

In our view, the returns we have obtained, though read subject to the qualification indicated by Mr. Ringer, indicate that most of the hotel premises in New Zealand are much too old and have far too few modern facilities to be regarded as adequate for the convenience of the public.

SECTION 2.—THE REASONS GIVEN BY THE TRADE FOR THE PRESENT CONDITION OF MANY PREMISES AND THE INCREASE IN NEW BUILDINGS AND IN IMPROVEMENTS SINCE THE FEAR OF PROHIBITION WAS REMOVED

(See para. 583)

591. In justification of the state of many hotel premises, the trade relies on the following matters :—

- (a) The effect of the prohibition poll ;
- (b) The difficulties in carrying out building operations due to the recent war ; and
- (c) A submission that the provision of accommodation does not pay at the rates charged for accommodation in New Zealand.

592. *As to the Effect of the Prohibition Poll.*—We think that if a substantial part of the profitable business of a publican is reasonably likely to be extinguished every three years without compensation, it is unreasonable to expect him to spend large capital sums in improving or extending his business. If any one thinks otherwise, let him ask himself how much he would himself expend in capital improvements and extensions if a substantial part of the profit-earning capacity of his own business were reasonably likely to be extinguished every three years without compensation.

593. If prohibition were carried, a publican would lose his right to sell liquor, though he would retain his premises and the right to provide accommodation. In New Zealand, hitherto, the sale of liquor has constituted the more remunerative part of the business of even the publican who provides accommodation for the public. It has also represented the easier way to make substantial profits. The sale of liquor involves little capital expenditure compared with the provision of accommodation. While, therefore, prohibition remained a reasonable probability, we do not think that hotel-proprietors could very well be blamed if they developed the bar side of their business or did little more than comply with the very moderate requirements of the law concerning the maintenance of hotels at the required legal standard, unless, perhaps, they were the proprietors of the larger residential hotels which would be required for accommodation whether prohibition were carried or not. It is plain that the larger private hotels, even to-day, can be run at a substantial profit, as, for example, the large private hotel in Christchurch referred to in the evidence, where 75 per cent. of the bedrooms have hot and cold running water. These private hotels have provided a standard which the proprietors of the better licensed residential hotels have felt they should exceed, even when prohibition was a reasonable probability. But, even with these hotels, we do not think the tendency to spend money on capital improvements would be great until it became clear to business minds either that the sale of liquor was likely to continue in New Zealand for some considerable time to come or else that prohibition, if carried, was also likely to continue for some considerable time.

594. We think that the facts show that, after the licensing poll of 1928, the men of business in the trade could reasonably rely on the continuance of the sale of liquor for a time long enough to justify the building of new hotels and the making of substantial improvements appropriate both to residential hotels and to hotels which operated mainly as beer outlets. We collect here the total votes for all districts in respect of the