

(4) In 1943, Ballins Breweries made advances on chattel securities in respect of the Club Hotel, Martinborough, Wellington Province, and guaranteed the bank overdraft. They took a chattel security and also a second mortgage.

(5) During 1943 a lease of the Eltham Hotel was granted to Ballin Bros., Ltd., for four years at the lower rental of £457 12s. per annum (R. 7710). The Government valuation is £1,200, although the hotel was purchased for £7,800. Each yearly rental is thus 38 per cent. of the Government capital valuation, and, in addition, the lessee pays, as in most instances, rates and insurance and is obliged to paint and paper.

328. (1) In January, 1944, the Oriental Hotel in Dunedin was sold for £22,000, of which £2,750 was paid for the land and buildings and £19,250 for goodwill. £2,750 was a fair value for the land and buildings. This was not a company transaction.

(2) In February, 1944, the Exchange Hotel at Havelock North was sold for £10,600. The maximum value of the land and buildings is stated to have been £3,000 (R. 973).

(3) In April, 1944, the Grosvenor Hotel in Christchurch was leased to Ballins Breweries for two years and eleven months at £104 a month, with a premium of £1,125. The Government capital value is £3,960. Each yearly rental, including a share of the premium, is 40 per cent. of the Government valuation (R. 7710).

329. In January, 1945, the Alpha Hotel at Kihikihi, which is on the boundary of the large no-license district of the King-country, was sold for £14,000, of which £4,000 was apportioned to land and buildings and £10,000 to goodwill. According to the Government valuation made in 1939–40, the capital value was £1,700, of which the unimproved value was £300 and the value of the improvements £1,400.

330. We refer now to instances of competition between New Zealand Breweries and Dominion Breweries during the war years. We have referred to the purchase of the Rising Sun Hotel by Dominion Breweries in 1941 and the purchase of the Edinburgh Castle Hotel by the Campbell and Ehrenfried Co. four months later, each hotel bordering on the large no-license districts of Eden and Grey Lynn. (Incidentally, it may be noted that the excess of revenue over charges on the Edinburgh Castle Hotel was, in 1944, £8,675.)

331. In the course of his evidence Mr. L. J. Stevens, the chairman of directors of Dominion Breweries, was asked (R. 6745) whether his company might take a lease of an hotel from an individual for a period, and whether, at the end of the term, the lease might be taken up by some one else. He replied: "Not if we can make reasonable terms for renewal." Further questioned (R. 6746), Mr. Stevens said that variations in the leaseholds were not at the present time of any concern whatever to his company. The statement attached to the evidence of Mr. Stevens shows that the number of hotels owned or leased by the company was 45 in 1940 and 40 in 1945, with some variation between those figures in the intervening years.

332. The evidence shows competition between New Zealand Breweries and Dominion Breweries during or about the war years in the following respects:—

(1) A lease of the Royal George Hotel at Newmarket, Auckland, became available in 1939 on the death of the proprietor-licensee. Up to that time, New Zealand breweries and the other hotel companies with which it is associated held control of the other three hotels in Newmarket. It is stated in the evidence of Mr. Tuck, the Assistant Commissioner of Stamp Duties at Auckland, that in order to keep Dominion Breweries out of the locality New Zealand Breweries took a lease of the Royal George at £80 per week and that this has been renewed for a further term at the same rent. The rent of the other two Newmarket hotels controlled by New Zealand Breweries or its associated companies is £30 10s. per week for the Captain Cook and £48 per week for the Carlton Club.

(2) The evidence shows (see Schedule B of New Zealand Breweries' replies to our questionnaire, and p. 20 of Dominion Breweries' replies to our questionnaire) these facts: the Astor Hotel at Auckland, which had been leased and was later