

1917.
NEW ZEALAND.

NATIONAL EFFICIENCY BOARD

(REPORT OF) ON THE LIQUOR QUESTION.

Laid on the Table of the House of Representatives by leave.

National Efficiency Board, Wellington, N.Z., 9th July, 1917.

Memorandum for the Hon. Sir James Allen.

THE National Efficiency Board forwards to you, for submission to the Government, the following report upon the liquor question.

WILLIAM FERGUSON, Chairman.

The National Efficiency Board, by advertisement, sought evidence from representative organizations and interests as to the advisableness of the restriction, continuance, or abolition, during war conditions, of the vending of wine, beer, and spirits.

Evidence was principally taken in Wellington before the full Board, but a few witnesses, who found it not convenient to attend in Wellington at the time when the inquiry was being conducted by the Board, were examined before individual Commissioners in Auckland, Wellington, Christchurch, and Dunedin. Transcripts of the notes of such evidence have been submitted to and considered by all the Commissioners. Sundry resolutions by local organizations and others bearing upon the liquor question have been received.

Evidence was tendered by more than sixty witnesses, drawn from various classes of the community, and the matter was investigated from as many aspects as were presented, and, where possible, statements and quotations made have been traced and verified.

The witnesses who tendered themselves represented brewers, hotelkeepers, wine and spirit merchants, chartered clubs, employees in hotels and in clubs, hop and barley growers, and merchants, vine-growers and winemakers, the New Zealand Alliance, and other temperance organizations; there were also independent temperance advocates, representatives of certain Church bodies, and of Women and Children Protection Societies, the British and Foreign Sailors' Society, general merchants, manufacturers, and employers, including farmers. Judicial, magisterial, medical, and military evidence was also taken. In connection with other inquiries the Board has had matters depending upon the liquor trade brought under its notice, and this material has been considered by it in connection with the evidence specifically taken for this inquiry.

There are three main points for consideration, each in itself separate and distinct:—

- (a.) As to the moral effect upon the life and progress of the nation caused by the manufacture, sale, and consumption of alcoholic drink.
- (b.) As to the public revenue derived from the operations of the liquor traffic.
- (c.) As to whether the liquor traffic encroaches upon, hinders, or retards the efficiency of the nation. As to whether the liquor traffic lowers the physical and mental standard, and so reduces the productive value of the individual and collectively of the people. As to whether the liquor traffic causes a national economic loss.

With regard to (a): The Board has not permitted its judgment to be influenced by the moral aspect of the question, but has arrived at its conclusions quite apart therefrom.

With regard to (b): This largely is a Government question, and the comments that the Board offers thereon are—That the people should be better able to provide the necessary amount of taxation if the inefficiency at present created by the effects of alcohol is removed. That less expenditure will be required in connection with the Police and Prisons Departments, the Hospital and Charitable Aid Boards, the mental hospitals, the inebriate homes, and for other public institutions. That the increased national thrift which is most desirable and which would follow the diversion to productive trade channels of the money now spent upon liquor would, in the opinion of the Board, as evidenced by world-wide experience where the abolition or reduction of the use of alcoholic liquor has operated, more than counteract the loss of public revenue now received from this source. That the money now spent on liquor, if its sale were stopped, would be spent or invested in some other direction. If spent, the expenditure produces, directly or indirectly, a revenue to the State; if invested it becomes subject to annual taxation.

With regard to (c): From a national-efficiency point of view the Board is convinced that it would be beneficial to the nation and conducive to the well-being of the people that the importation, manufacture, and sale of wines, beer, and spirituous liquors (including medicinal preparations containing alcohol) should be prohibited. This view is supported by results obtained in our own country under conditional prohibition, and this experience is confirmed wherever prohibition has operated. It would be necessary to exempt methylated alcohol for commercial purposes and pure alcohol for chemical or medicinal requirements.

The Board finds that the two chief factors in the continuance of the liquor trade are public custom and the financial interests involved. The Board is satisfied that the greatest efficiency would be attained both for the nation and the individual by a state of complete prohibition, but the Board recognizes that prohibition is a people's question, and should be determined only by an expression of the voice of the people. It therefore recommends that legislation be passed sub-

mitting the question of national prohibition to a vote of the people at the earliest possible moment, and that such vote should be upon the basis of immediate prohibition accompanied by reasonable compensation to the interests affected. Any compensation paid to those engaged in the liquor trade would for the greater part remain and be invested within the Dominion and thus be used for production and trade.

Under the protection of the existing legislation (which in the event of national prohibition being carried grants an extended term of trading rights before prohibition becomes operative) large sums of money have been invested in breweries, in licensed houses, in wine and spirit businesses, in vineyards and hop-gardens, and generally in what is known as "the trade." It is manifest that injustice would arise if the licenses and the liquor trade were summarily terminated without reasonable compensation. The Board is therefore satisfied that it would be in the interest of the Dominion and of its inhabitants, in order to obtain an early discontinuance of the sale of alcoholic liquors, that reasonable compensation should be granted to those affected.

The Board is of opinion it will be found that no compensation need be given to individual employees, as all male and female employees could be absorbed in other occupations. In its judgment, all interests having been considered, the parties to be compensated are represented by the breweries, wholesale and retail licensed vendors, vignerons and wine-manufacturers, hop-growers, and the owners of properties to which a retail license is attached.

The Board believes that the compensation to be paid for the immediate closing of the liquor trade should be based upon the difference between the market value of the assets as used at present, taking into consideration the present licensing laws and all the other circumstances and conditions associated with the trade, and the value of such assets without a license.

The amounts to be paid by way of compensation need not necessarily be found in cash, but, the Board suggests, might be paid in Government securities bearing the same rate of interest and with the same currency as the war-loan debentures.

The Board is satisfied that compensation based on the foregoing lines would be a sound investment for the State, and that the cost would be recouped by increased national efficiency.

If the Government decides to submit this proposal to Parliament the Board would be prepared, if requested so to do, to advise as to the form of constitution and procedure of a tribunal suitable to determine the amounts of compensation to be paid.

The Board judges the present public sentiment to be such that the people of the Dominion would approve of the opportunity being afforded to them of voting upon this question.

Whether the Government accepts or does not accept the suggestion of the Board to submit the national prohibition question to the people, the Board earnestly recommends as essential to national efficiency that legislation be passed, without delay, to provide for the enforcement of the following conditions:—

- (a.) No sale of alcoholic liquor, either wholesale or retail, shall be permitted before 8 a.m. or after 6 p.m. on four days in the week, or before 8 a.m. or after 9 p.m. on one day in the week, or before 8 a.m. or after 1 p.m. on the statutory half-holiday. No sale of alcoholic liquors either wholesale or retail shall be permitted on Sundays, or upon the following general holidays: Christmas Day, Boxing Day, New Year's Day, Good Friday, Easter Monday, Labour Day, and the birthday of the reigning Sovereign, and upon any special holiday made pursuant to Proclamation. The day of the weekly half-holiday and of the late night shall be that which is in force in the district, and the general provisions dealing with holidays shall apply. Provision is to be made to permit the serving of alcoholic liquor with meals to boarders in the regular dining-rooms of hotels.
- (b.) All alcoholic liquors retailed must be sold for consumption on the premises, and heavy penalties be imposed upon the removal of alcoholic liquor from licensed premises, except in fulfilment of wholesale orders. In case of wholesale orders proper accounts are to be kept of the name and address of each purchaser, also for the quantity delivered and in what manner and by whom.
- (c.) The minimum quantity of 2 gallons of alcoholic liquor that may under the existing laws be purchased wholesale shall consist entirely of the same class of liquor.
- (d.) The application of the provisions now existing in respect to the delivery of alcoholic liquors into a no-license district to all deliveries of wholesale purchases so that there will be a record in a Magistrate's Court of the deliveries of all alcoholic liquor either to private persons or to holders of retail licenses.
- (e.) The imposition of a heavy penalty on any person taking any alcoholic liquor on to, or being in the possession thereof upon, any business premises other than those specially licensed for the wholesale or retail trade in alcoholic liquors. The definition of "business premises" should be made sufficiently wide as to cover not only ordinary business premises, shops, and offices, but also all other places where persons are engaged in labour of any sort, manual, clerical, or otherwise. This clause should exempt the possession or carriage of packages containing alcoholic liquor of or exceeding 2 gallons during *bona fide* transit by licensed carriers.
- (f.) That all packet licenses and conditional licenses should be abolished.

Further, the Board recommends that in order to reduce the strength of spirituous liquors sold retail clause 49 of the Regulations under the Sale of Food and Drugs Act, 1908 (1913), relating to the standard strength of spirits, be amended to read, "The standard strength of brandy, whisky, rum, and gin shall be not more than fifty degrees underproof."

In conclusion, the Board places on record that whilst at first it looked into this matter from the point of view of war conditions, yet as the inquiry proceeded it became apparent that in the interests of national efficiency the Board had to consider the liquor question also from the point of view of the efficiency of the State and of the individual both during the war and afterwards, and it has therefore submitted its recommendations so as to promote permanent national efficiency.

9th July, 1917.

WILLIAM FERGUSON, Chairman.