

instructions of the principal or because he is liable to dismissal and to the transfer of his license at the will of the company at any time. The guiding rule is that where the manager, while he is the manager, has real responsibility, as between himself and his principal, for the conduct of the hotel according to the instructions of the principal, he is the person who should hold the license for the purposes of the Licensing Act.

497. It follows from the foregoing considerations that the conduct of an hotel or accommodation-house by a company through its manager is not contrary to the Licensing Act. It can only be contrary to the spirit of the Act for those who maintain that the Act should mean something other than it does because, they say, (a) the Act imposes all responsibility on the licensee, and (b) the brewery or wholesale companies are limited, by the Acts which govern them respectively, to sales in quantities of not less than 2 gallons.

498. We have had evidence for and against managed hotels. The arguments in favour of them were these :—

(1) That an hotel company can supervise the administration of the hotel and can exercise proper house discipline.

(2) That the hotel company, having adequate financial resources, can and will make improvements to the premises more readily and effectively than a private licensee (R. 2850). Indeed, the hotel company might find it difficult to obtain a lessee with sufficient financial resources to carry on personally a modern hotel.

(3) That an hotel company, having adequate financial resources, is the only type of company which can undertake the building of an expensive modern hotel, and that, having built it, it is in the interests of the company to take the best care of its investment by giving the best service to the public by direct management.

499. The arguments against managed hotels are these :—

(1) That management is mainly an instrument for securing a profitable outlet for the company's beer or liquors.

(2) That inducements are given to managers to ensure that they do their best to secure large sales of liquor.

(3) That the company can put pressure on its servant, the manager, to keep up the volume of its sales, and that this is most likely where an excessive amount has been paid for the goodwill of licensed premises.

(4) That managers, who are often promoted barmen (R. 3997 and 4166), often give less personal service than a tenant for years with his own money invested in the business (R. 3050).

500. In considering these advantages and disadvantages, a very important question is whether the system of management subjects the manager to pressure or to a sense that he is under pressure to sell alcoholic liquor.

501. The system permits the inducement of large sales of alcoholic liquor. Under the system as generally adopted before the war managers receive a salary and also a percentage on profits. Salaries vary mostly from £7 per week to £14 or £15 per week for a manager and his wife. In some cases, 20 per cent. on the profits was paid (R. 4263). In other cases more was paid. The manager of Barrett's Hotel, Wellington, and his wife were engaged by Ballins Breweries, Ltd., as follows : £8 per week for the manager, £4 per week for wife, and 33½ per cent. share of the profits. The manageress of the Taita Hotel, who is the widow of the former manager, was engaged—by the same company—at £5 per week and 50 per cent. of the profits.

502. Regulation 17 (1) of the Licensing Act Emergency Regulations of the 22nd June 1942 (1942/186), made it unlawful for any person to enter into a contract of management if the contract provided for the payment of remuneration to the manager at a rate or rates determined or affected by reference, directly or indirectly, to the amount of intoxicating liquor sold in the premises or to the profits of the business carried on therein. Regulation 17 (2) required that existing contracts should be adjusted so as to provide for the payment of remuneration at rates which were not determined by reference, directly