160. One hotelkeeper said there had very often been attempts at speculation in Canterbury, but it had always been put down (p. 3, No. 22). According to the manager of Mannings Brewery, however, there was a great deal of speculation by tenants in their leases (p. 16, Nos. 221 and 222), and, according to the managing director of the Crown Brewery, Ltd., there had been a good deal of speculation in Canterbury, though not as much as in the North Island (p. 101, No. 19). Mr. Egan, the dissenting brewer who had lost most of his licensed houses through the competition of the brewing companies, said (p. 55, No. 4) :—

> My reason for thinking so (*i.e.*, that the Tied Houses Bill was a very good measure) is that competition is so exceedingly keen between the brewing companies and the price of hotel property has got to such a figure now that, in order to pay interest on capital, the companies are obliged to demand exorbitant rentals from their tenants. In point of fact, they are rack-renting their tenants, and this is leading to the worst possible abuses and evils in the trade. It is compelling many hotelkeepers to trade illegally and to have recourse to means that probably they would never employ if they could take hotels at adequate and just values.

161. No particular remedy appears to have been tried in Canterbury, though the dissenting brewer (Egan) said that he had let a house monthly (p. 62, No. 159), and that he had heard that other houses were let in the same way.

162. In Dunedin the position was different. The evidence of the secretary of the Licensed Victuallers' Association of New Zealand was that there were practically no tied houses in Dunedin (p. 63, No. 205). Mr. E. J. Searl said that he believed Speights Brewery, when they made advances, did not tie houses (p. 87, No. 20). On the other hand, it is clear from the whole of the evidence that the advancing of money was regarded as sufficient anywhere to create a tie for business purposes.

163. As has already been mentioned, certain brewers in the South Island were about the year 1902, competing for hotels to the dismay of hotelkeepers and of smaller brewers. This competition had been going on in Canterbury and about Wanganui. Even Staples and Co. had virtually ceased to compete for hotels (p. 85, No. 113). Egan, the dissenting brewer of Kaiapoi, said that the prices paid had been so high that he knew the tenants were being rack-rented and could only pay their way with after-hour trading, and he had retired from the competition with the loss of most of his tied houses (p. 56, Nos. 20–24). Moffatt, an hotelkeeper in Canterbury, said that things were getting into such a state, and that such monopoly had been created, he did not know what would be the end of things (p. 43, No. 294). The plain inference is that the hotelkeeper or the small brewer was finding it difficult to secure any hotels because of the competition of strong breweries.

164. The effect of the legislation as it existed in 1902 may be summarized by saying that it induced a brewer or a wholesale wine and spirit merchant to attempt to control as many licenses as he needed for his business. If he controlled all the licenses, the loss of several by a reduction vote would make no difference to the total value of his assets. The value of the rest would increase accordingly. On the other hand, the same legislation gave to a lessee for years a valuable interest. Naturally, he wanted the right to dispose of it as he thought fit, for his own benefit. This power of disposal led, however, to trafficking in leases, notwithstanding the tie, and frequent changes were detrimental to the brewer or wholesale merchant who controlled the house and who desired a reliable and financial tenant.

165. Thus the object of the brewer or wholesale merchant was to evolve some system which would stop frequent transfers of leases. He had a power in his lease to refuse consent to a transfer and the power to require a payment on a transfer, but he found difficulties in using these. Prior to 1902 he had instituted the policy of the weekly or monthly tenancy in appropriate cases.

166. But the object of the lessee was to secure a long lease and to be able to deal with it without interference. For this purpose the Licensed Victuallers of New Zealand had in 1900 prepared a Bill, which is set out in 1902, L.C. 2, at pp. 118 to 122. All that need be noted here is that this Bill provided, *inter alia*, (1) that a lease of licensed premises