

the full period for which he had booked. The point is that, if the witness had himself been spending money on liquor, it does not appear that he would have been asked to leave (R. 1898).

509. On the question of the length of service of managers, it is difficult to reach any general conclusion. The service of the present managers of the Campbell and Ehrenfried Co. is shown as from $1\frac{1}{2}$ to $12\frac{1}{2}$ years with the company. The managers of Hancock and Co. have served for from about 1 year up to 30 years, the majority having from 3 to 5 years' service. In some hotels, such as the Waverley, Auckland, no manager has stayed long during the period under review. There have been nine changes in 10 years. The present managers of Dominion Breweries have served for from 1 year up to about 9 years, the majority having from 2 to 5 years' service. There were four changes at the Kawakawa Junction Hotel between 1940 and 1944. The managing director said the managers did not leave because the company was dissatisfied with the returns of the hotel (R. 4261/2). New Zealand Breweries inform us that their managers are, and always have been, engaged on a monthly term and at a weekly or monthly salary (R. 6785), but we have no record of the changes in the managers of this company. Nor have we for Ballins Breweries.

510. The companies maintain that managers are not dismissed because the returns are not sufficient. On the other hand, Mr. Paterson, S.M., said he had no reason to doubt informants who told him that managers had to show a certain percentage on bar returns, and that, if they did not show them, some one came with a peremptory demand for the keys (R. 6096). Mr. Paterson, in cross examination, modified certain statements in his evidence, but he did not modify this one. The evidence is hearsay and we take note of it because it was made by a Magistrate and because of the practice that existed, before the Emergency Regulations of June, 1942, came into operation, of rewarding managers by a percentage on bar returns or on profits and because of the continuing practices of paying a fixed weekly spending allowance throughout the year and of paying a bonus at the end of the year.

CHAPTER 24.—TIED HOUSES

511. Section 177 of the Licensing Act of 1908 renders an unqualified tie unlawful, but a tie in the form of an option to deal elsewhere by paying a higher rent is lawful.

512. Our examination of the conditions of the trade in connection with the Tied Houses Bill (Chapter 9), and the evidence we have had, show that a tie is also created, in practice, whenever a brewer or wholesale merchant advances money to a licensee, whether on mortgage, or chattel security, or by guaranteeing a bank overdraft. The mere right to withdraw the guarantee is an effective power to ensure that the licensee shall deal with the guarantor or his nominee.

513. The effect of a tie is also obtained by a short tenancy—*e.g.*, a weekly or monthly tenancy. Even a yearly tenancy seems to be sufficient.

514. A tie is created not only under leases and mortgages to which the brewer or wholesale merchant is a party, but under leases and mortgages to which he is not a party and in which his name may or may not appear. A tie of this kind exists in leases or mortgages between private individuals. It may arise because a private lessor or mortgagee desires that a new tenant or mortgagor shall follow the practice of his predecessor (R. 5401). The reduction in the rent or the interest may be expressed to depend upon the purchase by the licensee of his beer or his wines and spirits from a named brewer or wholesale merchant, or from the unnamed nominee of the private lessor or mortgagee (R. 5401, 5402, and 5516).

We do not know how many of these private ties there are. They came to our notice during the course of searches of the titles to hotels in the South Island.