

223. The existence of this increasing annual fund available for expenditure in protection of trade interests must be kept in mind in considering the course of events after the launching of the corporate control proposals.

224. There must also be kept in mind the expenditure on the other side of the New Zealand Alliance. This body relies for its general funds on voluntary subscriptions, but makes special appeals for funds to enable it to contest the licensing polls. The funds of the Alliance seem to have been much less than those of the trade.

225. The business of selling alcoholic liquors, and of providing accommodation for the public which has been associated with the sale of these liquors, has thus been conducted over a long period of years under the stress and strain of a triennial contest for and against the extinction of the business. For many years the issue was in doubt though recent polls have been heavily in favour of the continuance of the sale of alcoholic liquor. This situation must have tended, at least while the issue was in doubt, to induce a policy on the part of the brewers and hotelkeepers of seeking quick profits with as little capital expenditure as possible.

226. From 1924 onwards new companies began to be formed, particularly in Auckland, for carrying on some branch of the trade in alcoholic liquors. Many of these companies had interlocking directorates. We refer to most of those mentioned in the evidence, to the changes in their capital structures, and to some of the transactions in hotels from 1924 to 1939 in order to present a picture of trends in the trade organization. We refer also to the vote in the national prohibition polls in order to show the conditions under which the trade had to be conducted and the degree to which, as the years went by, the threat of extinction diminished. We refer also to the expenditure on the national polls by the trade and the New Zealand Alliance respectively.

227. In July, 1924, the Pilling Pty., Ltd., was incorporated with a capital of £6,000, to purchase the Palace Hotel property at Te Aroha. The shareholders included the Campbell and Ehrenfried Co., Ltd., and New Zealand Breweries.

228. In July, 1925, Davis Consolidated, Ltd., was incorporated, with these objects, among others :—

- (a) To purchase or otherwise acquire real or personal property ;
- (b) To establish companies and associations ; and
- (c) To aid any Government, State, municipal or other body.

The capital of the company was £150,000, divided into 150,000 shares of £1 each. Included in the purchases were 5,000 New Zealand Breweries' debentures. The directors were Sir Ernest Davis, Mr. Eliot Davis, and Mr. Oliver Nicholson.

229. At the national poll held on 4th November, 1925, the vote for continuance was 299,590, or 44·37 per cent. of the total votes ; for State purchase and control, 56,037, or 8·3 per cent. ; and for prohibition, 319,450, or 47·32 per cent.

230. At our request the trade and the New Zealand Alliance made available their expenditure upon the national licensing polls from and including the poll of 1925. The expenditure of the trade upon the poll of the 4th November, 1925, was £111,000 ; of the New Zealand Alliance, £17,600.

231. In 1926 a company called Ohinemuri Hotels, Ltd., was formed for the purpose of acquiring hotel properties in the Ohinemuri Licensing District. The capital was £50,000 divided into 50,000 shares of £1 each. The shareholders included New Zealand Breweries, the Campbell and Ehrenfried Co., Ltd., and persons prominent in the brewery and hotel companies of Auckland. 7,750 fully paid £1 shares were issued to L. D. Nathan and Co., and 6,750 to Hancock and Co., in each case in consideration of the transfer of certain properties, together with the preferential rights to acquire publicans' licenses in respect of such properties. New Zealand Breweries subscribed for 10,500 shares for cash, Campbell, Ehrenfried and Co. for 2,293 ; Hancock and Co. and L. D. Nathan and Co. also subscribed for a further 2,000 and 1,000 shares respectively for cash.

232. In 1926 also the Dunedin Brewery and Wilson's Malt Extract Co., Ltd., was incorporated with a capital of £50,000.