

allowed the sale of a license by auction would accentuate the evils, already experienced in the Licensed Trade, which were consequent upon the payment of high or excessive goodwills (R. 6686). These views represent a divergence of deep significance from the plan of public auctions for licenses on a redistribution put forward by the National Council of the licensed trade, of which Dominion Breweries is a member.

411. Mr. Stevens also stressed, as an important element in competition within the trade, the quality of a product. He thought that, if any company could advertise freely any product of quality, a change in public demand might be created, with the result that hotels of competing companies would be obliged to stock it (R. 6725, 6729, and 6746).

412. Ballins Breweries (N.Z.), Ltd., the third largest brewery company, was not represented before us by counsel for the National Council of the Licensed Trade. They appeared before us at Christchurch by separate counsel in connection with Chatham Island matters. The company replied to our questionnaire, but did not attend before us at Wellington, and we did not find occasion at that time to call them separately before us. Ballins Breweries (N.Z.), Ltd., formed in 1936, has been acquiring hotels in the North Island as well as in the South. Its directorate, like that of Dominion Breweries, is independent of New Zealand Breweries and of other brewery companies. Ballins Breweries, Ltd., appears to be in active competition with the two larger companies.

413. The effect of the competition of the big brewery companies upon a smaller company may be gauged from the answer of the Marlborough Brewery Co. to a question in a questionnaire which we issued to the brewery and wholesale companies. The question (No. 18) asked what was the policy of the company in acquiring hotels. The answer of the Marlborough Brewery Co. was :—

(R. 7695.) The company has been forced to endeavour to obtain the control of local hotels in order to provide an outlet for its products, as the policy of the big combines is to buy up all possible hotels or leases in order to expand and secure all the business. The policy still continues in self-defence.

The position in the Marlborough Licensing District is that the brewery or wholesale companies either own or are financially interested in hotels as follows : New Zealand Breweries, 1 ; Ballins Breweries (N.Z.), Ltd., 2 ; Ballin Bros., Ltd., 3 ; Quill Morris (1936), 1 ; Marlborough Brewery Ltd., 4. The total number of hotels in the Marlborough Licensing District is 28.

414. The demand for beer at the present time is sufficient to keep all the breweries adequately employed. If the demand should slacken, the three major companies may be driven to engage in even more active competition than in the past, or else to come to mutual agreements. If they were to take the latter course, and if no new brewery license were issued to a competing company, the control of the trade in relation to the rest of the community would be practically a monopoly in private hands.

PART VI.—THE MISCHIEFS OR DEFICIENCIES OF THE TRADE: GENERAL STATEMENT AND MISCHIEFS RELATING TO CONSUMPTION AND MANUFACTURE

CHAPTER 18.—GENERAL STATEMENT OF THE MISCHIEFS AND DEFICIENCIES

415. We proceed now to consider the principal mischiefs or deficiencies which, it is alleged, attend the consumption and also the manufacture, sale, and control of alcoholic liquor, other than wine. We deal separately with the wine industry.

416. The grave mischiefs which rank as evils, and which are the most prominent of all the mischiefs in the public mind, are those associated with the *consumption* of alcoholic liquor. In the past the most prominent of these have been drunkenness, crime, ill health, misery, squalor, and inefficiency. These mischiefs are still alleged, but it is clear that they have substantially decreased in New Zealand during the past twenty-five years. Another evil associated with the consumption of liquor is sexual immorality, but we have little evidence to show whether that evil has increased or decreased in normal times, in relation to the consumption of alcoholic liquor.