Ties of this kind would not appear in the books of the brewer or wholesale merchant as a tie to which he was a party. It follows that the number of hotels shown in Appendix A as being hotels in which brewers or wholesale merchants are financially interested does not include those hotels subject to ties which are effective under private documents of the kind we have described.

515. In New Zealand the tie under the optional rent always extends to draught beer and, in form usually to bottled beer, wines, and spirits, and even, in some cases, to cigarettes and other supplies. In practice, however, at the present time the tie is not being generally enforced in New Zealand except in respect of draught beer. Owing partly to the shortage of supplies, most licensees have been permitted to obtain any brand of bottled beer or of wines and spirits.

516. Evidence was given as to the advantages and disadvantages of a tie. The advantages claimed were these :—

(1) That the brewer or wholesale merchant obtains the power to ensure that only good liquor is being supplied in the hotel ;

(2) That only one brand of draught beer can be satisfactorily provided in most hotels and that this is ensured by the tie ;

(3) That the tie ensures continuity of supply to the licensee (R. 3780) ;

(4) That the brewer or wholesale merchant, generally having more financial resources than the licensee, can improve the buildings and provide better accommodation than the licensee ;

(5) That only a brewer or wholesale merchant with large capital is able to build a large modern hotel, and that, in that event, it is reasonable that the hotel should stock only the liquor supplied by the brewer or wholesale merchant ;

(6) That the service in the tied house is at least as good as in the untied house ; and

(7) That the co-ordinating of the supply of liquor with the retail demand and with the power to stimulate the retail demand is a trend in modern business and that the greatest efficiency, both from the point of view of the trade and of the public, is secured by bringing the manufacturing, wholesale, and retail trade required for the conduct of a chain of hotels under one control. The evidence of Mr. Stevens, the chairman of directors of Dominion Breweries, suggests that in his view this is the logical extension of the tie under the conditions of modern business.

517. The arguments against the tied house are these :—

(1) That the brewery company or wholesale merchant exerts a pressure on the licensee to keep up an average of weekly or monthly purchases so that the licensee is obliged to push the sale of liquor in order to maintain the profits of the hotel and the dividends of the brewer or wholesale merchant ;

(2) That rentals are fixed on the volume of trade which often includes the after-hours trading and induces breaches of the law in order that the licensee may maintain his financial position or keep himself solvent ;

(3) That, when adjustments of rent are made by the brewer or wholesaler, either up or down, the brewer or wholesaler takes the maximum profit ;

(4) That the tied house is so prevalent in various parts of New Zealand, particularly in the Auckland Province, that a licensed victualler who desires to be "mine host" on his own account finds it impossible to obtain a satisfactory hotel for the purpose ;

(5) That the continuity of supplies to the tied house involves a partial distribution of liquor in which the untied houses suffer (we deal separately with this reason), (see, *infra*, Chapter 25) ; and

(6) That the tied house supplies only the draught beer of the brewer or wholesaler.