760. If the extent of the wastage authorized by section 55 of the Finance Act, 1915, is only the accidental wastage which occurs before bottling or filling into other containers, only the first three items of those mentioned by the Comptroller are permissible. Items (4) and (5) would refer to wastage in the handling of manufactured beer. Item (6) is, of course, specially allowed by the statute, but, as we have said, it is negligible in relation to the rest of the wastage.

761. The Comptroller referred also in his memorandum to the state of the efficiency of the brewing plant as having a very important influence on brewing losses. In our view, the efficiency of the brewing plant is not, in itself, a separate item of permissible accidental wastage in manufacture, though it affects the extent of that wastage.

762. The Comptroller proceeded to have the losses in manufacture estimated in respect of the first five items, which he set out by comparing the amount sold in the year 1941 by each brewery with the total quantity pitched for fermentation by the brewery. If bottling losses should have been excluded, this involved a check in favour of the breweries going far beyond the allowance for wastage permitted by section 55. Items (4) and (5) above should have been excluded.

763. In carrying out his inquiry the Comptroller found great difficulties. He says (R. 2081):—

The principal difficulty is that we do not know and there is no means of knowing the precise quantity of beer which the brewery sells.

He explained that the book-keeping system of the companies was not designed to give this information. He explained, also, that much of the trade was now done in casks, described as "large," "medium," or "small," which may vary as much as 4 per cent. or 5 per cent.; also, that when beer is bottled it is difficult to tell what was the original quantity from which it was bottled (R. 2082). Nevertheless, with the assistance of the brewery companies the various Collectors of Customs arrived at a percentage of wastage for each brewery upon the lines laid down by the Comptroller. The results are set out in a table (R. 1309 and 1310).

764. The table showed one brewery with a wastage of exactly 10 per cent. It showed sixteen breweries with a wastage of more than 10 per cent., varying from 10·38 per cent. to 21·62 per cent. for the small brewery at Gore. The average wastage for these sixteen breweries was 13·16 per cent.

The table showed twenty-three breweries with a wastage of under 10 per cent., varying from 2·56 per cent. for the Waitemata Brewery to 9·83 per cent. The average for these twenty-three breweries was 6·60 per cent.

765. Counsel for the trade suggested that the wastage for the Waitemata Brewery for 1941 should have been about 4 per cent., because the Comptroller had made a statement in writing of the 18th September, 1945 which stated (1) that further inquiries had been made in respect of the Waitemata return for 1941, with the result that it appeared that the records for the year 1941–42 had not been preserved intact and that a conclusive check could not now be made; (2) that the officer who made the investigation (Mr. J. S. Higginson, now retired) was of opinion that the figures for the Waitemata Brewery in 1941 did include the bottling losses; but (3) that "one of the other officers in Auckland" had checked the figures and had taken into account the bottling losses and "all other legitimate losses at the brewery" and had found that "the total overall loss" at the brewery for 1941 represented 4·02 per cent. So far as the bottling losses are concerned, the report of this other officer conflicts with the contemporaneous memorandum of 20th May, 1942 (on the Comptroller's wastage file 31/7/9), in which the Collector at Auckland informed the Comptroller as follows:—

. . . I have to point out that the loss reported at the Waitemata Brewery includes any wastage in the process of bottling.

What "all other legitimate losses at the brewery" are, we do not know. They are not stated. Once it is clear, as it is, that the bottling losses for 1941 were included in the 2·56 per cent. of wastage, the statement of this other officer in September, 1945,