

471. There is evidence that in the sparsely populated districts after-hours drinking is concentrated in the week-end. These hotels could not maintain themselves without after-hours trading (R. 266 and 1596). An ex-policeman (R. 1599) informed us quite frankly that, while he was on duty in a country district, he permitted after-hour trading on the grounds that it was impossible for the country workers to get a drink within lawful hours (R. 1595).

472. The evidence also shows that there is extensive after-hours trading in the cities. Some witnesses have frankly confessed that they have had no difficulty in obtaining a drink, though illegally, in an hotel (R. 1537). The practice appears to be extensive in the towns on the West Coast. One reason for after-hours trading in both city and country is the right of the lodger to supply his guests. The police say that persons found on the premises claim to be the guests of lodgers, and that it is difficult to distinguish between those on the premises who are really lodgers' guests and those who are not.

473. Another reason for after-hours trading is that the hotels are closed for the sale of liquor on Sundays. Superintendent D. Scott, who had served in the police in various parts of the Dominion, including Wellington, Murchison, Picton, Oamaru, Auckland, New Plymouth, and Dunedin, informed us that a considerable amount of Sunday trading went on all over New Zealand (R. 5863 and 5870).

474. Licensees could, of course, stop after-hours trading by refusing to supply, but many do not refuse for these reasons:—

(1) If one publican refuses, another would supply. The first publican would then lose not only the unlawful, but the lawful trade of the customer (R. 6751 and 7166).

(2) There is strong evidence that after-hours trading must be taken into account in fixing the prices and the rents of hotels, and that many licensees are under the economic necessity of supplying an after-hours trade. We deal with this matter in subsequent chapters.

475. We think that after-hours trading is very prevalent in New Zealand, both in the cities and in the country. It appears to be more prevalent in the country.

The provisions of Regulation 3 of the Licensing Emergency Regulations 1942/186 seem to have had a beneficial effect. Nevertheless, the number of convictions recorded for after-hours trading, either before or after the regulation, must be but negligible compared with the total number of those offences committed during the year. This means: (1) that the police force is substantially ineffective in stopping after-hours trade; (2) that an attitude of contempt for the law is developed on the part of the large number of licensees and customers who participate in that form of trading; and (3) that that contempt is bound to have an unhealthy effect upon the community in other directions.

CHAPTER 22.—EXCESSIVE GOODWILLS, RENTS, AND PREMIUMS

476. The goodwill which passes on the transfer of licensed premises is the goodwill which is attached to the premises. This is almost entirely dependent on the license. Without the license, the value of the custom would be non-existent. The site itself would probably be of value in respect of other businesses. Accordingly, practically the whole value of the goodwill of licensed premises which is transferable depends upon the license.

477. The question of goodwill may be viewed in two aspects—(1) the payment made for goodwill on the acquisition of the freehold or leasehold of licensed premises; and (2) the payment required by the investor in those premises for the purpose of getting a return upon his investment.