(2) In respect of bottled beer and riggers, a maximum increase of 4d. per reputed quart bottle and 2d. per reputed pint bottle: Provided that riggers holding an imperial quart might bear a maximum increase of 4½d.

290. The Price Tribunal did not incorporate any of these increases in a Price Order. They made the increase by an authorization communicated by letter of the 11th May, 1942, to the managing director of New Zealand Breweries, Ltd., Wellington, of which copies were sent to the representatives of the wholesalers and of the retailers. Part of this letter may be quoted to show how an authorization was made, viz.—

The Tribunal would refer to its several consultations last week with representatives of the brewery and licensed victualler industries, Mr. Good, Comptroller of Customs, and Mr. Ashwin, Secretary of the Treasury, as to beer prices following the recent adjustment in sales tax and excise duty.

Authority has been given in terms of the Price Regulations for brewers to pass on the excise-duty increase, less savings in cost of materials as a result of the new brewing formula, plus full sales tax on the new selling prices, in respect of draught beer in casks. It is understood by the Tribunal that the resulting net additional cost to resellers will be approximately 1s. 5d. per gallon. The correlated net increase in cost to the reseller of bottled beer bought by way of wholesale to be at the rate of 3s. 6d. per dozen for quarts and 1s. 9d. per dozen for pints . . . Similarly as from and including to-day the Tribunal has given authority for retail prices to be increased up to a maximum of 1d. per measure on all beer sold other than in the form of bottled beer or riggers. In respect of bottled beer and ordinary riggers the maximum increase allowed is 4d. per reputed quart bottle and 2d. per reputed pint bottle. Riggers holding an imperial quart will bear a maximum increase of 4½d.

It is understood that you will communicate the terms of this decision to all brewers throughout the Dominion.

A copy of this communication has been sent to Mr. Suisted on behalf of the licensed victuallers and to Mr. Talbot on behalf of wholesale merchants.

291. The reasons given to us by Mr. Wise, of the Price Tribunal, for controlling prices in this way, and particularly for controlling the price of draught beer by fixing the price of a 12 oz. handle in the main cities, if requested, at a maximum price first of 6d. and then of 7d., were these:—

(1) Before September, 1939, there was considerable variation in the bottle store and bar prices charged hotel by hotel, place by place, and even bar by bar. In some instances, hotels with more than one bar had different prices in each bar for similar lines. Also, the sizes of measures and glasses varied, in some instances, bar by bar (R. 2125), (paras. 275 and 276, *supra*).

(2) It has been the custom in the trade in New Zealand to charge the same price in hotel bars for measures of beer of whatever size (R. 2123/4).

(3) Additional costs due to freight and breakages inevitably result in different prices outside the metropolitan areas (R. 6164/5).

(4) The general practice of the Tribunal has been not to interfere with established commercial practices.

(5) If the Tribunal had insisted on different prices for different containers, the prices of the 10 oz. and 12 oz. handles would necessarily have been higher than they are; and the main object was to ensure that the working-man in the cities could be perfectly certain of obtaining a 12 oz. handle for the maximum charge of 6d. and then of 7d. (R. 6167).

(6) The tax on beer is a consumer tax and it was desirable to fix a price that would ensure that part of it was passed on to the public. That was done by fixing a price which would maintain the volume of sales and so maintain the revenue from this source during the war.

(7) At the same time, the Tribunal considered that part of the increases in costs due to increased taxation should be absorbed by the trade. Accordingly, the trade was required to bear part of that cost and also of increases in costs of materials, including cooperage materials, and in other costs such as wages and freights.

292. In the view of the Tribunal and of representatives of the trade, the result of the price control of beer ensured that the price since 1939 had increased less than the actual amount of increased taxation, the difference having been absorbed by the brewers and hotelkeepers (R. 2124 and 6861).