

promotes further gambling in that bookmakers are induced to back upon the totalizator horses which, in the light of the bets they have made off course, they desire to see pay a minimum dividend. On the other hand those who bet with the bookmakers are induced to back upon the totalizator other horses in order to inflate the amount of the dividend they will become entitled to receive if the horse wins which they have previously backed with the bookmakers.

75. At its best, therefore, a system of betting upon totalizator odds is provocative of increased gambling. An instance of its result so far as manipulation of investments upon the totalizator is concerned is afforded by a recent case in Napier known as "the Malacca case." This case was made the subject of representations to us on behalf of a Mr. Slater. There very large sums were invested on the totalizator upon horses not expected to win, in order to inflate the dividend on the horse Mr. Slater's principal, with a confidence the event justified, expected to win. The principal thus won from bookmakers a much greater sum than the normal odds would have secured for him. Doubtless there are other objections to the system of betting upon totalizator odds, but to these we need not advert.

76. Whatever else, therefore, may be concluded with respect to the licensing of bookmakers it would be a retrograde step and a disregard of the lessons of experience for the State to make possible, much less encourage, either credit betting or the laying of totalizator odds. There are these two initial objections to the licensing of bookmakers as proposed by the association.

77. The third objection arises from the difficulty of recovering taxation from bookmakers. We leave out of consideration for the time being whether it is right or proper for the State to recover taxation from gambling, and meantime assume that the State will desire to continue to recover such taxation. Experience has shown that taxation based on the activities of bookmakers is, if not impracticable, at least extremely difficult of enforcement. In 1926 Mr. Winston Churchill, then Chancellor of the Exchequer, introduced a tax on bets in his Budget. He estimated the tax would yield £6,000,000 in the full year. The tax took the form of an annual tax on bookmakers' certificates and entry certificates, and a percentage tax levied on all bets made with bookmakers, credit betting being taxed at a higher rate than ready-money betting. The tax on bookmakers' certificates and entry certificates was in the nature of a licence fee. The percentage tax on bets was analogous to the tax on bets proposed by the Dominion Sportsmen's Association.

78. At the time of its introduction the opinion was advanced that, despite heavy penalties for infringement, there would be considerable evasion of the tax unless it were at a very low rate. The tax came into