

One brewer who supported the Tied Houses Bill, Mr. Frank Egan, of Kaiapoi, gave evidence as follows (p. 60, Nos. 116 to 120):—

116. Will you tell the Committee what you consider has been the cause of the advance in value of hotel property during recent years?—The monopoly given to the trade and the very keen competition between brewing companies.

117. What do you mean by the monopoly given to the trade?—No increases of licenses, but a reduction.

118. The result of the local option poll?—Yes; and the increased population and the keen competition of the brewers.

119. It is the result not so much of the action of the brewers as of legislation—the local option poll?—Yes.

120. Is that not the main factor in creating vested interests in hotel property and so increasing their value?—Well, apparently it is so.

143. But this increase in value existed only for the trade. The periodical taking of the local option polls rendered the security of licensed premises unattractive to outside lenders. That is plain from the whole of the evidence, but one passage may be quoted. The Honourable Mr. Louisson gave this evidence (p. 104, No. 95):—

Do you think that the periodical taking of the local option poll has any effect in curtailing advances to hotelkeepers?—Yes, that is one of the principal reasons why people will not advance money now.

The result of the legislation, therefore, was that licenses became more valuable, in the eyes of the brewers, the wholesale merchants, and the hotel keepers.

144. If a tenant had a lease for years for, say, five, seven or even more years (and these were commonly given prior to 1902), he had a valuable property of which he could dispose to his own advantage. The leases often contained an arbitrary provision enabling the landlord to refuse his consent to a lease (p. 78, No. 8), but landlords found it difficult to rely on this clause. The reasons were given by Mr. Martin Kennedy, of Staples Brewery, when he said (pp. 78 and 79):—

We have arbitrary clauses, it is true, in most of our leases which give us the option of refusing; but if we felt inclined to do that we should be met with the reply that they were ill and wanted a change: a man would say that he was not well, or that his wife was ill, or that he wanted to get out—to get away. As a matter of fact, they want to get out simply because the price they are offered is a big one In several instances we have stopped them for some time, but they get over the difficulty by obtaining doctors' certificates or they go to members of Parliament and complain of the iniquity of the brewers and owners, who, they say, will not allow them to have the benefit of their industry.

145. This power of the lessee to traffic in his license was found by the brewers to be detrimental to the proper conduct of the house and to the financial stability of the incoming tenants. The evidence before the Committee of 1902 makes it plain that many incoming tenants had paid too high prices for their leases and that they were thereby tempted to do after-hour trading. This conflict of interests between the brewers and wholesale merchants on the one hand, and the publicans on the other, was apparent in the evidence concerning all centres other than Auckland and Dunedin.

146. We refer now to the position in each centre of which evidence was given to the Licensing Committee of 1902.

147. In Auckland in 1902 there were no apparent differences between the brewers and wholesalers and their tenants. The reasons were explained by Mr. Arthur Myers (later Sir Arthur Myers), of Campbell, Ehrenfried, and Co., on behalf of his company and the brewers of Auckland (p. 25). He said that when reduction was carried in the Auckland areas, and Licensing Committees of strong prohibition views ordered the rebuilding of hotels in brick, under penalty of a refusal to renew a license (the power to order rebuilding being then thought to be within the powers of Licensing Committees), only the brewers and wholesalers were able to step into the breach. In some cases they bought the hotels; in others they advanced moneys to tenants to enable them to comply with the requirements of the Licensing Committees. The brewers and wholesale merchants then tied these houses to themselves. Both Mr. Myers and Mr. Moss Davis said that they gave their tenants leases for years, but that there were some weekly or monthly