

MEMORANDUM FOR THE CABINET  
BY THE HON. PRIME MINISTER AND  
MINISTER FOR ECONOMIC PLANNING AND FINANCE

Re-introduction of U.K. Football Pools in Malta

The Director of Public Lotto has put up a scheme for the re-introduction of football pools in Malta intended to offset the decrease in National Lottery profits resulting from the drop in sales in certain African states. The idea is to allow U.K. Football Pools Organizations to send pools coupons to stakers in Malta provided (a) they are prepared to pay us a commission of 20% on the gross amount of stakes collected here and (b) they agree to a certain measure of control by the Department of Public Lotto. It is also proposed to levy a duty of -/3d on each amount of 1s/- laid by stakers (this is equal to the duty levied on tombolas) in order to meet administrative expenses. The Public Lotto Department's work would be limited to the collection of coupons, the transmission of such coupons to the U.K. and the accounting of all sales. The net estimated profit of the scheme is about £44,000 a year.

2. The question of whether or not the ban on U.K. Football Pools in Malta should be lifted has received the attention of successive Administrations ever since Pools were shut out by law in 1947 and the two main reasons for maintaining prohibition have been:-

(a) the Government's Revenue interest - it was feared that a lifting of the ban would lead to a decline in revenue derived from Public Lotto and the National Lottery;

(b) the National Economic interest - it was envisaged that the re-introduction of pools would encourage a net outflow of investment money from the Island.

3. On authority of the previous administration, feelers were put out last year by the Director of Public Lotto to the several big Pools firms in England to establish whether they would be prepared to pay the Malta Government the expected return should the doors here reopen to the Pools. It emerged from this approach that there are at least two Pools Organizations - Vernons and Zettlers - which would be interested in operating a "shared franchise" of the Malta market. They intimated that they would be prepared to enter into an agreement on the lines of that recently concluded by U.K. Pools with the Ghana Government.

4. The Financial Secretary advises (a) that as the Lottery is a seasonal and not a weekly enterprise it will hardly be affected at all by a

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re-introduction of pools and (b) that although there will be a slight shift from Lotto to Pools, Lotto can be relied upon to hold its own substantially: (i) because Pools will mainly attract the younger elements of the population who are not Lotto "addicts" to the same extent as the older generation and the illiterate and semi-illiterate elements are and (ii) because a great deal of illicit pools traffic is already going on in Malta. Consequently he feels that from a revenue point of view it is desirable to introduce a scheme by which Football Pools may be legalized and made the source of income for Government.

5. As for the economic aspect of the matter, the Financial Secretary admits that there would be the possibility of a net outflow of savings from Malta via Pools. It is estimated that Pools may entice about £140,000 worth of local funds in an average year out of which (when the commission is deducted) the net outflow abroad would be of the order of £100,000. But as "under cover" betting (which is yielding Government no return) to the extent of about a half of the assumed amount of £100,000 is already taking place the additional outflow is only expected to be about £50,000. The Financial Secretary is consequently, on balance, inclined to the view that (a) prima facie the adverse Economic effect of Pools is likely to be relatively negligible and that (b) the financial advantages in prospect for Government (if an agreement can be reached with the Pools Organizations on our terms) would almost certainly outweigh the adverse Economic effect such as it might be.

6. He is therefore recommending that the Director of Public Lotto (a) be authorised to get more details about the terms of the agreement recently concluded by U.K. Pools with the Ghana Government and (b) be instructed to sound Vernons and Zettlers (and other Pools concerns too) afresh on their latest proposals WITHOUT PREJUDICE and to take the stand with them that Government will not consider any arrangement which does not secure a net profit of 33% (i.e. as much as we get from Lotto) assuming a local levy of not more than 25% on stakes.

7. The Financial Secretary's recommendations do not commit the Government in any way to adopt the Pools Scheme although they provide the ground-work for its implementation. Before any further steps are taken in this direction, however, it is thought that account should also be taken of the following arguments against the re-introduction of Pools:-

- (a) If illicit Pools traffic is really going on adequate measures should be taken to stop it instead of opening the door still wider for an outflow of savings from Malta;
- (b) If it is true that the older generation and the illiterate and semi-illiterate

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elements would remain faithful to Public Lotto whilst the younger elements (who are not Lotto "addicts") would be attracted by Pools, then it can be said that, although the short term effect of the new scheme on Lotto would admittedly be negligible, in the long run there would inevitably be an appreciable shift from Lotto to Pools with harmful consequences to our economy;

- (c) Although it is estimated that in the short run as a result of the introduction of Pools consumption expenditure in Malta would only be reduced by £50,000 yet owing to the "multiplier" effect on the economy this would lead to a much greater reduction in our National Income.

8. The re-introduction of Pools in Malta is a question of policy and Ministers are therefore asked whether they agree that action as in para 6 above should be taken.

L-Arkivji Nazzjonali ta' Malta