

for guests. During the year ended 31st March, 1945, the average number of guests per night over the whole year was 38, but during this period an average of 8 beds per night was not available through being closed for renovations and at times owing to staff shortages.

620. We give these figures, but we are not in a position to criticize them. It would have been impracticable for us to have checked the returns by cost investigations.

621. Upon these statements and upon the suggestion founded on them that the accommodation side of the hotel does not pay at present rates, we make the following comments :—

(1) Witnesses for the trade stated generally that either the accommodation side of an hotel did not pay or that an hotelkeeper was lucky if he “broke even” with the accommodation (R. 3950 and 3892), or that the bar carried the house. It was, however, a noticeable fact that the hotels did not keep separate accounts for the bar and the accommodation sides of the hotel. The trade witnesses said that this was not practicable. We think, however, that it is elementary in cost accounting that separate accounts could be kept. It was done, for example, with the Empire Hotel in Wellington. We have also obtained a statement from the licensee of the Grosvenor Hotel at Timaru which shows that he keeps separate accounts for the bar and the accommodation sides of his hotel and that he considers the analysis essential to enable him to maintain an efficient day-to-day control of the hotel (Exhibit A. 153). This statement explains in detail how the charges are allocated. We therefore consider that the evidence of the trade that the separation of the accounts is not practicable, is not satisfactory and should not be accepted. We have also not been able to judge from any of the accounts submitted whether independent cost accountants would have considered that the accommodation side of a large residential hotel in a suitable position had or had not made an adequate return on the investment.

622. (2) We think that a residential hotel should cater for the maximum number of guests which may reasonably be expected in the busy season. It should not, in that period, be placed in the position of having to turn away some of the total number of guests who may reasonably be expected. Accordingly, many of the hotels should have provided in times past more rooms than they have done. They should have been prepared, if necessary, to do what is done abroad and to close in the off season a number of bedrooms or a wing. Whether such extensions are practicable now, with costs at their present level, is another matter.

623. (3) We think also that if in times past more hotels suitable for accommodation with modern conveniences and equipment had been built, the public would have been ready to patronize them. This has been proved where new hotels have been erected, such as the Waterloo in Wellington and the new hotels at Huntly, Te Awamutu, and Whakatane (R. 7118, 7122, 7130, and 7135).

624. Mr. O'Connell, of New Zealand Breweries, stated that if the Hotel Waterloo were unlicensed and the present space used as bars were rented as shops, and if the hotel were to provide the same quality of food and service as it does to-day and pay a dividend of 5 per cent., it would be necessary to charge 40s. per day instead of the present 27s. 6d. This contrast does not, however, represent the real issue before us. We are not considering how hotels could be carried on unlicensed. Moreover, there is always the evidence that a private hotel which caters for a substantial number of people and is suitably situated can provide a reasonably good standard of accommodation and yet make a substantial profit, though the standard in New Zealand is generally well below that of the best licensed hotels. We think that until the emphasis is taken from the sale of liquor through the bars, the provision of accommodation in New Zealand licensed residential hotels will not be placed on a satisfactory basis, either in the first or any lesser grade of those hotels.