

405. The differences are these :—

(1) The licenses under the Industrial Efficiency Act (including separate licenses for any branch of an industry) are all granted by one authority—viz., the Bureau of Industry, which is charged with the duty of taking a general view of the economic welfare of New Zealand in order to secure a greater measure of industrial efficiency. The Bureau must also consider all matters relevant to any particular application in the light of that general duty. The Bureau comprises experts in the particular industry which is dealt with. It also acts judicially in making inquiry into all relevant matters and in giving to those interested an opportunity to state their case (section 15 (2)). The decisions of the Bureau are subject to appeal (section 21 of the Act of 1936 and sections 9 to 13 of the Statutes Amendment Act, 1942).

Licenses granted to those in the liquor trade are granted by separate authorities under separate statutes (see Chapter III, *supra*). None of these authorities is charged with the duty of taking a general view of the whole position in the liquor trade.

406. (2) Under the Industrial Efficiency Act, the Bureau is also charged with the duty under Part I of the Act of maintaining a continuous survey of industries (section 7 (2) (d) of the Act of 1936). The Bureau may advise the Minister of Industries and Commerce concerning the co-ordination of related or inter-dependent industries. Having the duty and the opportunity of obtaining knowledge in this way, the Bureau is expected to be qualified to impose such conditions as are proper upon the grant of a license (section 18 of the Act of 1936). Subject to appeal, any of these conditions may be varied from time to time. Pursuant to this procedure, undesirable or monopolistic arrangements between licensees under the Industrial Efficiency Act could be brought under control during the currency of licenses.

The various authorities governing the licensed liquor trade have no such powers.

407. (3) By reason of the knowledge which it acquires pursuant to its duties, the Bureau is expected to be qualified to exercise its power under section 19 of the Act of 1936 to revoke a license if the licensee is failing in his duties.

The various authorities who grant licenses for the trade are not required to maintain a direct, continuous, expert survey of the conduct of licensees, and have no such general powers of revoking licenses if the licensee should fail in his duties.

408. In answer to our questionnaire, all brewers and wholesalers informed us that they traded in competition with one another. The facts set out in Chapter XV show, however, an interlocking of the directorates of certain companies with one another, and also with New Zealand Breweries, which operates throughout New Zealand. This interlocking would, in the ordinary course, result in the regulation of competition between them and in joint action to protect their common interests. For example, it is difficult to think that New Zealand Breweries, Hancock and Co., and the Campbell and Ehrenfried Co. would pursue conflicting policies. These powerful companies hold, apparently, a dominant position in the trade. If so minded, New Zealand Breweries, or the companies associated with it, could probably outbid any other brewery company in a competition for trade outlets. An outstanding example is the purchase of the Edinburgh Castle Hotel by the Campbell and Ehrenfried Co. in competition with Dominion Breweries in October, 1941 (para. 325 (3), *supra*).

409. The attitude of New Zealand Breweries, as expressed by its director, Mr. Wanklyn, was that it wanted open competition and the removal of wartime restrictions. The attitude of Dominion Breweries, as expressed by the chairman of directors, Mr. L. J. Stevens, was the same, except for two very important matters which affected the acquisition of licensed premises. He submitted on behalf of his company (1) that the amount received for goodwill should be taxed as income in the hands of the vendor and not be deemed a capital profit; and (2) that the goodwill paid by the incoming tenant should be made deductible by him for income-tax purposes as an expense (R. 6688).

410. Mr. Stevens also submitted, on behalf of his company that, on a redistribution of licenses, an upset amount for goodwill should be fixed, and that, if there were more than one applicant, the decision should be by ballot. He said that any proposal that