.

Appendix 12

TOTALISATOR AGENCY BOARD BALANCE
SHEET AS AT 31 JULY 1969

	\$	\$
Capital and Reserve—		
Capital	1,700,000	
Capital reserve*	145,321	
Total Capital and Reserve		<u>\$1,845,321</u>
Represented By:		
Fixed Assets at Cost—		
Freehold land buildings and improvements ..	3,302,952	
Improvements and alterations to leasehold premises	844,833	
Fixtures fittings and equipment	705,939	
Less accumulated depreciation		<u>4,853,724</u>
		1,361,601
		<u>3,492,123</u>
Current Assets—		
Stationery and tickets	102,584	
Prepayments and accruals	86,936	
Money on deposit (secured)	3,079,498	
Cash at bank and on hand	435,668	
Total Assets		<u>3,704,686</u>
		<u>7,196,809</u>
Less Liabilities:		
Term Liabilities—		
Wellington building mortgage	930,000	
Loans from racing and trotting clubs	340,000	
	<u>\$1,270,000</u>	
Current Liabilities—		
Sundry creditors including current dividends and balances on deposit accounts ..	1,061,575	
Proposed distribution of profit to racing and trotting clubs	3,019,913	
Total Liabilities	<u>4,081,488</u>	
		<u>5,351,488</u>
		<u>\$1,845,321</u>

*Accruals due to net realisation of some assets and investments.

Appendix 13

TOTALISATOR AGENCY BOARD TURNOVER

Season Ended 31 July	Racing			Trotting			Racing and Trotting Total
	Win/Place	Doubles	Total	Win/Place	Doubles	Total	
1951	\$ 132,914½	\$ 103,280	\$ 236,194½	\$ 8,827	\$ 5,882	\$ 14,709	\$ 250,903½
1952	3,366,007½	2,624,427½	5,990,435	724,555	405,384	1,129,939	7,120,374
1953	12,230,500½	9,063,713½	21,294,214	3,257,968	1,566,086	4,824,054	26,118,268
1954	16,972,075½	13,012,506½	29,984,582	4,288,217	2,333,501	6,621,718	36,606,300
1955	17,141,186½	15,544,769½	32,685,956	4,241,275½	2,507,510½	6,748,786	39,434,742
1956	17,975,283	17,193,519	35,168,802	4,378,137½	3,002,734½	7,380,872	42,549,674
1957	18,549,294½	18,021,467½	36,570,762	4,304,513	2,942,611	7,247,124	43,817,886
1958	19,277,019½	18,852,098½	38,129,118	4,531,800½	3,017,749½	7,549,550	45,678,668
1959	18,384,585½	18,282,430½	36,667,016	4,363,413½	2,960,354½	7,323,768	43,990,784
1960	19,176,865½	20,751,968	39,928,833½	5,109,311½	3,821,686	8,930,997½	48,859,831
1961	20,366,555½	22,970,178	43,336,733½	6,563,104½	5,970,834	12,533,938½	55,870,672
1962	19,716,953½	23,112,264	42,829,217½	7,167,671½	6,636,918	13,804,589½	56,633,807
1963	21,100,508	23,373,766	44,474,274	7,775,546½	6,677,340	14,452,886½	58,927,160½
1964	22,394,123	25,714,384	48,108,507	8,086,959	7,475,652	15,562,611	63,671,118
1965	24,030,097½	29,206,698	53,236,795½	9,650,633½	9,665,086	19,315,719½	72,552,515
1966	24,199,503	31,195,418	55,394,921	9,555,324½	9,717,610	19,272,934½	74,667,855½
1967	24,780,612½	33,293,384	58,073,996½	9,291,914	10,498,267	19,790,181	77,864,177½
1968	24,122,015	31,623,990	55,746,005	9,373,825	10,298,668	19,672,493	75,418,498
1969	26,161,077	30,969,351	57,130,428	9,683,433½	9,948,880	19,632,313½	76,762,741½
1970	30,240,787½	30,488,892	60,729,679½	11,072,755½	10,607,564	21,680,319½	82,409,999

Appendix 14

MOVEMENTS IN TAB TURNOVER, EXPENSES AND PROFITS

Year	Turnover		Expenses			Profits		
	—	Percentage Increase/Decrease Over Previous Year	—	Percentage Increase/Decrease Over Previous Year	As Percentage of Turnover	—	Percentage Increase/Decrease Over Previous Year	As Percentage of Turnover
	(\$000)		(\$000)			(\$000)		
1953-54	36,606	..	1,784	..	4.87	1,449	..	3.96
1954-55	39,435	+ 7.73	2,126	+19.17	5.39	1,421	- 1.93	3.60
1955-56	42,550	+ 7.90	2,414	+13.55	5.67	1,295	- 8.87	3.04
1956-57	43,818	+ 2.98	2,492	+ 3.23	5.69	1,410	+ 8.88	3.22
1957-58	45,679	+ 4.30	2,649	+ 6.30	5.80	1,404	- 0.43	3.07
1958-59	43,991	- 3.70	2,648	..	6.02	1,263	-10.04	2.87
1959-60	48,860	+11.07	2,738	+ 3.40	5.60	1,500	+18.76	3.07
1960-61	55,870	+14.35	3,047	+11.29	5.45	1,813	+20.87	3.24
1961-62	56,634	+ 1.37	3,174	+ 4.17	5.60	1,764	- 2.70	3.11
1962-63	58,927	+ 4.05	3,381	+ 6.52	5.74	1,741	- 1.30	2.95
1963-64	63,671	+ 8.05	3,566	+ 5.47	5.60	1,911	+ 9.76	3.00
1964-65	72,553	+13.95	3,962	+11.10	5.46	2,219	+16.12	3.06
1965-66	74,668	+ 2.92	4,417	+11.48	5.92	2,012	- 9.33	2.70
1966-67	77,864	+ 4.28	4,606	+ 4.28	5.92	2,128	+ 5.77	2.73
1967-68	75,418	- 3.14	4,670	+ 1.39	6.19	1,894	-11.00	2.51
1968-69	76,763	+ 1.78	4,787	+ 2.51	6.24	3,020	+59.45	3.93
1969-70	82,410	+ 7.36	4,814	+ .56	5.84	3,521	+16.59	4.27

Source: Totalisator Agency Board

Appendix 15

EXPORTS AND IMPORTS OF BLOOD STOCK

EXPORTS

—	Australia	U.S.A.	Malaysia and Singapore	Philippines	Canada	South Africa	Japan	Miscellaneous	Total	
									No.	Value \$
	\$	\$	\$	\$	\$	\$	\$	\$		
1965	1,422,816	74,928	526	6,872	26,400	1,050	16,000	12,160	690	1,560,752
1966	1,050,030	671,902	36,870	5,866	31,500	19,844	40,006	22,412	714	1,878,430
1967	1,200,104	310,882	23,030	7,640	13,400	..	64,026	4,800	729	1,623,882
1968	1,830,082	532,656	37,785	36,526	21,566	38,455	21,000	9,760	804	2,527,830
1969	1,756,112	811,383	37,920	1,600	114,500	61,750	..	4,850	968	2,788,115
	7,259,144	2,401,751	136,131	58,504	207,366	121,099	141,032	53,982	3,905	10,379,009

IMPORTS

	Australia	U.S.A.	United Kingdom	France	Miscellaneous	Total	
						No.	Value \$
1965	\$ 12,164	\$..	\$ 35,576	\$..	\$..	12	47,740
1966	49,646	10,590	215,274	..	9,000	33	284,510
1967	61,970	27,200	166,500	..	5,000	40	260,670
1968	25,800	38,350	92,235	..	..	27	156,385
1969	128,135	5,309	202,134	4,255	..	69	339,833
	277,715	81,449	711,719	4,255	14,000	181	1,089,138

Source: N.Z. Thoroughbred Breeders Association and Department of Statistics

Appendix 16A

TOTALISATOR TURNOVER AS A PERCENTAGE
(1) OF WAGES AND SALARIES,
(2) OF PERSONAL CONSUMPTION EXPENDITURE, AND
(3) OF PRIVATE DISPOSABLE INCOME
 (Supporting Graphs A and B pp. 98-9)

Year	On-course Turnover ¹	Off-course Turnover ¹	Totalisator Turnover ¹	Total New Zealand Wages and Salaries ^{2 3}	Totalisator Turnover as Percentage of Wages and Salaries	Personal Consump- tion Expen- diture ^{2 4}	Turnover as Percentage of P.C.E.	Private Disposable Income ^{2 5}	Turnover as Percentage of P.D.I.
	\$	\$	\$	\$ (million) Not available	%	\$ (million) Not available	%	\$ (million)	%
1945-46	39,913,502	—	39,913,502		—		—	550.8	7.25
1946-47	43,998,748	—	43,998,748	372	11.83	504	8.73	638.6	6.89
1947-48	46,419,936	—	46,419,936	420	11.05	572	8.12	739.2	6.28
1948-49	45,674,390	..	45,674,390	454	10.06	692	6.60	741.4	6.16
1949-50	50,083,064	..	50,083,064	502	9.98	710	7.05	857.0	5.84
1950-51	54,008,004	250,904	54,258,908	558	9.72	836	6.49	1,092.6	4.96
1951-52	54,775,784	7,120,374	61,896,158	650	9.52	900	6.88	1,066.2	5.81
1952-53	47,560,474	26,118,268	73,678,742	692	10.65	878	8.39	1,128.6	6.52
1953-54	48,130,112	36,606,300	84,736,412	769	11.02	1,049	8.08	1,265.2	6.69
1954-55	48,044,624	39,434,742	87,479,366	862	10.15	1,201	7.28	1,369.4	6.39
1955-56	45,563,040	42,549,674	88,112,714	937	9.40	1,275	6.91	1,445.8	6.09
1956-57	45,125,098	43,817,886	88,942,984	990	8.98	1,326	6.71	1,522.0	5.84
1957-58	47,181,206	45,678,668	92,859,874	1,068	8.69	1,445	6.43	1,651.8	5.63

1958-59	43,357,524	43,990,784	87,348,308	1,116	7.83	1,459	5.99	1,623.2	5.38
1959-60	45,775,961	48,859,831	94,635,792	1,181	8.01	1,464	6.46	1,830.2	5.17
1960-61	48,229,661	55,870,672	104,100,333	1,277	8.15	1,723	6.04	1,934.2	5.38
1961-62	46,050,286	56,633,807	102,684,093	1,365	7.52	1,794	5.72	1,973.6	5.20
1962-63	45,143,402	58,927,160 $\frac{1}{2}$	104,070,562 $\frac{1}{2}$	1,445	7.20	1,880	5.54	2,184.2	4.77
1963-64	47,820,280 $\frac{1}{2}$	63,671,118	111,491,398 $\frac{1}{2}$	1,554	7.17	1,997	5.58	2,390.4	4.66
1964-65	51,412,584	72,552,515	123,965,099	1,723	7.19	2,132	5.81	2,560.0	4.84
1965-66	51,097,868	74,667,855 $\frac{1}{2}$	125,765,723 $\frac{1}{2}$	1,890	6.65	2,333	5.39	2,742.0	4.58
1966-67	53,950,154 $\frac{1}{2}$	77,864,177 $\frac{1}{2}$	131,814,332	2,054	6.42	2,381	5.54	2,827.0	4.66
1967-68	48,656,735 $\frac{1}{2}$	75,418,498	124,075,233 $\frac{1}{2}$	2,174	5.71	2,476	5.01	2,911.0	4.26
1968-69	50,997,933 $\frac{1}{2}$	76,762,741 $\frac{1}{2}$	127,760,675	2,304	5.55	2,618	4.88	3,138.0	4.07

NOTES—¹ Years ended 31 July.

² Years ended 31 March.

³ Wages and salaries are the gross amounts paid to individuals resident in New Zealand. The figures do not include pay and allowances to armed forces nor social security benefits or pensions.

⁴ Personal Consumption Expenditure is the value of personal expenditure on consumer goods and services by households and non-profit making organisations.

⁵ Private Disposable Income is the income from all sources for the private sector less direct taxation. The items making up the private income are: Company income before distribution, Salary and wage payments, Farming income, Pay and allowances of armed forces, Social security benefits and pensions, Other personal income.

Source: Totalisator Agency Board and Department of Statistics

Appendix 16B

TOTALISATOR TURNOVER ADJUSTED TO CONSUMERS PRICE INDEX
(Supporting Graph C p. 101)

Calendar Year ¹	Consumer Price Index Base Year 1965	Index Adjusted to 1,000 at 1952	Racing Season 1 August to 31 July	On-course Net Turnover (\$000)		Off-course Net Turnover (\$000)		Totalisator Net Turnover (\$000)	
				Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
1952.. ..	678	1,000	1952-53	(\$000) 47,561	(\$000) 47,561	(\$000) 26,118	(\$000) 26,118	(\$000) 73,679	(\$000) 73,679
1953.. ..	709	1,046	1953-54	48,130	46,013	36,606	34,996	84,736	81,009
1954.. ..	741	1,093	1954-55	48,044	43,957	39,435	36,079	87,479	80,036
1955.. ..	760	1,121	1955-56	45,563	40,645	42,550	37,957	88,113	78,602
1956.. ..	786	1,159	1956-57	45,125	38,934	43,818	37,807	88,943	76,741
1957.. ..	803	1,184	1957-58	47,181	39,849	45,679	38,580	92,860	78,429
1958.. ..	839	1,237	1958-59	43,357	35,051	43,991	35,562	87,348	70,613
1959.. ..	871	1,285	1959-60	45,776	35,623	48,860	38,023	94,636	73,646
1960.. ..	877	1,294	1960-61	48,229	37,272	55,871	43,177	104,100	80,449
1961.. ..	893	1,317	1961-62	46,050	34,966	56,134	43,002	102,684	77,968

1962..	..	916	1,351	1962-63	45,144	33,415	58,927	43,617	104,071	77,032
1963..	..	935	1,379	1963-64	47,820	34,677	63,671	46,172	111,491	80,849
1964..	..	967	1,426	1964-65	51,412	36,054	72,553	50,878	123,965	86,932
1965..	..	1000	1,475	1965-66	51,098	34,643	74,668	50,622	125,766	85,265
1966..	..	1028	1,516	1966-67	53,950	35,587	77,864	51,362	131,814	86,949
1967..	..	1090	1,608	1967-68	48,657	30,259	75,418	46,902	124,075	77,161
1968..	..	1137	1,677	1968-69	50,998	30,410	76,763	45,774	127,761	76,184
1969..	..	1193	1,760	1969-70	53,660 ²	30,489	82,000 ²	46,591	135,660 ²	77,080

NOTES. ¹ 1952-1967 from *New Zealand Year Book*, 1968 & 1969 from *Monthly Abstract of Statistics*.

² Estimates.

Source: Totalisator Agency Board

Appendix 17

COMPARISON OF DUTY, COMMISSION, AND TOTAL DEDUCTIONS ON ON- AND OFF-COURSE TOTALISATOR BETTING

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Country or State	Duty		Commission		Total Deductions		Fractions and Unclaimed Dividends
	Metropolitan Courses	Country Courses	Metropolitan Courses	Country Courses	Metropolitan Courses	Country Courses	
Australia—							
New South Wales ¹ ..	On-course .. 8.0	5.0	5.0	8.0	13	13	To Government after deduction for "minimum dividend".
	Off-course .. 5.5	5.5	7.5	7.5	13	13	
Victoria ²	On-course—						To Government except that TAB retains unclaimed dividends.
	Win and Place .. 8.0	3.0	5.0	10.0	13	13	
	Quinellas and .. 5.0	3.0	8.0	10.0	13	13	
	Doubles .. 5.0	5.0	8.0	8.0	13	13	
Queensland ³ ..	On- and off-course 5.0	5.0	8.75	10.0	13.75	15	To Government after deduction for "minimum dividend".
Western Australia ⁴ ..	On-course—						To Government except that TAB retains fractions.
	Win and Place 7.5	3.5	6.0+1.5	10.0+1.5	15	15	
	Quinellas and .. 3.5	3.5	10.0+1.5	10.0+1.5	15	15	
	Doubles .. 3.5	3.5	10.0+1.5	10.0+1.5	15	15	
	Off-course—						To Government except that TAB retains fractions.
	Win and Place 5.5	5.5	9.5	9.5	15	15	
	Quinellas and .. 5.5	5.5	11.16	11.16	16.66	16.66	
South Australia ⁵ ..	On-course .. 1.75	1.75-5.75	8.25-12.25	8.25-12.25	14	14	To Government.
	to 5.75						
	Off-course .. 5.25	5.25	8.75	8.75	14	14	
France ⁶	On-course .. 7.5	6.5	9.0	10.7	16.5	17.2	Fractions to Government.
	Off-course .. 6.25	6.75	10.4	10.4	16.65	17.15	

	<i>All courses</i>			<i>All courses</i>	<i>All courses</i>	
South Africa—	No off-course South Africa	totalisator	or TAB in	Percent	Percent	
Cape Province ⁷ ..	Up to R 12,000 ..	..	.. 7.0	8.0	15	50% fractions to Government
	Over R 12,000 ..	..	.. 8.0	7.0	15	
Transvaal ⁷ ..			7.5	7.5	15	25% fractions and unclaimed dividends to Government
Orange Free State ..			5.0	10.0	15	
Natal			5.0	10.0	15	
Britain	On-course .. ..	..	.. 5.0	The difference between total deductions and the duty	$\left\{ \begin{array}{l} 32\% \text{ on win} \\ 23.5\% \text{ on place} \\ 25.0\% \text{ on forecast, daily double, daily treble, and jackpot.} \\ 30\% \text{ on point to point} \end{array} \right.$	
	Off-course .. ..	..	.. 6.0			
Canada	There are: (i) A Federal duty between 0.5 and 1.0 percent. (ii) Provincial duties varying between 5 and 12 percent. (iii) Commissions varying between 9.5 and 12 percent based on previous years average race turnover.					
New Zealand ⁹ ..			9.32	Win and place 7.5+0.5 Doubles .. 10.18+0.5	Win and place .. 17.32 Doubles .. 20.00	Retained by clubs and TAB

NOTES—¹Rebate of duty for TAB development 1 percent on off-course turnover with a limit of \$9 million.

²Rebate of duty for TAB development quarter percent on off-course turnover; additional deduction 1 percent from TAB daily doubles for Racecourse Development Fund.

³Rebate of duty for TAB development 2 percent on off-course turnover with a limit of \$1.4 million.

⁴TAB receives 1.5 percent commission from on-course turnover.

⁵Rebate of duty for TAB development 1 percent on off-course turnover; duty varies according to turnover and includes 0.5 percent for hospitals.

⁶A graduated duty is also levied on winning bets, so scaled in the case of "Tierce" betting that total deductions are between 30 and 32 percent of investments; duty at 1.5 percent of off-course turnover returned to assist the breeding industry.

⁷Admission fees subject to tax.

⁸All these rates are on "losing bets" only.

⁹0.5 percent levy on on- and off-course turnover for Amenities Fund; rebate of duty to clubs 2½ percent on first \$100,000 of turnover.

Appendix 18
**COMPARISON OF WIN AND PLACE BETTING WITH
 DOUBLES BETTING**

Year	Win and Place		Doubles	
	Amount	Percentage of Total Turnover	Amount	Percentage of Total Turnover
	\$		\$	
<i>On-course—</i>				
1964-65 ..	42,764,725	83.18	8,647,858	16.82
1965-66 ..	42,111,795	82.41	8,986,073	17.59
1966-67 ..	44,094,150	81.73	9,856,004	18.27
1967-68 ..	39,723,314	81.64	8,933,421	18.36
1968-69 ..	43,043,362	84.40	7,954,571	15.60
1969-70 ..	47,365,353	86.64	7,302,528	13.36
<i>Off-course—</i>				
1964-65 ..	33,680,732	46.4	38,871,784	53.6
1965-66 ..	33,754,828	45.2	40,913,028	54.8
1966-67 ..	34,072,527	43.8	43,791,651	56.2
1967-68 ..	33,495,840	44.4	41,922,658	55.6
1968-69 ..	35,844,511	46.7	40,918,231	53.3
1969-70 ..	41,313,543	50.1	41,096,456	49.9
<i>Combined—</i>				
1964-65 ..	76,445,457	61.67	47,519,642	38.33
1965-66 ..	75,866,623	60.32	49,899,100	39.68
1966-67 ..	78,166,677	59.30	53,647,655	40.70
1967-68 ..	73,219,154	59.01	50,856,079	40.99
1968-69 ..	78,887,873	61.75	48,872,801	38.25
1969-70 ..	88,678,896	64.69	48,398,984	35.31

Source: Royal Commission

Appendix 19

The map showing the distribution of totalisator courses may be found at the end of this report.

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