Out of a total consideration of £39,200 paid for these two businesses as going concerns the total amount paid for goodwill was £19,100. This company was independent of New Zealand Breweries and entered into competition with that company.

242. By June, 1930, Dominion Breweries, Ltd., had allotted a total of 74,000 shares, including 19,000 issued to the vendors of the two businesses in part payment for their assets.

243. Dominion Breweries forthwith proceeded to acquire control over hotels, so that, as its chairman of directors said, "its marketing policy could be co-ordinated with consumption at the retail end," and by March, 1931, the company had control of four hotels. Its policy at this time was to lease an hotel and then sublet it to a tenant.

244. In July, 1931, Dominion Breweries increased its capital to £250,000, divided into 250,000 shares of £1 each, but the paid-up capital of the company was £73,274.

In 1931 Hancock and Co. built the Station Hotel on Beach Road, Auckland, at a cost of over £70,000.

245. During the next two or three years there was a severe economic depression. On this account, no national poll was held in 1931.

246. Dominion Breweries pursued its policy of acquiring control over hotels. In 1932–33 the number had increased to eight, but was reduced to seven in 1933–34. During 1934–35 the number increased to twelve.

247. It is of interest to note that while the new company, Dominion Breweries, was extending its control of hotels, Ballin Bros., Ltd., a Christchurch wholesale firm, purchased the Muriwai Hotel, near Gisborne, in August, 1932. (This hotel is now leased to a tenant and tied to Ballins Breweries, Ltd.)

248. On 1st July, 1933, New Zealand Breweries repaid in cash the balance of £65,371 owing to its debenture-holders. In the same month the company purchased its first hotel—viz., an hotel in Thames for £3,000, the Government valuation being £1,700. The reason given for the extension of the company's activities beyond manufacturing is thus stated by the company :—

(*Answer to Question 18 :*) Originally it was the intention of the directors to confine the activities of the company to manufacturing. This policy was continued for a number of years, when it was found that the policy of other companies in competition with New Zealand Breweries of acquiring hotels either by lease or purchase and using their own draught beer exclusively in those hotels forced the company, in self-protection, to acquire hotels in which its own draught beer was exclusively sold.

Thus began what was termed in the evidence "a brewer's war" for the control of hotels.

249. In 1934, New Zealand Breweries purchased four hotels.

250. In September, 1935, the year of the licensing poll, Ohinemuri Hotels, Ltd., reduced its capital from £50,000, divided into 50,000 shares of £1 each, of which 47,000 had been issued, to £31,250, divided into 50,000 shares of 12s. 6d. each. The reduction was effected by making cash payments of 7s. 6d. per share to the holders of 47,000 issued shares and by reducing the nominal value of the shares from £1 to 12s. 6d. per share. The Court papers filed on this reduction show that the company was the owner of four licensed hotels situated in the Townships of Paeroa, Waihi, Kerepeehi, and Waikino respectively, and that the reduction was made on the ground that the capital was in excess of the wants of the company and that it was unable to find a satisfactory outlet for using this surplus capital.

251. At the national poll, held on the 27th November, 1935, the vote for continuance was 521,167, or 63·42 per cent. of the total votes ; for State purchase and control, 57,499, or 7 per cent.; and for prohibition, 243,091, or 29·58 per cent. At the no-license poll, Ohinemuri remained a licensed district.

252. The trade spent on the poll of 1935, £79,000 ; the New Zealand Alliance, £1,330.

At the end of 1935 there was a change of Government. The depression was over, and money was spent freely.