This company, like New Zealand Breweries, has also spent much money in acquiring hotels since 1933 and so has had less money available for improving existing hotels. One of this company's projects, a new building for the Waikato Hotel at Hamilton, has been held up owing to the war.

608. Since 1936, Ballins Breweries (N.Z.), Ltd., have expended the sum of £6,860 on improvements to six hotels owned by the company. These improvements were mainly extensions to lounges and bars and "modernizing" interiors. The company, as a tenant, also spent £6,508 on a leased hotel at Lyttelton, pursuant to the terms of the lease, in demolishing the condemned part of the building and rebuilding it in brick. The company may also have incurred expenditure in respect of hotels in which it is interested, as, for example, the New City and the Excelsior at Christchurch and the Methven Hotel, but we have no details.

609. Since 1930, Ballin Bros., Ltd., have spent only £4,509 in respect of improvements to five owned hotels. More than half this amount was spent on the Club Hotel at Kaikoura.

610. The amounts shown to be spent on improvements by these two related companies are comparatively small. Ballins Breweries has also been engaged since 1936 in acquiring hotels.

611. Improvements, we know, have also been made to other hotels by other proprietors. Some were able to continue their improvements even during the war. An outstanding example was the reconstruction of the Royal Oak Hotel at Wellington.

612. Some large companies have provided better accommodation either by building new hotels or by improving existing hotels, but we do not think enough has been done. The position has been complicated by the competition for hotels which has existed between the brewery companies; large amounts of capital have been expended in this way. But for the competition for hotels, more improvements would, no doubt, have been carried out. It is a striking fact that Auckland has been left without a modern hotel which would rank with any of the first four in Wellington.

613. *As to the Effect of the War on Building Operations.*—The effect of the war generally was to make private building operations very difficult. Though some hotel-proprietors were able to proceed, we do not think that any hotel-proprietor could be blamed if he did not try to undertake any substantial building operations or improvements during the war.

614. *As to the Submission that Hotel Accommodation for Guests does not pay.*—In further justification for the present state of many residential hotels, the trade submitted that the accommodation side of an hotel does not pay or does not make sufficient profit to justify the investment. In dealing with this matter we have endeavoured to exclude the influence of the war years, when residential hotels were mostly full. Evidence was given to show that prior to the war Hancock and Co. had suffered substantial losses on their large residential hotels, the Grand at Auckland and the Hotel Cargen at Auckland. In explanation of this, it was said by some witnesses that these hotels were in an unsuitable situation, both for tourists and for the bar trade. The Campbell and Ehrenfried Co. showed a loss for one year on the Star Hotel, Auckland, which is that company's principal residential hotel in Auckland.

615. We have not checked, by reference to any company's books, the company's statements of its returns on accommodation or its methods of calculation. To do this would have been impracticable without long and arduous work by cost accountants. The statements, however, show on the company's principles of book-keeping (which may be very conservative) that a few hotels to which the statements refer have involved the company in substantial losses. Any company which has shown a loss on one or two of its managed hotels has, however, made substantial profits on the others (paras. 380 and 384, *supra*).