a calculation. Counsel for the trade were invited to criticize them if they were wrong, but counsel have not done so. Taking the Auckland price of 5s. 2d. per gallon (there being 160 oz. to the gallon), we get the following results (R. 7702) :—

Size of Glass.	Number per Gallon.	Total Price at 7d.	Gross Profit to Hotel.	Percentage on Cost.
Oz.		s. d.	s. d.	
12	13⅓	7 9	2 7	50
10	16	9 4	4 2	80
8	20	11 8	6 6	125
7	22	12 10	7 8	148
5	32	18 8	13 6	261

391. We have had little detailed evidence as to the measures used in hotels throughout the country, but the indications in the evidence are that the 10 oz. handle is largely used in the bars in the cities, while, in the country districts, an 8 oz. measure may be used. In lounges in the cities and elsewhere a 7 oz. or perhaps an 8 oz. glass is, we understand, frequently used (R. 7702), while a 5 oz. may be called for in any bar or lounge at any time. If an 8 oz. glass of beer is sold in a lounge for 1s., the percentage of profit on cost is 287 per cent. There is no price control of beer, apart from the sales in the bars of the main cities, except to the extent that prices are not to be increased beyond what they were on the 1st September, 1939, without authorization.

392. These calculations as to profit are arithmetical and some allowance may have to be made one way or the other for such factors as the exact filling of the glasses, an overflow, or an under-filling (R. 7702).

393. With respect to bottled beer, the Auckland custom is to sell the quart bottle in the bars at 2s. a bottle (R. 7702). The evidence shows (R. 2284) that the bottles cost the Auckland hotelkeeper 1s. 3½d., less 1d. refund on the bottle, 1s. 2½d. The profit on the sale of a bottle costing 1s. 2½d. is 9½d., or 65 per cent. on cost.

394. Outside Auckland, bottled beer is sold in glasses only. If the hotelkeeper uses 5 oz. glasses and sells five glasses to the bottle, he takes 2s. 11d. His gross profit is therefore 1s. 8½d., or 140 per cent. on cost.

395. As to riggers, the position appears to be as follows : six riggers per gallon may be sold at 1s. 6d. each, or 9s. This gives a profit on a gallon of beer of 3s. 10d., or 74 per cent. on cost (R. 2307 and 7702).

396. We obtained evidence in Auckland as to the percentage of gross profit on costs in a number of hotels in Auckland under the control of hotel companies. An analysis showed the average gross profit on cost of beer as follows (R. 7705 and Ex. C. 3, C. 4, C. 5, and C. 6) :—

	Per Cent.
Hancock and Co., Ltd., on five hotels	69
Dominion Breweries, Ltd., on eleven hotels	56
New Zealand Breweries, Ltd., on eight hotels	54·1
Campbell and Ehrenfried, Ltd., on fifteen hotels	52·5

An analysis of the returns for the lounge bar in the Hotel Auckland of Hancock and Co. showed percentages of gross profit on cost each week as follows : 169·4 per cent., 172·5 per cent., 168·2 per cent., and 170·3 per cent.

397. These percentages, of course, are not net profits, and it is difficult to translate them into net profits. The extent to which they were translated into net profits before the war is shown by the very large profits which the companies made. We may note, however, that beer is a line which turns over very rapidly, that it is sold for cash, and that no large stocks are required. Compared with these returns, the margin on grocers' lines varies from between 8 per cent. and 10 per cent. on a line which turns over rapidly to from 25 per cent. to 30 per cent. on lines which remain on the shelves for a longer