

206. In April and May, 1923, a series of conferences, convened by a number of Anglican clergymen, were attended by official representatives of the New Zealand Moderate League, the associated clubs, and the licensed trade in all its sections. A programme of licensing reform was unanimously adopted, and a New Zealand Licensing Reform Association was constituted to advocate the proposals for corporate control. On the executives of the organization in the various centres were some of the most prominent men in the trade.

207. A pamphlet issued by this association (Exhibit C. 25) contained this particular reference to the trade as parties to the proposal for Corporate Control:—

*The Licensed Trades.*—Some criticism has been levelled against the promoters of corporate control for having invited representatives of the licensed trade to participate in framing the proposals that are now being advocated. Such criticism, however, is quite unwarranted, for any reasonable person will realize that as the licensed trade was the institution to be immediately affected by the proposals their co-operation was of the utmost value. Furthermore, no other body could give the same assistance in putting the proposal into practical shape.

The trade has not been unaware that there is a growing body of public opinion in the Dominion demanding more effective control of the licensing system and a better general service to the public. They claim that, hampered as they have been with insecurity of tenure and inefficient legislation, they have done their best under the circumstances. They recognize that under the referendum their destiny is in the hands of the people, and they desire to co-operate in ascertaining the true will of the people. To this end they are supporting the submission to the people of corporate control as a definite measure of licensing reform.

Speaking in Christchurch recently at a meeting of the New Zealand Licensing Reform Association, Mr. A. S. Duncan (representing the brewers), said: "The opponents of the licensed trade had twitted them with not reforming their business from within; but, as a matter of fact, the community had decided many years ago to assume direct and special control of the trade through the Legislature, and it was only through the Legislature that reform measures could be made operative and effective. The representatives of the trade were glad to be given the opportunity of joining in a movement which, while aiming at proposals imposing fresh restrictions on their business, was framing those proposals along lines that were admittedly sound in the interests of the community."

208. While these proposals were being made in association with the trade, the ten principal brewery companies of the Dominion were taking steps to sell their breweries to one company. These companies were James Speight and Co., Ltd., W. Strachan and Co., Ltd., McGavin and Co., Ltd., all of Dunedin; the Crown Brewery Co., Ltd., Ward and Co., Ltd., S. Manning and Co., Ltd., all of Christchurch; J. Staples and Co., Ltd., Wellington; D. J. Barry, Ltd., Gisborne; and the Lion Brewery, Ltd., of Auckland, and Hancock and Co. (N.Z.), Ltd., registered in London and carrying on business in New Zealand as a foreign company. On the 15th June, 1923, New Zealand Breweries, Ltd., with a capital of £500,000 in 500,000 shares of £1 each, was incorporated to take over the brewery businesses, but not the wine and spirit or the hotel businesses of these brewery companies. The board of directors of New Zealand Breweries comprised directors from the amalgamating companies. The 500,000 ordinary shares were issued to the vendor companies in payment for the goodwill of their businesses. Thus the whole of the initial capital was fully paid up in exchange for the goodwills of the businesses purchased.

209. The public was offered £1,000,000 of first-mortgage debenture stock carrying interest at 10 per cent. per annum, free of income-tax, redeemable at the company's option at the expiration of ten or twenty years from the date of issue. The moneys to be raised by this means were to be used in purchasing the brewery premises, machinery, plant, and stock in trade of the vendor companies. No shares were offered direct to the public, but the vendor companies offered to give each applicant for debenture stock the option of purchasing from them, at par, one share for every £5 worth of debenture stock.

210. The offer of the £1,000,000 of debenture stock was made by a prospectus which set out, *inter alia*, the reasons for the sale by the vendors of their respective breweries to one large company. They were as follows (R. 7689):—

The present owners have decided to afford the public the opportunity of becoming financially interested upon fair and reasonable terms in the important and successful brewing industry as carried on in New Zealand. The vendors have been induced to dispose of their old-established and remunerative businesses in the manner herein indicated so as to bring into effect certain reforms which