

that it would be difficult to determine the volume of business at any one place and so the size of the establishment necessary to be put there. Mr. Smythe, who presented the scheme for the Conferences, based his assessment on population and the number of telephones in use. This seems a feasible basis, but experience will soon show its reliability or otherwise and any necessary adjustments can readily be made. Tote Investors, Ltd., appear to handle efficiently an extremely burdensome body of business in England, and there seems no reason why a similar or an analogous system should not be introduced into New Zealand.

122. The question naturally arises as to the cost of administration. This has been estimated by Mr. Smythe at from 5 per cent. to 7 per cent. upon the amount of the turnover. It would be unwise to place any part of this cost upon bettors, for that would encourage illegal bookmaking which could operate free of any such imposition. The question then resolves itself into one as to whether or not the Government should bear any portion of the cost. We do not so recommend. For it to do so would be, in a sense, to clothe itself with a proprietary interest in the conduct of a betting system, and to that we are decisively opposed. To suggest any special reduction in taxation of such betting would bear a similar import. We think, therefore, that the burden of cost should fall upon the Racing and Trotting Conferences. It is the sport which they foster which has given rise to the betting which is to be handled; whilst it is upon betting that the clubs they represent are dependent to a very great extent for their income. The handling of off-course betting is therefore essentially an undertaking for the racing authorities. That the cost will be as high as 7 per cent. we doubt. If the system secures the whole annual turnover of £24,000,000 which is now handled by the bookmakers, the administrators of it will derive from the undertaking an annual income of £1,800,000. The cost could not approximate such a huge sum. There seems an ample margin to assume a profit even if the £24,000,000 is substantially over-estimated or the scheme fails to attract even less than half of the money which now goes to the bookmakers.

123. Upon a consideration of all the issues involved, we have come to the conclusion that we should recommend, as we do now recommend, that authority be given to the two Conferences to establish a totalizator off-course betting scheme substantially in accordance with the proposals they have advanced. The public interest, however, requires that the administration of the scheme should be subject to some restrictions and some obligations.

124. To avoid any incentive on the part of any one to solicit betting it is essential that the payment of any commission to any one concerned in the administration of the scheme should be sternly restrained. All persons employed should be paid a fair wage for the work they do and the responsibility involved, but no more. The wage should not be made