

# Extract from **A History of the Askin Government 1965-1975**

by Dr. Paul Loughnan

## **Chapter 6 – The Askin Corruption Myth**

### **6.1 Introduction**

The notion that Sir Robert Askin was a corrupt politician has become received wisdom since 12-19 September 1981, when an exposé was published under the headline “ASKIN: FRIEND TO ORGANISED CRIME” in the *National Times* by a young journalist, David Hickie. Almost anyone over the age of fifty years, who has any recollection of Askin, identifies him as the corrupt premier of NSW. This observation is often followed by an inaccurate, far-fetched story along the lines that Askin was single-handedly responsible for the flourishing of organised crime in NSW.

If it is going to be established that Askin was foremost a remarkably talented and capable politician, it is critical to remove the perception that Askin was first and foremost a corrupt politician. Therefore this chapter is significant to the central argument of the dissertation, that Askin’s contribution as leader was crucial to the electoral success and longevity of the Coalition Government. It also demonstrates Askin’s courage and leadership skills. He established the first royal commission into organised crime when the Government was accused by the opposition of covering up organised crime in NSW. Askin took the stand at the commission and challenged members of the opposition to do likewise. There was no information forthcoming.

Certainly Askin was a “colourful politician” who enjoyed a beer, a bet, a joke and a laugh in a public bar at the races, engaged the services of SP bookmakers when it suited him and treated everyone he met, regardless of their station in life, as a potential vote. This context and further assertions that Askin was a womaniser no doubt created fertile ground for the far-fetched stories; but it is not tantamount to corruption. The author has gleaned from the study of the Askin Government that many of these allegations, which were unsubstantiated and uncorroborated, have taken on

mythical proportions. It is therefore essential that the corruption issue is addressed in this dissertation.

The Askin corruption myth was able to be propagated because the accusations were underpinned by the undisputed fact that organised crime increased during the latter period of the Askin Government, which was manifest by the number of illegal casinos in operation. This was pertinent to the allegations made in the exposé that “Askin and Police Commissioner Hanson were each paid \$100,000 per year from 1967-8 until Askin’s retirement to allow Perce Galea’s illegal casino to operate uninterrupted”.<sup>1</sup> However, what was ignored is the history of organised crime in NSW in the periods before and after the Askin Government. When examined in this context, the illegal casinos and organised crime are likely to have escalated under any government.

It is not the aim of this chapter to prove that Askin was a pristine politician but rather to demonstrate that the Askin corruption myth is a result of journalistic inexperience and uncorroborated allegations. The aim of this chapter is to dispel the Askin corruption myth, which took hold when Hickie made the claim that Askin was the patron of organised crime in Sydney. Without the prosecution of this principal headline claim, all of the hearsay, innuendo and anonymous accusations are unlikely to have appeared in the public domain. Consequently, it would have been unlikely for the myth to exist, let alone take on a life of its own. As a result, the charge that Askin was “a friend to organised crime” has taken on mythical proportions and become received wisdom. Therefore, it is a travesty of history that the political corruption allegations, which were clearly founded on disproportionate evidence by Hickie, remain embroidered in the fabric of the historiography of the Askin Government.

The Askin corruption myth began with the publication of a profile of Perce Galea in the *National Times* in January 1981. This was followed by the Askin exposé on 13 September 1981, and a claim of corruption made by a group of bookmakers on 27 September 1981. The article concerning the bookmakers was the final publication in the *National Times* by any investigative journalists, in relation to the

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<sup>1</sup> *National Times*, 13-19 September 1981, p.1.

allegations, that Askin was corrupt. Four years later, David Hickie published a book, *The Prince and the Premier*.

The emergence of the Askin myth and the political environment and circumstances which were conducive for it to be propagated are examined and analysed in this chapter. This is the first time a balanced academic work has been undertaken that deals with this controversial subject and challenges Hickie's evidence. A reassessment has been undertaken of the evidence and the commentary over the past thirty-two years. It has included interviews with some of the protagonists and it is concluded that the Askin corruption myth was founded on hearsay, innuendo and uncorroborated evidence. The Askin myth emerged from the exposé in the *National Times*. As a result of its propagation in *The Prince and the Premier*, the corruption myth became entrenched in the historiography of the period.

## 6.2 Corruption and Organised Crime

Political corruption is "behaviour that deviates from the formal rules of conduct, governing the actions of someone in a position of public authority, because of private-regarding motives such as wealth, power or status".<sup>2</sup> When political corruption takes place the contractual elements of offer, acceptance, and consideration are used in such a way as to pervert the relationship between the state and society. The corrupt act occurs when those individuals who represent the state, such as politicians and civil servants, manipulate the system to benefit the corrupters, who are members of the general public, in return for their gain or advantage.<sup>3</sup>

The definition of corruption can be further refined under the terms of "grand political corruption" and "bureaucratic corruption", or a combination of both. Grand

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<sup>2</sup> J. S. Nye, "Corruption and Political Development: A Cost-Benefit Analysis", *The American Political Science Review*, Vol. 61, No. 2 (June 1967), pp. 417-427; Mushtaq H. Khan, "A Typology of Corrupt Transactions In Developing Countries", Paper presented at Development Studies Association Annual Conference, Dublin, Ireland, September 1995, p.2; Inge Amundsen, *Political Corruption: An Introduction to the Issues*, Chr. Michelsen Institute, 1999, p.2.

<sup>3</sup> Amundsen, *Political Corruption*, p.3.

political corruption occurs when a premier and ministers collude to formulate legislation in order to benefit themselves. Bureaucratic corruption is of a low level that takes place at the implementation stage of government policy. When bureaucratic and grand political corruption operate in unison, the corrupt minister and the corrupt individuals in the bureaucracy support the actions of each other. This acts as a contagion that can affect all levels of the bureaucracy to varying degrees.<sup>4</sup> The allegation that Askin was a “friend to organised crime” is a combination of grand political and bureaucratic corruption. In this case systemic corruption on a grand scale involving other ministers can be unequivocally discounted.

Organised crime as such has existed in NSW since the colonial era, usually referred to in the past as gang or underground activity. In keeping with the global phenomenon, a new form of sophisticated organised crime syndicate based on the US Mafia model emerged after the gang wars of 1967 and 1968.<sup>5</sup> The leaders were intelligent and employed the services of accountants, lawyers and highly qualified businessmen to conceal their illegal activities by laundering money through sophisticated offshore facilities, and to defend them or their counterparts when they were prosecuted.<sup>6</sup> The tentacles of these syndicates reached into all aspects of crime such as SP bookmaking, drug trafficking, prostitution and illegal casinos. In the early 1970s, due to the US government’s crackdown on the Mafia, their organisations were forced to move their assets to offshore locations, one of which was Australia. The Moffitt Royal Commission Into Organised Crime, established by the Askin Government in 1973, discovered that Bally Australia Pty Limited, which was a subsidiary of the Mafia controlled Bally Corporation of America, had attempted to infiltrate Australian clubs.<sup>7</sup>

Between 1973 and 1984, five Royal Commissions into organised crime were established: the Moffitt, Woodward, Williams, Stewart, and Costigan Inquiries. It was revealed that between 1979 and 1984, there was an alarming “escalation in organised

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<sup>4</sup> Jens Andvig, Odd-Helge Fjeldstad, Inge Amundsen, Tone Sissener, Tina Søreide, *Research on Corruption: A Policy Oriented Survey*, Chr. Michelsen Institute, 2000, p.17-19.

<sup>5</sup> Alfred McCoy, *Drug Traffic: Narcotics and Organized Crime in Australia*, Sydney, 1980, p. 97,103.

<sup>6</sup> Athol Moffitt, *A Quarter to Midnight*, p.11, 66

<sup>7</sup> McCoy, *Drug Traffic*, p.72.

crime, both as to amount and sophistication". The upsurge commenced in the mid-1970s, which was after Askin retired.<sup>8</sup>

Athol Moffitt, who was the first Royal Commissioner to investigate organised crime in Australia, concluded that the confrontational Westminster system allowed for no common ground to be reached concerning organised crime. Instead, the opposing parties were more interested in scoring points by accusing each other of corruption in an attempt to cause electoral damage. This enabled organised crime, with its intelligence, to enter "unnoticed, from the wings" and exploit the weaknesses in the institutions and politics.<sup>9</sup> Also, apathy and the lack of awareness of most members of the public and many politicians contributed to its escalation.<sup>10</sup> As a result, the hundreds of millions dollars in profits "[gave] enormous power to the unscrupulous criminals who run large established operations outside the law, in accordance with their own law and in defiance of the nation and its governments, but under the shelter of the freedoms which they provide."<sup>11</sup>

There is little doubt that organised crime would have established itself during the early 1970s no matter which party was in government. The illegal casinos that flourished under the Askin Government were a result of the global phenomenon of the institutionalisation of organised crime and its subsequent escalation. This is evidenced by the number of illegal casinos under the succeeding governments: there were 13 under the Askin Government, 11 under the Wran Government, and 20 under the Greiner Government which held office for a much shorter period than either the Askin or Wran Governments.

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<sup>8</sup> Moffitt, *A Quarter to Midnight*, p.70.

<sup>9</sup> *ibid*, p.150.

<sup>10</sup> *ibid*, p.237

<sup>11</sup> *ibid*, p.236.

### 6.3 The emergence of the Askin corruption myth

The key to the Askin corruption myth lies buried in the book *Heralds and Angels: The House of Fairfax*, authored by Gavin Souter, who was the company's historian.<sup>12</sup> The protagonists responsible for the Askin corruption myth were the inexperienced young journalist David Hickie, the inexperienced editor of the *National Times*, David Marr, and an alleged anonymous primary source whom Hickie described as "impeccable".<sup>13</sup> The primary source was reportedly Perce Galea,<sup>14</sup> "a major crime figure",<sup>15</sup> who "laundered large amounts of drug money",<sup>16</sup> and had been dead for four years when the exposé was published.

Percival John Galea was born at Broken Hill on 26 October 1910 and relocated with his family in 1914 to the Sydney suburb of Woolloomooloo. In the rough-and-tumble world of the slum suburb, the young Galea graduated from "paper boy" to professional gambler.<sup>17</sup> Galea began his career in illegal gambling during World War II when the aristocratic game of baccarat became for many the preferred form of illegal gambling. These "baccarat clubs" took root in the Kings Cross area, which was a popular recreation venue for war servicemen.<sup>18</sup> During the 1970s, Galea and his long-time business partners, Joe Taylor and Eric O'Farrell, and his fellow illegal casino owner, George Walker, transformed these clubs into "fully fledged casinos".<sup>19</sup> Galea became "the uncrowned king of illegal casinos in Sydney".<sup>20</sup>

Galea's associates, and sometime business partners, included the notorious criminals of the day: Lennie McPherson, Abe Saffron, "Stan the Man" Smith and

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<sup>12</sup> In a telephone interview with the author, Souter confirmed that the contents of the book were sanctioned by the Fairfax board

<sup>13</sup> Hickie, *The Prince and the Premier*, p.59.

<sup>14</sup> SMH, 28 November, 1993, p.17; Interview David Hickie with P.E. Loughnan.

<sup>15</sup> *National Times*, September 13 to 19, 1981, p.1.

<sup>16</sup> *ibid*, p.8.

<sup>17</sup> *National Times*, 4-10 January 1981, p.1.

<sup>18</sup> David Hickie, *The Prince and the Premier*, Sydney, 1985, p.20.

<sup>19</sup> Hickie, *The Prince and the Premier*, p.11.

<sup>20</sup> *ibid*, p.20.

George Freeman.<sup>21</sup> Leonard Arthur “Lennie” McPherson (1921-1996) “was a standover man, a murderer, a rapist and a thief”.<sup>22</sup> Abraham “Abe” Gilbert Saffron (1919 – 2006 ) “was a highly successful Australian criminal whose tentacles of vice, exploitation, gross abuse of the laws of the land, blackmail and corruption ... extended across most of mainland Australia and probably overseas for more than half a century”.<sup>23</sup> Stanley John “Stan the Man” Smith (1937 – 2010) was “one of Sydney’s criminal heavyweights for three decades ... [and was] described during his prime as a Mafia associate, a ‘stand-over criminal and international shop thief’”.<sup>24</sup> George David Freeman (1935-1990) was a “criminal, gambler and racing commission agent”, and a “close confederate of Galea”.<sup>25</sup> He was known as the “Boss” in the Sydney crime milieu and was mentioned in several royal commissions into organised crime.<sup>26</sup>

The Askin corruption myth evolved in the following circumstances. At the beginning of 1981, David Marr succeeded Evan Whitton as editor of *The National Times*. Marr was a “young lawyer journalist who had written a widely acclaimed biography of Sir Garfield Barwick”.<sup>27</sup> He had demonstrated his ability as a writer and on this basis, Max Suich, the chief editorial executive, who was responsible for the final decision concerning publication, promoted him to editor.<sup>28</sup> Vic Carroll, who was credited with the success of *The Australian Financial Review*, spent only a month mentoring Marr in the art of editorship. Marr was then left to his own devices.<sup>29</sup>

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<sup>21</sup> Evan Whitton, *Can of Worms*, The Fairfax Library, Sydney, 1986, pp.328-329.i

<sup>22</sup> Tony Reeves, *Mr Sin: The Abe Saffron Dossier*, Sydney 2007, p.i.; Committee on the Office of the Ombudsman and the Police Integrity Commission, *Research Report on Trends in Police Corruption, NSW Parliament*, December 2002, p.26.

<sup>23</sup> Reeves, *Mr Sin*, p.6.

<sup>24</sup> *SMH*, 15 January 2010.

<sup>25</sup> G.P. Walsh, “Freeman, George David (1935–1990)”, *Australian Dictionary of Biography*, <http://adb.anu.edu.au/> accessed 3 July 2012; Hickie, *The Prince and the Premier*, p.88.

<sup>26</sup> Bob Bottom, *Connections: Crime, Rackets, and Networks of Influence Down-under*, Sydney, 1985, p.119; Whitton, *Can of Worms*, pp.280-283.

<sup>27</sup> Gavin Souter, *Heralds and Angels – The House of Fairfax*, Sydney, 1990, p.145.

<sup>28</sup> Souter, *Heralds and Angels*, p.147.

<sup>29</sup> *ibid*, p.148.

At the time of Marr's promotion, Askin had become seriously ill. David Hickie had been a "close observer and to some extent a confidant of the Galea organisation, which until Perc Galea's death in 1977, had been one of the most important sections of organised crime in Sydney". Hickie was reportedly in possession of "very convincing evidence that the organisation had made regular payments to Askin and many senior police". In anticipation of Askin's death, Marr requested Hickie to broaden his evidence through further investigation.<sup>30</sup>

The publication of the Galea profile in the *National Times* in January 1981 was in anticipation of the Askin exposé, which was to be published the moment Askin was dead. The Galea story begins with the introduction of Professor John Hickie, "one of Sydney's leading... [cardiac] specialists", to Galea in July 1963.<sup>31</sup> After suffering a serious heart attack, Galea had been admitted to St. Vincent's Hospital and given a few hours to live. He was a pillar of the Catholic Church and had received the last rites from Cardinal Norman Gilroy. Galea was a knight of Saint John, which was the highest papal honour that a Catholic could receive. A nun had informed Hickie that it was "a passport to heaven". (However, there were rumours that Galea had acquired his "passport to heaven" by dubious means.) The next morning when Professor Hickie was doing his rounds, he called in to see the new cardiac patient. Galea recovered, and "this was the beginning of a 15 year friendship".<sup>32</sup>

According to the article, Galea's generosity was well known. "He would arrive at the Professor's house every Christmas night in a truck loaded with [an] enormous 25 foot Christmas [stocking] ... The several hundred dollars worth of contents were for the Professor's seven children". "Galea loved a night out. He took the Professor to see Nelson Eddy at the old Chequers and Jane Powell at the Chevron, always in the front seat". Professor Hickie noted Galea's generosity and recalled: "I always thought he over tipped the headwaiter". Of course, Galea extended this generosity to his own family: "He was especially careful to look after his family; the ticket that won

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<sup>30</sup> Souter, *Heralds and Angels*, p.145.

<sup>31</sup> *National Times*, 4-10 January 1981, p.12.

<sup>32</sup> *ibid*, 4-10 January 1981, p.12.

\$200,000 in a lottery in 1975 was called family. We are always in everything together”.<sup>33</sup>

Hickie narrates the grand life of Galea at the race course. He explains how the £12,000 that Galea won in a lottery in 1957 was seminal to his “meteoric rise as a punter”. Galea was “always elegantly, expensively and immaculately attired, and he soon become known as “The Prince” in racing circles ... He loved to share his success with everyone and was known to be one of the “softest touches” in the racing game ... more than any other racing identity Galea took the public into his confidence”.<sup>34</sup> In March 1964, Galea’s horse “Eskimo Prince” won the Golden Slipper Stakes at Rosehill in Sydney, and Galea won £30,000. “Perc received one of the greatest receptions ever heard of on a Sydney racecourse and in his exuberance Galea pulled out a role of 10 pound notes (totalling 150 pounds) as he was walking up the stairs of the members stand ... and threw it over the fence to the excited crowd. They scrambled in all directions to get the money. Before he left the course he gave away another 1500 pounds to strappers, acquaintances and well-wishers ... Galea always said he owed his incredible luck to a battered old pair [sic] of rosary beads”.<sup>35</sup>

Galea was given an air of respectability by references to his operating “upper class casinos in the European style ... Galea invested a small fortune in expensive fixtures in his casinos. But he knew his assets were secure...For more than ten years the casinos flourished without police interference”.<sup>36</sup> Galea probably invested heavily in his casinos in the hope that they would be licenced, because this would have given him the “prominence and respectability” that he so anxiously desired.<sup>37</sup> This had been the case in Tasmania and South Australia and there were rumblings that the NSW government would take similar action.<sup>38</sup> Galea certainly was in a

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<sup>33</sup> *National Times*, 4-10 January 1981, p.14.

<sup>34</sup> *ibid*, p.13.

<sup>35</sup> *ibid*, p.14.

<sup>36</sup> *National Times*, 4-10 January 1981p.12.

<sup>37</sup> Hickie, *The Prince and the Premier*, p.374; Reeves, *Mr Sin*, p.viii.

<sup>38</sup> *Australian* 20 June 1973, p.4; *Australian*, 19 June 1973, p.3; *Australian*, 17August 1973, p.3; *The Sun*, 18 June 1973.

position to capitalise on a change of legislation. His bridge club had an annual turnover of up to \$110 million with profits as high as \$2.3 million.<sup>39</sup> This information also implied that the amount Askin was claimed to have extorted from Galea, in Hickie's upcoming exposé, was conceivable.

The article laid the ground for the reader to be anchored in the perception that Galea is respectable, prominent, honest and generous. Galea acquired his respectability from his association with Professor Hickie. It was inconsequential that, according to the article, they only socialised on two occasions. Galea's prominence was a result of his racing interests. The implied honesty was based on the notion that, if Galea's "upper class casinos in the European style" were operating in Europe, they would be legal. Galea's generosity was ubiquitously illustrated throughout the article.

In early September 1981, when the news broke that Askin had the dreaded "death rattle", and his demise was nigh, the eager "young" journalist and the "elegant" young editor anxiously awaited the publication of their explosive exposé.<sup>40</sup> This could possibly have been the chance of a lifetime- maybe the Australian equivalent of "Watergate". Unfortunately, their "Deep Throat" was "a major crime figure",<sup>41</sup> who "laundered large amounts of drug money" and had been dead for four years.<sup>42</sup>

Marr insisted on publishing the article immediately after they received word that Askin was dead. Suich, who had extensive experience and expertise in editorship, and had been a former editor of the *National Times*, was apprehensive due to the lack of documentary evidence. Eventually, he relented because he

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<sup>39</sup> *National Times*, 4-10 January 1981, p.12; Committee on the Office of the Ombudsman and the Police Integrity Commission, *Research Report on Trends in Police Corruption*, p.23.

<sup>40</sup> Souter, *Heralds and Angels*, p.149; *SMH*, 14-15 July 2012, p.3.

<sup>41</sup> 'Deep Throat' was the alias given to the impeccable source whose evidence helped impeach US President Nixon – Carl Bernstein and Bob Woodward, *All the President's Men*, Simon and Schuster, New York 1974, p.71;

<sup>42</sup> *National Times*, 13-19 September 1981, p.1 and p.8.

believed that an editor should possess the necessary skills to judge the veracity and the volume of on-the-record evidence to “justify unsourced assertions”.<sup>43</sup>

On 14 September 1981, when over 1000 invited mourners left Askin’s state funeral at St Andrews’s Cathedral in Sydney with “Onward Christian soldiers” still ringing in their ears, they might have been greeted by the headline in the *National Times* at the nearby news stand, “ASKIN: FRIEND TO ORGANISED CRIME”.<sup>44</sup> The young journalist David Hickie claimed in the leading article that, “according to a reliable source high up in the old Galea empire”, Askin and Police Commissioner Hanson were each paid \$100,000 per year from 1967-8 until Askin’s retirement to allow Perce Galea’s illegal casino to operate uninterrupted”.<sup>45</sup>

Hickie was emphatic that the “source is impeccable”, adding “this information has not been available for the *National Times* to use until Askin’s death”.<sup>46</sup> The astonishing fact about this exposé is that Hickie describes Galea without naming him, as “a major crime figure”.<sup>47</sup> It is likely that if Galea, who had been dead for four years, had been named as the “impeccable source”, Max Suich would not have allowed the exposé to be published and the Askin corruption myth would never have taken hold.

However, the story was published and the premise from which the Askin corruption myth evolved was headlined on the front page. “While Sir Robert Askin was in power, organised crime became institutionalised on a large scale in NSW for the first time. Sydney became the crime capital of Australia”.<sup>48</sup> The story is continued on page eight where the reader is informed that “The casinos produce money for crime, but more importantly they laundered large amounts of drug money”. It is implied that Askin was responsible for the escalation of drug trafficking. This underlying process of implication leading to inference dovetailed well with what had

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<sup>43</sup> Souter, *Heralds and Angels*, pp.145-146.

<sup>44</sup> Hancock, ‘Askin, Robin’, *Premiers*, 364; *The Australian*, 15 September 1981, p.1.

<sup>45</sup> *National Times*, 13-19 September, 1981, p.1; Hancock, ‘Askin, Robin’, *Premiers*, p.365.

<sup>46</sup> *National Times*, 13-19 September, 1981, p.1.

<sup>47</sup> *ibid*, p.1.

<sup>48</sup> *National Times*, 13-19 September, 1981, p.8.

been making news at the time. The Woodward Royal Commission (1977-1979) had been initiated to investigate drug trafficking and the disappearance of the anti-drug campaigner Donald Mackay. The Commission had found that the Calabrian Mafia had a powerful influence on drug trafficking in NSW. The subsequent Stewart Royal Commission (1981-83) was set up to investigate the Mr Asia drug syndicate. That syndicate had run a multi-national heroin enterprise that had left a litany of murders in its wake.<sup>49</sup> The *Bulletin* published a book review of *Greed*, authored by Richard Hall, which explored the Mr Asia drug syndicate.<sup>50</sup> The *National Times* surveyed allegations “that drugs and other valuable commodities have been smuggled in and out of Australia inside corpses and coffins”.<sup>51</sup>

The use of visual imagery to contrast Galea and Askin began with the profile of Galea in January 1981. The choice of a line drawing of Galea instead of a photograph was effective because of its “simplicity and clarity”.<sup>52</sup> It accentuated the description in the caption of a warm and generous man who was favoured by the media and the supreme pontiff. The caption noted that he operated outside the law but “Galea epitomised the laissez-faire attitude of Australia’s gambling capital”. There is no mention that he was a “a major crime figure”,<sup>53</sup> who “laundered large amounts of drug money”.<sup>54</sup> The drawing is complemented by a photograph where Galea is portrayed as the prominent grand prince of the race course, towering over the jockey and the horse trainer.<sup>55</sup>

In contrast, Askin’s photograph in the exposé was most unflattering. He displayed a supercilious, leering expression of a villain, while “puffing on a fat cigar”.<sup>56</sup> The photograph chosen to accompany the bookmakers’ story in the *National Times* created the image of a sombre Askin being arrested by two senior police

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<sup>49</sup> Whitton, *Can of Worms*, p.44-46 and p.337.

<sup>50</sup> *The Bulletin*, 15 September 1981, p. 15 and p.83.

<sup>51</sup> *National Times*, 20-26 September 1981, p.3.

<sup>52</sup> Paul Messaris, *Visual Persuasion, The Role of Images in Advertising*, London, 1997, p.130.

<sup>53</sup> *National Times*, 13-19 September, 1981, p.1.

<sup>54</sup> *ibid*, p.8.

<sup>55</sup> *ibid*, p.13.

<sup>56</sup> *National Times*, 13-19 January 1981, p.1. Hickie, *The Prince and the Premier*, p.49.

officers. However, the small print in the caption indicated that he was inspecting a police parade when he was Premier.<sup>57</sup>

The timing of Hickie's article was derided as outrageous. Lady Mollie Askin was demonstratively upset.<sup>58</sup> Askin's staff, the former ministers who served in the Askin Government, as well as Sir John Carrick and Sir Roden Cutler, all denied "any evidence of systemic corruption". John O'Hara, the *SMH* political correspondent, after scrutinising the rumours and claims, concluded that they were unfounded.<sup>59</sup>

The exposé created a furore. Neville Wran, the Labor premier, dismissed the *National Times* report as "tasteless in the extreme". Wran said that the [Stuart royal commission] ... had the power to inquire into links between Sir Robert Askin and organised crime". Nothing, however, was forthcoming. Wran added that "illegal casinos had always flourished in Sydney ... Australians would bet on two flies crawling up a wall ... some of the most respected people in society frequented the casinos ... from his point of view it would be better if the casinos were legalised".<sup>60</sup> Wran, who had been premier since 1976, found himself in the same position as Askin regarding the eradication of organised crime and concurred with Moffitt that politicisation, apathy and lack of public awareness made the issue almost intractable.

John Singleton, who had close association with Askin during the double dissolution election campaign of 1974 and had become a well-known advertising man and media commentator on Sydney radio station 2KY, expressed the hope that he might some time "get a chance to have a little yarn with that fellow from the *National Times*, that little cowardly person who wrote that attack on Bob Askin yesterday, free of any facts, just smears and innuendos of a petty mind, and to think that the once great Fairfax empire could stoop to such gutter, gutless journalism is to me sickening".<sup>61</sup> The *Daily Telegraph* reported "a storm of anger" "over a weekend report alleging that Askin accepted huge bribes... Politicians from all political parties

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<sup>57</sup> *Sun Herald*, 23 March 1985, p.162.

<sup>58</sup> Hancock, 'Askin, Robin', *Premiers*, p.365

<sup>59</sup> *ibid* p.366.

<sup>60</sup> *The Sun*, 16 September 1981, pp.1-2; *National Times*, 20-26 September 1981, p.9.

<sup>61</sup> *National Times*, 20-26 September 1981, p.9.

were outraged”.<sup>62</sup> The *Daily Mirror* headlined the report as “Despicable” and noted that the allegations were concerned with dead people.<sup>63</sup>

The *National Times* made the following statement in reply to these criticisms: “In response to our story last week a great deal of fresh information has been added to *National Times* material on corruption in the Askin and later years”. This was confirmed by Marr in a television appearance. The decision to publish the day before Askin’s funeral was viewed “as the most wilful infringement of the maxim against speaking evil of the dead”.<sup>64</sup> Suich had overlooked the usual procedure of consulting James Fairfax, the Chairman of the Board of John Fairfax and Sons, when contentious issues were to be published. Subsequently, Suich was left with the unenviable task to show cause to the board why he and Marr should not resign.<sup>65</sup>

The concern of Sir Warwick Fairfax, a board member and former chairman, was that the publication of such an article “brought discredit to the whole organisation”. The directors were concerned that the allegations were made the moment Askin was dead, and not during the past 16 years since he had become premier. The Board issued a memo to Suich to be passed on to Marr and the deputy editor, Brian Toohey.<sup>66</sup> There is no doubt that the board members remembered that Askin had a defamation writ issued against Fairfax over an article in the “Clancy” section of the *National Times* on 21 September 1980. The Board accepted responsibility for the libel, and the apology was subsequently published in the *National Times*.<sup>67</sup> There was ample opportunity for any evidence to be tested. Fairfax were in a position to “call their witnesses under oath, cross examine Askin ruthlessly, examine all his financial affairs, expose his bank accounts, [because] once a writ is issued, the matter must proceed to its final conclusion in court, except with the

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<sup>62</sup> *Daily Telegraph*, 14 September 1981, p.2; *National Times*, 20-26 September 1981, p.9.

<sup>63</sup> *Daily Mirror*, 14 September 1981, p.2; *National Times*, 20-26 September 1981, p.9.

<sup>64</sup> Souter, *Heralds and Angels*, p.144.

<sup>65</sup> *ibid*, p.146.

<sup>66</sup> Souter, *Heralds and Angels*, p.146.

<sup>67</sup> Geoffrey Reading, *High Climbers: Askin and Others*, Sydney, 1989, p.142.

agreement ... of all parties”.<sup>68</sup> John Fairfax & Sons made the decision not to proceed.

The memo read: “No further story relating to Sir Robert Askin is to be published unless you have persuasive and hard on-the-record evidence. This is not to say that you can’t use anonymous sources where you are satisfied of their honesty and accuracy, but the reputation of the *National Times* must not be prejudiced by serious charges being made by simple assertions”.<sup>69</sup> In other words, the Board considered Hickie’s evidence was nothing more than “simple assertions”. Under a more experienced editor like Suich, the article would probably not have been published.

Suich initially agreed to Marr’s request to publish a follow-up article. However, after Marr appeared on a television show and promised to publish it, Suich changed his mind. Perhaps Suich objected to being pressured by Marr and the television station. After some heated debate, “Suich said reluctantly: [to Marr] ok it’s on your head”.<sup>70</sup>

The second and final article was written by Hickie and Marian Wilkinson and published in the 27 September – 3 October 1981 issue.<sup>71</sup> The article “asserted that Sir Robert, in the last few months of his premiership, had been paid \$55,000 by a group of Sydney bookmakers to ensure that bookmakers’ turnover tax was not increased”.<sup>72</sup> A rumour had been circulating that the licenced bookmakers’ turnover tax was to be doubled. The authors were indifferent to the fact that after Askin retired, Premier Lewis doubled the tax. The second article made no significant corruption claims and Suich appeared satisfied, probably because he was not compelled to bear the wrath of James Fairfax and the board.<sup>73</sup> In actuality, the article was about a typical bunch of greedy bookmakers carping about money. Under the

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<sup>68</sup> *ibid*, p.144.

<sup>69</sup> Souter, *Heralds and Angels*, p.146.

<sup>70</sup> *ibid*, p.147.

<sup>71</sup> *National Times*, 27 September to 3 October 1981, p.1.

<sup>72</sup> Souter, *Heralds and Angels*, p.147.

<sup>73</sup> Souter, *Heralds and Angels*, p.147.

definition of corruption, the bookmakers had played the role of the corrupters, in a failed attempt to persuade Askin to manipulate the system for their gain. Hancock aptly evaluated the hearsay: “If true, the bookmakers should have concentrated on their day job. Askin was about to retire and was in no position to determine anything”.<sup>74</sup>

## 6.4 The propagation of the Askin corruption myth

*The Prince and the Premier* was published on Thursday 28 March 1985. It was launched with a flurry of publicity. The *SMH* printed three excerpts, the *Sun-Herald* two and the *Sun* ran a cursory piece,<sup>75</sup> and Marr wrote a book review in the *National Times*. These four mast-heads belonged to John Fairfax & Son, and Hickie was a journalist working on the *Sun-Herald*.<sup>76</sup> The book expanded on the themes introduced in the exposé: Askin was responsible for the institutionalisation of organised crime, which made him culpable for the major criminal activities which were making headlines in all the major newspapers of the day. Galea’s respectability was enhanced and the “impeccable source” remained a mystery.

The regeneration of the myth began in the *SMH* on Saturday 23 March 1985, the week before the book was published: “*The Prince and the Premier* is the story of Perc Galea, Bob Askin and others who gave organised crime its start in Australia”. The extract gave a background to Askin’s premiership and the claim that he was a friend to organised crime.<sup>77</sup> On Monday 25 March, the second extract dealt with how, under Askin, illegal casinos became a “Laundromat” for criminals and Perc Galea was “keen for respectability”.<sup>78</sup> Finally, on Tuesday 26 March the head-line “Organised Crime: The NSW Police Chiefs ...The best police force money can buy”, illustrates the issue of police corruption and flavour of the extract.<sup>79</sup> The *Sun-Herald* highlighted that “The prince in the title is the late Perc Galea, a casino operator and a

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<sup>74</sup> Hancock, ‘Askin, Robin’, *Premiers*, p.365.

<sup>75</sup> *The Sun*, 3 April 1985, p.26.

<sup>76</sup> *Sun Herald*, 24 March 1985, p.5.

<sup>77</sup> *SMH*, 24 March 1985, p.160-162, 164.

<sup>78</sup> *SMH*, 25 March 1985, pp. 6-7.

<sup>79</sup> *ibid*, 26 March 1985, p.6.

punter who, according to Hickie, paid Askin and [Police] Commissioner Hanson at least \$100,000 a year each so his illegal casinos could operate unhindered". This was under the header "The two lives of Askin".<sup>80</sup>

Marr who had enthusiastically endorsed the exposé when he was editor of the *National Times* had clearly lost faith in Hickie's evidence when he concluded that the book was "extraordinarily repetitive" and had only an "odd ring of truth". After four years of reflection, Marr's assessment is significant in so far as it brings Hickie's evidence into contention.<sup>81</sup> Marr was more measured in his portrayal of Galea and Askin; this is in contrast to Hickie's "impeccable source" and the characterisation of Galea as the hero and Askin as the villain.<sup>82</sup>

According to Marr, Hickie's account rested on a view that, "The scale of the operation and the network of criminal activity which flourished under Askin's active patronage were known at the time". However, he dismissed Hickie's view when he concluded that "Askin was only an inheritor, taking up and perfecting what had been developed by his predecessors who had come to office promising reform and retired leaving the system functioning".<sup>83</sup> Marr did note that Askin "was brazen" and "a familiar figure in the Randwick members' enclosure, dressed in a blue suit and matching hat, puffing on a fat cigar while discussing the form with leading bookies, senior police and shady characters of the gambling and casino world". Marr opined that Askin got "away with it" because the press "with a few honourable exceptions" were corrupted by men like Galea "who ran casinos and corrupted politicians, plunged on his own horses and invested a fortune in the prerequisites of a gentleman's pleasure at the track: smart suits and entry to the AJC".<sup>84</sup> Marr concluded that "Galea won the affection of a couple of generations of sporting Sydney for the price of a few stunts, some bottles of champagne and thousands of free filets mignon".

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<sup>80</sup> *Sun-Herald*, 24 March, p.5; *Sun-Herald*, 31 March, p.5.

<sup>81</sup> *National Times*, 29 March - 4 April, 1985, p.25.

<sup>82</sup> *National Times*, 29 March - 4 April, 1985, p.25.

<sup>83</sup> *ibid*, p.25.

<sup>84</sup> *National Times*, p.25.

Probate had been granted for the Askin estate and the headlines in the *Sun Herald* 31 March 1985 read "Tax man hits Askin Will".<sup>85</sup> This probably would have passed unnoticed if the book had not been published at the same time. Also on 27 March 1985, the day before the book was published, Max Newton, an expatriate and journalist living in New York, made a sensational claim on a Sydney radio program. He claimed that

in 1970 a lawyer who was now a senior politician gave him \$15,000 in a brown paper bag to pass on to the then premier Sir Robert Askin. He said that the lawyer was acting on behalf of an Asian businessman Felipe Ysmel, who was seeking favours from Askin. In parliament last night [27 March] National Party leader Mr Punch named Mr Wran [Labor Premier] as the senior politician involved.<sup>86</sup>

After the fracas that the allegations caused, Newton said "I underestimated how amenable the climate was to talk of political corruption these days".<sup>87</sup> However, the fracas certainly would not have stalled the sale of the book.

Newton claimed that in 1971 he had been asked by Wran, who was a QC, to deliver \$15,000 to Askin on behalf of Ysmel, his client. Newton had made an enquiry as to whether Askin would receive a donation for the 1971 election campaign. Askin was happy to take the donation, and in return Ysmel hoped to gain an interview.<sup>88</sup> Ysmel "was a [Filipino] multi-millionaire steel magnate who was one of the biggest punters in Australia".<sup>89</sup> His idea was to persuade Askin to approve plans that would allow him to build a sports stadium for Jai Lai, "a game associated with high betting".<sup>90</sup> With regard to the money, Newton said "I've never seen \$15,000 disappear so quick [into the top draw]. I'm afraid Bob [Askin] didn't deliver".<sup>91</sup> If there

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<sup>85</sup> *Sun Herald*, 31 March 1985, p.1.

<sup>86</sup> *The Sun*, 28 March 1985, p.1

<sup>87</sup> *Sunday Telegraph*, 31 March 1985, p.4.

<sup>88</sup> *Sunday Telegraph*, 31 March 1985, p.4.

<sup>89</sup> *Daily Mirror*, 28 March 1985, p.3.

<sup>90</sup> *Daily Telegraph*, 28 March 1985, p.3.

<sup>91</sup> *The Australian*, 28 March 1985, p.5; *Daily Telegraph*, 28 March 1985, p.3;

is any truth in the claim, then Ysmel, in his attempt to bribe Askin, suffered the same fate as the bookmakers.

Wran immediately provided the police commissioner with a statutory declaration denying the allegation and tabled it in parliament.<sup>92</sup> In describing Newton, Wran said

Newton owes the Commonwealth Taxation Commissioner hundreds of thousands of dollars, he is a tax cheat, a tax avoider and a bankrupt ... Since dead men tell no tales and in the atmosphere of guilt by association which permeates the fabric of Australian society today, Newton, this whisky swilling eccentric, with a reputation for unreliability and instability has decided to seek a headline for himself ... Anyone who believes Newton's allegation, would be prepared to believe that the Pope is a Jew.<sup>93</sup>

*The Sunday Telegraph* took it upon itself to investigate the allegations and concluded that "it was nothing but a storm in a teacup". Newton's affidavit was published in the *Sunday Telegraph* outlining the incident and the paper was satisfied that "Newton does not even hint at any criminal activity".<sup>94</sup> After Police Commissioner John Avery investigated the allegations, he concluded in his report that "All of these issues, when coupled with the fact that this meticulous investigation has elicited not one item of corroboration, convinces me, as I have said, that the claims Maxwell Newton are utterly without foundation".<sup>95</sup> Wran was sympathetic to the injustice of an atmosphere that led to the implication that Askin was guilty by association but whereas this spurred Wran on to defend himself vigorously, Askin could not do the same because he was dead.

In the same week that the book was published *The Sun Herald* published an article about Lady Mollie Askin who had died in 1984. The paper claimed that her \$3,724,879 estate, including Askin's estate, had been substantially reduced. This

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<sup>92</sup> *The Sun*, 28 March 1985, p.3; *Daily Mirror*, 28 March 1985, p.2.

<sup>93</sup> *NSW LA PD*, 28 March 1985, pp.5361-5363.

<sup>94</sup> *Sunday Telegraph*, 31 March 1985, p.4.

<sup>95</sup> *SMH*, 14 June 1985, p.11.

was because “investigators checked bookmakers’ ledgers and other sources” which prompted “a taxation inquiry into Sir Robert’s affairs”.<sup>96</sup> The tax debt was reported to be \$2 million, but despite the serious implication of this assertion, the source of the information was not identified. “An official of the Permanent Trustee Company LTD., the administrators of the Askin estate, said ... the amount of tax is confidential – a matter between the client and the taxation department. The estate had been reduced by taxation and other creditors ... There was still a substantial residue and the legacies would be paid in full. And there will be quite a handsome amount to go to charities”.<sup>97</sup> It is worth mentioning that long after the fanfare surrounding the publication of the book had subsided, the headlines read: “Hospitals get most of Askin’s cash”. The trustees relayed that the “tax settlement was not as big as suggested in earlier reports ... When [Lady Askin] died in 1984 she left gifts of \$1.4 million to friends and charities and directed the remaining \$2.5 million be invested in two perpetual funds to benefit charities and welfare groups”.<sup>98</sup>

## **6.5 Re-assessment of the Askin corruption allegations**

In order to provide a reassessment of the evidence provided over the past three decades it is important to review a number of key elements. Hickie’s evidence is tested against the major claim that Askin was the patron of organised crime in Sydney and lesser claims regarding the sale of knighthoods and other corrupt acts. In assessing what Hickie said and wrote, it is essential to examine how Liberal Party historian Ian Hancock and others have responded to his claims. The Moffitt Royal Commission is very important as it provided ample opportunity to uncover corruption in the Askin Government and did not find any. The evidence of investigative journalist Bob Bottom is very important as he is possibly the best informed living person with detailed knowledge of organised crime in NSW; Bottom concludes that Hickie’s evidence “in retrospect it is not credible”.<sup>99</sup> The possibility that the inexperienced young journalist Hickie was duped by his primary source is also examined.

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<sup>96</sup> *Sun Herald*, 31 March 1985, p.1.

<sup>97</sup> *Sun Herald*, 31 March 1985, p.1.

<sup>98</sup> *The Sun*, 13 November 1986, p.5.

<sup>99</sup> Interview (Paul Loughnan) with Bob Bottom, 26 May 2012.

### 6.5.1 Bob Bottom's Retrospective Assessment

Bob Bottom is one of the most important and respected figures in investigating and reporting on organised crime in Australia. He sparked his first inquiry into the NSW police force with an exposé in the *Bulletin* magazine in 1963. He was credited with expediting Australia's first Royal Commission into organised crime – the Moffitt commission in NSW in 1973. Since that time he has participated in 18 Royal Commissions and other judicial and parliamentary inquiries. In 1997 he was awarded an Order of Australia Medal (OAM) in recognition of his work.

The principal premise that Askin was paid \$100,000 per year from 1967-8 until his retirement, to allow Galea's illegal casinos to operate with impunity, defies logic. According to Bottom, "there has never been any first-hand proof that [Askin] personally received any bribe money relating to illegal casinos". Bottom continues: "No police intelligence reports or telephone intercept records which I had access to ever detected anything linked to Askin" and he doubts if "Askin really did receive any bribe money to allow" casinos to continue to operate. He also noted that "illegal casinos continued to flourish" under all succeeding governments and yet, "unlike the legendary singling out of Askin, nobody has ever suggested, in the media or in parliament, that Lewis, Wran, Unsworth or Greiner received any bribe money for allowing virtually the same number of illegal casinos to flourish for two decades after Askin retired."<sup>100</sup> The final clause in the statement is inadvertently supported in Hickie's book: "During the 1980s a succession of newer Sydney casinos have been exposed in state parliament".<sup>101</sup>

The NSW Police Commissioner's Organised Crime Group found that "Total eradication of gambling was not the intent of the legislative change, as it was realised that as with Prohibition in the [US], such an objective was doomed to failure. There do exist today, however, various forms of illegal gambling in this state".<sup>102</sup> The enquiry by the former Chief Justice of NSW, Sir Lawrence Street, into illegal

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<sup>100</sup> Bob Bottom, signed statement provided to the author, dated 28 May 2012.

<sup>101</sup> Hickie, *The Prince and the Premier*, p.201.

<sup>102</sup> *SMH*, 30 March 1994, p.4.

gambling in 1991, discovered that there were twenty illegal gambling clubs operating. “The introduction of legal casinos in Sydney is unlikely to eliminate illegal casino gambling”, the former judge concluded ... although it may diminish to some extent ... It was unrealistic to expect that such activity could be eliminated entirely”.<sup>103</sup> This was tabled in parliament on 3 December 1991. The Independent Commission Against Corruption (ICAC) was told that “Bruce Galea, son of the late Sydney racing identity Perce Galea, was believed to be the biggest illegal gaming operator in the state”.<sup>104</sup> In relation to the last clause in Bottom’s statement, allegations were never made that Bruce Galea paid extortion money to any Premier, to enable him to operate with impunity.

### **6.5.2. Hickie’s Evidence**

In reviewing Hickie’s evidence, it is critical to recognise that the claims fall into two categories. Firstly, the headline allegation that Askin was the patron of organised crime in Sydney is defined as grand political corruption because it was systemic in so far as Askin and the police commissioner Hansen and his department were alleged to be involved. Secondly, claims that Askin sold knighthoods and turned a blind eye to SP bookmaking are defined as low-level bureaucratic corruption that takes place at the implementation level of government policy and do not constitute grand political corruption. As stated in the introduction to this chapter, without the prosecution of the headline claim, all of the secondary low-level corruption accusations would never have appeared in the public domain. Consequently, it would have been impossible for the myth to exist, let alone take on a life of its own.

It is important to engage with the work of Ian Hancock. He is the only historian to have systematically examined Hickie’s evidence. Hancock, who certainly could not be accused of harbouring any bias against Askin or the LP, concluded that “while no concrete evidence has yet been presented to allow thorough public testing, and no one has suggested he deliberately robbed the public purse, it is hard to brush

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<sup>103</sup> *SMH*, 4 December 1991, p.18.

<sup>104</sup> *ibid*, 12 June 1993, p.17.

aside the suspicion that Bob Askin engaged in some corrupt activities”.<sup>105</sup> Regarding the claim of grand political corruption, Hancock concluded that Hickie’s impeccable sources, identified in confidential correspondence from Hickie, were “plural” and “too well placed to be dismissed”. According to Hickie, the same evidence provided to Hancock was provided to the author. Due to the passage of time, Hickie was prepared to grant the author an interview where he declared that all principal sources could be discussed openly because they were all deceased. As a result, the author was in a position to build on the important work of Hancock. Hickie confirmed that almost all of his “24 filing cabinets” of materials on Askin have now been discarded, and, as a result, there were no contemporaneous notes forthcoming. Based on a re-examination of the evidence, in conjunction with a lengthy interview with Hickie, it is concluded that the claim of grand political corruption is based on hearsay, innuendo and anonymous accusations.

Galea, who was Hickie’s primary source, has already been discounted.<sup>106</sup> Bob Bottom has also added that it is not credible that Galea would have shared any of the details of his illegal business operations with Hickie, who at the time was a young law student and gardener.<sup>107</sup> The other well-placed sources noted in Hickie’s evidence and referred to by Hancock as “plural” were Galea’s wife Beryl, his long-time business partner Eric O’Farrell and fellow illegal casino boss George Walker. Regarding Beryl, Bottom notes that “of course they [major criminals] are not telling their wives much about their business operations and in any event, because graft payments were made by go-betweens and well out of the sight of wives, they might know that their husbands are paying people money but they would not know who to”.<sup>108</sup> Bottom also notes that major criminals such as O’Farrell and Walker always observed their criminal code and did not disclose confidential matters such as these to anyone, let alone a student and gardener. Hickie had a lawn-mowing business when he was at university and often spoke to his sources after he had finished mowing their lawn. This point holds particular weight when considering that Bottom had access to police wire taps of major crime figures such as George Freeman, Abe

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<sup>105</sup> Hancock, ‘Askin, Robin’, *Premiers*, p.368

<sup>106</sup> Loughnan interview with David Hickie.

<sup>107</sup> Loughnan interview with Bob Bottom.

<sup>108</sup> *ibid.*

Saffron and the “boss of bosses” Fred Anderson “who controlled most things”. While these tapes do talk about police and “who ran what”, they never refer to the involvement of Askin or politicians. In summary, the claim that Askin was the patron of organised crime in Sydney, presented by Hickie in the book and to the author after 32 years, cannot be sustained.

Regarding the lower-level claims of corruption, as stated previously, the aim is not to prove that Askin was a pristine politician. There is no doubt that Askin engaged the services of SP bookmakers, and, as John O’Hara pointed out, Askin was in a position to take advantage of his connections with the “big end of town” which might have given him an advantage and opportunities in the purchase of shares and property. However, O’Hara investigated the rumours concerning the corruption allegations and nothing was forthcoming. Jim Carlton, the LP secretary who succeeded Carrick, said that Askin had “turned a blind eye” to SP bookmaking at the Murdoch headquarters - hardly systemic corruption. David McNicoll was one of only a few journalists who knew Askin personally and this is what he had to say about the allegations:

If Askin was accepting bribes he had strange ways of enjoying the fruits. His lifestyle was almost depressingly simple. He never aspired to a more glamorous home than a Manly cottage; he entertained hardly at all.<sup>109</sup>

The low-level claims are still based on hearsay and their strength is certainly anchored in a belief that the size of Askin’s estate was too large to have been accumulated via legitimate means. However, the claim by Hickie that the Askin estate could not have been accumulated, based on Askin’s income, is myopic. As noted by Waller, the period of Askin’s political career was “times of plenty”.<sup>110</sup> For example, the median house price in Sydney rose by almost 700% from \$11,800 in June 1965 to \$78,740 December 1980;<sup>111</sup> during the same period, the average

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<sup>109</sup> Abjorensen, “Leadership in the Liberal Party”, p.292; *Bulletin*, 1 July 1986.

<sup>110</sup> Waller report.

<sup>111</sup> *SMH*, “Median Sydney property price movements 1965-1980”, Extract from “BIS Shrapnel” report, 12 August 1981, p.18.

Australian share price increased by over 400%.<sup>112</sup> Waller also notes that “payment of income tax had become voluntary. There was no capital gains tax, no fringe benefits tax” and in summary “only mugs and public servants” (himself included) paid tax ... lump sum of money could be multiplied many times over in a short space of time”.<sup>113</sup> Waller goes on to point out that an intelligent, frugal, well-informed and well-connected man such as Askin could certainly have accumulated his estate without recourse to “dishonourable conduct”. A definitive conclusion cannot be made until such time as additional “concrete evidence” comes to light, such as the release of probate details in 2071.

It is understandable that Hancock found that the “sheer volume of direct, hearsay and circumstantial testimony he [Hickie] collected is very disturbing” in light of the unproven claim that the estate was too large to have been obtained by legitimate means. The actual volume of evidence is not as important as the test of its quality. Even taking Hickie’s claims at face value, it would not satisfy the scrutiny of a reasonable person. For example, the evidence of Askin’s tax affairs should be discounted as they are unverifiable and based on undocumented information from an unnamed tax office official whom Hickie said could face criminal charges if he identified himself. Regarding knighthoods, there is no compelling evidence that Askin sold knighthoods. More investigation and research are needed to provide clarity about this aspect of Askin’s premiership. “Some, like John Carrick and Tom Lewis, said they would not be “surprised” if Askin had “sold” a few knighthoods, but that is all”, is conjecture, and the evidence tabled by Hickie does not support this claim.<sup>114</sup> For example, regarding the Sir Elton Griffin knighthood, Hickie’s witnesses and the anonymous bank manager could not provide any evidence that a payment from Griffin to Askin was payment for his knighthood.

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<sup>112</sup> Standard and Poors, *Australian Share Price Movements*, Sydney Nov 2009, p.1.

<sup>113</sup> Waller report.

<sup>114</sup> Hancock, ‘Askin, Robin’, *Premiers*, p.366.

### 6.5.3. Galea: the primary “impeccable” source

It has never been suggested that Hickie, “an honest soldier of the truth,” ever doubted Galea’s word or harboured “the remotest doubt that Askin was corrupt”.<sup>115</sup> On the contrary, it is well within the realms of possibility that the inexperienced young journalist was duped by a master of crime. It is important to remember that Galea was Hickie’s primary source and that the story could not be published until Askin was dead so Galea covered himself regarding libel charges. The impressionable Hickie, who was a student at the time and looking to a career in journalism, would have been keen for a story and in the right frame of mind to fall for a Galea fabrication.

The rationale behind Galea’s duplicity was probably to mete out retribution upon Askin. Respectability and legitimacy are often desired goals for organised crime figures.<sup>116</sup> In Galea’s case this was exemplified by his desire for “entrée into the most privileged circles” and his life-long ambition to become a member of the Sydney Turf Club (STC) and the Australian Jockey Club (AJC).<sup>117</sup> “The race clubs traditionally refused membership to people with ... unsavoury reputations ... [Galea] had been black balled for over 20 years”.<sup>118</sup> Askin was supposed to have extorted a sum of \$5000 from Galea to assist him in his membership to the STC. Galea, however, had been a strong sponsor of the Labor Party and they helped him to obtain a provisional membership of the AJC. Galea said “I feel fulfilled now ... After 20 years, I really wanted the badge”.<sup>119</sup>

Respectability was probably only one of the reasons why the legalisation of the casinos was of paramount importance to Galea.<sup>120</sup> His illegal gambling

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<sup>115</sup> *Sun Herald*, 28 November 1993, pp.14-15,17,19.

<sup>116</sup> Annelise Anderson, *The Business of Organised Crime*, Stanford, 1979, p.76; Michael D. Maltz, ‘Defining Organised Crime’, *Handbook of Organized Crime in the United States*, Robert J. Kelly, Ko-Lin Chin and Rufus Schatzberg (eds.), Westport, 1994, p.27.

<sup>117</sup> Hickie, *The Prince and the Premier*, p.19.

<sup>118</sup> *ibid*, pp.376-378.

<sup>119</sup> Anderson, *The Business of Organised Crime*, p.76; Hickie, *The Prince and the Premier*, p.376; *SMH*, 25 March 1985, pp.6-7.

<sup>120</sup> Reeves, *Mr Sin*, p.vii.

enterprises were a financial risk in so far that they could be closed at any moment.<sup>121</sup> Galea had invested heavily and his capital was always at risk. The capital value of an enterprise earning \$2.3 million and with annual turnover of \$100 million would have had an enormous value when it was legalised. This might have been utilised as collateral to support legal investments. The legal casinos would reduce the risk of being investigated for tax evasion in relation to other illegal income.<sup>122</sup> Money from illegal activities is easily mixed in with funds from a legitimate business.<sup>123</sup> The lucrative profits gained from the legal casinos could be prudently reinvested in the expansion of these businesses and legitimate employment would have been available to family members and other members of the organised crime fraternity.<sup>124</sup> Galea considered himself a family man, and legalisation of the casinos would have enabled him to bequeath the enterprises and their income to his beneficiaries.<sup>125</sup> He had experienced a series of heart attacks so his legacy is likely to have increasingly played on his mind. If the enterprises had been legitimate, his son Bruce Galea might not have been identified by ICAC as “the biggest illegal gaming operator in the state”.

In 1973-74 Galea had reason to be optimistic regarding the legalisation of his casinos. The NSW Government was monitoring the impact of the licenced casino in Tasmania.<sup>126</sup> Willis stated: “It might be time for the Government to consider extending facilities for legal gambling, [and] Police Commissioner Fred Hanson advocated licencing the clubs”.<sup>127</sup> At Askin’s request, Maddison had met a deputation from the Harrah’s Group, a US based gambling operation, for consultation regarding the operation of legal casinos.<sup>128</sup> Askin had strongly opposed

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<sup>121</sup> Robert Kelly and Rufus Schatzberg, ‘Once upon a time in America’ – Organised crime and civil society, *Organised Crime and the Challenge to Democracy*, Felia Allum and Renate Siebert (eds.), London, 2003, p.137.

<sup>122</sup> Anderson, *The Business of Organised Crime*, p.78.

<sup>123</sup> Kelly and Schatzberg, ‘Organised crime and civil society’, p.137.

<sup>124</sup> Anderson, *The Business of Organised Crime*, p.79; United Nations Office on Drugs and Crime, *An Assessment of Transnational Organized Crime in Central Asia*, New York, 2006, p.44.

<sup>125</sup> Kelly and Schatzberg, ‘Organised crime and civil society’, p.137; Anderson, *The Business of Organised Crime*, p.79.

<sup>126</sup> *The Australian*, 10 October 1973, p.3; *SMH*, 16 June 1973, pp.1,3.

<sup>127</sup> *SMH*, 16 June 1973, p.1.

<sup>128</sup> *ibid*, 14 July 1986, p.2.

licencing casinos and said “any decision on licencing clubs would have to be a joint party decision”.<sup>129</sup> However he appeared to have changed his view when he stated that, “If legislation of gambling casinos comes the emphasis should be on trying to have something legal that is now illegal, not as revenue raiser”. Also “the annual convention of the state LP passed a motion urging the NSW Government to legalise gambling clubs immediately”. Maddison, the Minister for Justice, said: “he was in favour of legalising clubs provided existing illegal clubs were brought under control”. Finally, Askin indicated “if the cabinet recommended legalising casinos the matter would be referred to a joint government party meeting”.<sup>130</sup> In August 1974 there was a rumour that Askin was about to nominate two operators to be granted casino licences.<sup>131</sup>

Expectations of the legalisation of the casinos were dashed when Askin stated in parliament on 27 August 1974, four months before he retired, “I am against the legalising of gambling casinos and there is no question of their being made legal while I am Premier and Treasurer”.<sup>132</sup> There is no doubt that this caused disappointment amongst Galea and the organized crime network. This was demonstrated by the vitriol in Smith’s tirade, delivered (and recorded) during a meeting of major crime figures at the Taiping restaurant in Elizabeth Street, Sydney.<sup>133</sup> Smith “was one of Sydney’s criminal heavyweights for over three decades”.

The meeting was held on 22 June 1976 just after Wran announced that the government intended to legalise the casinos. Stanley John Smith had devised a plan whereby the members of the organised crime network would retain control of the casinos when they were licenced. This became known as the Taiping conspiracy. Smith was “revered among criminals as “Stan the man”... [and identified] as a leader of the underworld”. His aim was to “get the game sewn up”, so that the licences would not be granted to outsiders. This was to be achieved by bribing politicians “to

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<sup>129</sup> *The Sun*, 18 June 1973, p.3; *The Australian*, 20 June 1973, p.3.

<sup>130</sup> *SMH*, 13 August 1974, p.13.

<sup>131</sup> *NSW LA PD*, 27 August 1974, p.647.

<sup>132</sup> *ibid*, p.647

<sup>133</sup> Bob Bottom, *The Godfather in Australia: Organised Crime’s Australian Connections*, Sydney, 1979, p.103.

gain control of any board set up to grant licences and administer casinos”.<sup>134</sup> Smith claimed “we done the same six years ago, the exact same thing you are facing now”.<sup>135</sup> According to Bottom “It was not clear whether he was suggesting that organised crime in Australia had had a part in Las Vegas or whether he was alluding to the NSW licenced club industry”.<sup>136</sup> Smith reminded his confederates of the benefits of having the casinos licenced: “You’re talking about something that could go on forever ... [the] government is getting their tax out of it ... This is a legal way of printing money ... you’re dealing with a multi-million dollar business there”.<sup>137</sup>

As the self-appointed overseer of the conspiracy, Smith castigated his confederates for their ineptitude in squandering the opportunity when Askin was premier:

I’ve never found you the most generous people that I’ve fucking heard of. You know, so, perhaps you might be looking at long pennies. For Christ sake, get up and realise you’re dealing with a multi-million dollar business there. So, if you sit back and hang back with your traditional penny pinching fucking attitude, well, this’ll slip away from you. That is why I started in this whole business, [as overseer] when you didn’t do it with fucking Askin. [Sir Robert Askin, former Premier] ... You know, as well as I do, [politicians] they’re the shiftiest bunch of fucking people that ever, ever lived.<sup>138</sup>

Smith was infuriated with Galea and his cohorts because they were unable to bribe Askin and have their casinos legalised and he did not want to miss another opportunity. Nonetheless, the Wran Government changed its policy and it was almost two decades before a legal casino operated in NSW.

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<sup>134</sup> *ibid*, p.103.

<sup>135</sup> *ibid*, p.110.

<sup>136</sup> Bottom, *The Godfather in Australia*, p.107.

<sup>137</sup> *ibid*, p.108,110.

<sup>138</sup> *ibid*, pp.109-110.

#### 6.5.4. The Moffitt Royal Commission

The establishment of the Moffitt Royal Commission 1973-74 concerning the infiltration of organised crime into NSW registered clubs was a result of an exposé, published, by Bob Bottom in the *Sunday Telegraph* 25 July 1972 under the header, “Crims Grab Clubs”. It was followed by another “Seminal piece” co-authored by Bottom and Anthony Reeves, “The Night the Mafia Came to Sydney”.<sup>139</sup> Until these exposes were published organised crime had largely escaped public attention. Consequently, the Government requested a report from the Police Commissioner regarding the matter. An interim report was prepared which indicated that there was infiltration of organised crime into registered clubs and a serious threat from overseas.<sup>140</sup>

Askin alerted the Parliament to the findings of the interim police report. However, when the final report was handed to the Government he did not table it in the Parliament as he had promised. The final report was a complete contradiction of the interim report. The South Sydney Juniors’ Leagues Club, which had attracted the greatest suspicion in the interim report, was now regarded as completely free of corruption and the “Bally organisation was clean and beautiful”.<sup>141</sup> The diligent opposition under the leadership of Pat Hills declared it a “whitewash” and a “cover up”.

In an unprecedented response, Askin established a Royal Commission and declared that he would take the witness stand. He said; “It was more efficient to give the Police reports to a Royal Commission than to table them in parliament”.<sup>142</sup> Justice Randolph Athol Moffitt was appointed commissioner. This was the first Royal Commission to deal specifically with organised crime: “Maddison said that Askin set

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<sup>139</sup> Whitton, *Can of Worms*, p.16; Moffitt, *A Quarter to Midnight*, p.72; Bob Bottom, *Without Fear or Favour*, South Melbourne, 1984. pp.30-31.

<sup>140</sup> Moffitt, *A Quarter to Midnight*, p.72.

<sup>141</sup> *ibid*, p.72.

<sup>142</sup> *The Australian*, 17 August 1973, p.2.

up the Royal Commission because of the charges that the Government was covering up, and illegalities in the clubs".<sup>143</sup>

The royal commission certainly shone the spotlight on the celebrities of the organised crime fraternity. If Askin had been involved with organised crime then surely he would have been reluctant to initiate a Royal Commission. The header in the *Daily Telegraph*, 23 March 1974 read: "Stars appear at club inquiry ... With 'Fibber', 'Blue eyes' and the gang ... It all sounds like a roll call for a hoods' convention". The nicknames provided some light relief for the commission officials. The "American gangsters some of them top Mafiosi" were mentioned because of their connection with 'Bally Manufacturing Corporation of America', that was a "huge US poker machine company". It was of great concern that a US crime syndicate had attempted to infiltrate Australia via 'Bally Australia Pty. Ltd.'.<sup>144</sup>

The Australian 'stars' who made a personal appearance by way of subpoena were Abraham Gilbert Saffron, George David Freeman and McPherson, who took centre stage. McPherson was alleged to have pressured licenced clubs to use Bally poker machines. He had taken Joseph Dan Testa to Bourke, NSW on a kangaroo shooting trip. Testa had "become synonymous with accusations of American Mafia infiltration into Australia".<sup>145</sup> He was described by a commission witness as a psychopathic killer. When he arrived in Australia to give evidence he vowed "revenge against any witness who had named him".<sup>146</sup> In the light of the public airing and the ordeal that Askin inflicted upon these criminals, it is incredible that Askin was a friend to organised crime.

The Royal Commission began on 3 September 1973, and after an eighty-four day hearing from 154 witnesses, who were asked more than fifty thousand questions, the report was tabled in parliament on 14 August 1974.<sup>147</sup> The Government was exonerated from any charges relating to a 'cover up'. However,

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<sup>143</sup> *The Sun*, 20 August 1973, p.0.

<sup>144</sup> *Daily Telegraph*, 23 March 1974, p.4.

<sup>145</sup> Bottom, *Without Fear or Favour*, p.34 .

<sup>146</sup> *ibid*, pp.34-35.

<sup>147</sup> *Daily Telegraph*, 15 August 1974, p. 2.

Moffitt recommended that the Bally Corporation should be banned from operating in Australia because it posed a threat of infiltration into Australian licenced clubs.<sup>148</sup>

Following the release of the Moffatt report, Willis told the parliament:

Both the former Leader of the Opposition [Hill] and the present Leader of the Opposition [Wran] made base allegations in this House under the coward's cloak of parliamentary privilege. They said that the Premier and other Ministers in this Government were attempting to hide criminals and criminal activities. When we called their bluff and set up a Royal commission and invited them to give evidence, how many of them went before the Royal commission? Not a one. Not a word of evidence was offered by them to the commission, where they could have been cross-examined by a judge and lawyers. They could not be seen for miles; they had all disappeared into the wide blue yonder. The allegations that they were prepared to make in this coward's castle about corruption and crime on the Government benches suddenly dissolved into thin air ... [they] have made utter and unadulterated fools of themselves. They made allegations that they could not substantiate ... they crept away with their tails between their legs when they were invited to give evidence before the commission, where they could have been cross-examined ... It is interesting that, though it is a week since the Royal commission report was tabled, there has not been a question on it at question time ... the silence is deafening ... for nine and a half years they have been scraping around all over the place trying to find something to hit us with in the way of corruption, criminal activities, impropriety or something of that kind. So far, they are still scratching like a mangy dog because they have not found one thing, and they will not.<sup>149</sup>

Askin told the Parliament, three months later on 4 December 1974, that Hewett and two other cabinet ministers as well as himself had written to the Royal Commission advising that they were "quite willing to go along voluntarily and I was quite happy to

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<sup>148</sup> *The Australian*, 15 August 1974, p.3; Moffitt, *Report on Allegations of Organised Crime in Clubs*, p.134,135; *Daily Telegraph*, 15 August 1974.

<sup>149</sup> *NSW LA PD*, 20 August 1974, pp.431-432.

give them all the information I had". Askin then complained that members of the opposition "who made the allegations about covering up have been most noticeable by their absence from the royal commission... I should have thought that the gentlemen who alleged these things would not do so without having some information. Surely they could not make serious allegations like that without any foundation. If they did they should not be in parliament".<sup>150</sup>

### 6.5.5. The Waller Report and Other Protagonists

Justice Atthol Moffitt stood by his assessment 20 years later in a letter to Kevin Waller stating that "There was no evidence, hearsay or otherwise, before the Royal Commission (on Organised Crime in Clubs) over which I presided in 1973 of improper conduct on the part of Sir Robert Askin." In 1993, the *Sun Herald* "took the extraordinary step" of holding a commission of inquiry, overseen by journalist Evan Whitton and led by former NSW Coroner Kevin Waller, to review the evidence against Askin.<sup>151</sup> This took place after the publication of the Fairfax history *Herald and Angels*, because the Fairfax organisation was probably haunted by the propagation of the Askin corruption myth that had been founded on 'unsourced assertions'. Waller stated in his report

The main purpose of the procedure is not to convict or acquit an individual, but to search for the truth. However, before public figures may be stigmatised as corrupt one must insist on evidence of some strength.

Where has the evidence come from? I have read David Hickie's book "The Prince and the Premier", together with his later comment and the further material received at the Sun-Herald. Much of the information is remote hearsay, and in many instances the witnesses are dead, unknown, un-named or otherwise unavailable.

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<sup>150</sup> *NSW LA PD*, 4 December 1973, p.27.

<sup>151</sup> Murray Goot, "Askin, Sir Robert William (Bob) (1907–1981)", *Australian Dictionary of Biography*, <http://adb.anu.edu.au/> accessed 29 July 2012.

No significance at all can be attached to statements by un-named persons. There is not a responsible tribunal in the world which would place any reliance whatever on reported conversations with anonymous people. The Prince and the Premier is littered with such quotations, which may have satisfied the author but do not constitute proper evidence for obvious reasons.<sup>152</sup>

Wal Fife, Milton Morris, and Sir John Fuller, who were members of Askin's cabinet throughout the entire period of his Premiership, and who enjoyed honourable reputations, were all interviewed and they were all emphatic that Askin was not corrupt.<sup>153</sup> John Hatton, the maverick former independent MLA for South Coast, who was misreported in the media as having accused Askin of being corrupt confirmed that he was not privy to any evidence that proved Askin was corrupt. His misreported claim was that organised crime flourished in the latter part of the Askin Government.<sup>154</sup> It is noteworthy that Hickie used Hatton's misreported statement to support his allegations. Askin's press secretary, Geoff Reading, and Russ Ferguson, who was Askin's driver for over 20 years, and would have been privy to any illegalities were equally emphatic. Reading said that Hickie's claims were "never tested" and remained "unproven". Ferguson said "if there was anything like that I think I'd know".<sup>155</sup>

Evan Whitton was understandably not interested in the topic after the inquiry by the *Sun Herald* in 1993 turned into a debacle when a lengthy reproach was received from the former Justice Moffitt. Whitton had inaccurately claimed that Askin had committed perjury by swearing under oath that he had never been inside an illegal casino. This was typical of the inaccuracies that fuelled the hearsay and innuendo that were responsible for the myth to take on a life of its own. In fact, Askin made this statement in an interview published in *The Australian*.<sup>156</sup>

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<sup>152</sup> An article presenting the Waller report was published in the SMH on 28 November 1993; a fully copy of the original 8 page report is in the possession of the author of this thesis.

<sup>153</sup> Loughnan interviews with Fife, Morris and Fuller

<sup>154</sup> Loughnan interview with Hatton; Reading, *High Climbers*, p.142

<sup>155</sup> Hancock, 'Askin, Robin', *Premiers*, p.366.

<sup>156</sup> *The Australian*, 14 May 1974, p.68.

At the time of the Waller report, Stuart Littlemore QC who was commentator for the ABC Media Watch program, publicly goaded Hickie to be cross-examined on his evidence. He noted that there were “very embarrassing reasons, aren't there, Mr Hickie, that explain your unwillingness to debate the quality of your work.” Littlemore reinforced Waller’s observations that Hickie’s evidence was no more than “rumour, tittle-tattle and second and third-hand material” that “will not do” and then told Hickie to “put up or shut up”. He also noted that Waller’s assessment was contrary to what Whitton had expected.<sup>157</sup> Significantly, two of Waller’s most damning pages of the report were omitted from publication.

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The assessment by Hickie that Askin was an ‘underestimated man’ is accurate in the context of the Askin corruption myth. Those lying, thieving, murdering criminals such as ‘Mr Big’, ‘Mr Sin’, ‘Stan the Man’, ‘The Prince’ and the likes of ‘Ironbar’ and ‘liar’ were unable to corrupt Askin. The fact that they could not bribe Askin for favours was evidenced by what Smith had to say about him on the Taiping conspiracy tape recording. It is noteworthy that if these criminals had a regular job within the bounds of the law, they probably would have struggled to scratch out a living. In contrast, Askin had attained the high office of Premier and first citizen of the state, and retained it for almost ten years.

It is incomprehensible that Askin, who revelled in the company of world leaders and the prestige of his position, would manipulate the state in order to benefit criminals. Askin had no children to benefit from his wealth, he desired no ostentatious status symbols such as mansions, cars or holiday homes, his home was modest although it was located in a picturesque suburb, and he bequeathed his estate to Mollie who in turn bequeathed the majority of her \$3,724,879 estate to charities. There is no doubt that Askin expected the privileges of high office and he probably had no compunction in taking political donations whether they were from tax paying businesses or licenced bookmakers.

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<sup>157</sup> Stuart Littlemore, ABC ‘MEDIA WATCH’, 4 October 1993.

The principal premise of the exposé in the *National Times* and the book *The Prince and the Premier* that Askin was the patron of organised crime in Sydney from 1967- 68 until his retirement is implausible because it was founded on “unsourced assertions” and the hearsay of a of a notorious criminal who aided and abetted drug dealers. “a major crime figure”, who “laundered large amounts of drug money”, and who had been dead for four years. Without this premise, the myriad of other allegations that became received wisdom would not have entered the public domain. The conclusion reached after interviewing David Hickie, and after reassessing the central allegations that propagated the Askin corruption myth, is that the evidence is based on unsubstantiated claims. The allegations as stated simply cannot be sustained.