

CORRESPONDENCE

RELATIVE TO

DUTY ON HOME MANUFACTURED SPIRITS.

(Return to an Order of the House of Representatives, dated 20th July, 1870. Ordered to be printed, 27th September, 1871.)

That there be laid upon the Table, "A Copy of all Correspondence in the possession of the Government, between the Promoters of the Auckland Distillery and the Hon. the Colonial Treasurer, relative to the Amount of Duty proposed to be charged on Home Manufactured Spirits."

(Mr. Creighton.)

WELLINGTON.

1871.

CORRESPONDENCE RELATIVE TO DUTY ON HOME MANUFACTURED SPIRITS.

No. 1.

Mr. W. J. CAWKWELL to the Hon. the COMMISSIONER of CUSTOMS.

SIR,—Auckland, 9th May, 1870.
I beg to apply for a license for distillation in the premises built of brick and stone, and roofed with slates, formerly used as a flour mill, situated east of the Wynyard Pier, Official Bay, Auckland, the same being more particularly described in the accompanying plan.

The Hon. the Commissioner of Customs, Wellington.

I have, &c.,
W. J. CAWKWELL.

No. 2.

CHIEF INSPECTOR of DISTILLERIES, Wellington, to Mr. W. J. CAWKWELL, Auckland.

Office of the Chief Inspector of Distilleries,

SIR,—Wellington, 20th May, 1870.
I have the honor, by direction of the Commissioner of Customs, to acknowledge the receipt of your letter of the 9th instant, applying for a distiller's license, and to inform you, in reply, that your application will be complied with under the usual conditions of your complying with the requirements of the Distillation Act, the particulars of which will be communicated to you upon application to the Collector of Customs at Auckland.

With reference to that part of the Act, however, which fixes the rate of duty on spirits distilled within the Colony, I am to inform you that in the event of your undertaking the business of a distiller, and a reduction being made in the rate of import duty on spirits, you must not calculate upon a corresponding reduction in the excise duty, as the Government, whatever rate may hereafter be fixed on for the customs duty, will not be prepared to recommend to the Legislature that the excise duty should be lower than it is at present, whilst it may find necessary to increase it.

W. J. Cawkwell, Esq., Auckland.

I have, &c.,
WILLIAM SEED,
Chief Inspector of Distilleries.

No. 3.

Mr. W. J. CAWKWELL to the Hon. the COMMISSIONER of CUSTOMS.

SIR,—Auckland, 31st May, 1870.
I have the honor to acknowledge the receipt of your letter of the 20th instant, informing me that my application for a distiller's license will be granted on my complying with the requirements of the Distillation Act; but adding that, in the event of my undertaking the business of a distiller, and a reduction being made in the rate of import duty, I must not calculate upon a corresponding reduction in the excise duty, as the Government, whatever rate may hereafter be fixed on for the customs duty, will not be prepared to recommend to the Legislature that the excise duty should be lower than it is at present, whilst it may be found necessary to increase it.

I do not quite understand what the latter part of your letter is intended to convey,—whether it is merely meant as a caution that the duty on foreign spirits may be reduced, and thus, under the Distillation Act, a proportionate reduction will follow in the duty on home distilled spirits, or whether it is intended to intimate that a change is contemplated by the Government in the relative amount of duty payable on these two classes of spirit, by increasing the duty on the latter to a greater proportion than one-half of the duty on the former.

I assume, however, that it is not intended to alter the proportion established by the Distillation Act, as the object of the Legislature clearly was to induce the establishment of a manufactory of an article of which large quantities are yearly imported, requiring large sums to be sent out of the country in payment, and I can hardly believe that the Government contemplate the thwarting of this object, involving a breach of faith with those who have put their trust in the good faith of the Legislature and Government. However, if I had had such an intimation as that I have now received when I first communicated to the officers of the Government my intention to establish a distillery, I should not, without a clear understanding as to the intention of the Government, have committed myself to the expenditure of a large sum of money for a distillery plant, nor encumbered myself with a lease of suitable premises at a high rent. As it is, however, now too late to recede without a ruinous loss; I can only hope that the expectations guaranteed by the Legislature will not be made a trap for the ruin of those who believed that they were held out in good faith, and acted accordingly.

The Hon. the Commissioner of Customs, Wellington.

I have, &c.,
W. J. CAWKWELL.

CORRESPONDENCE RELATIVE TO DUTY

No. 4.

CHIEF INSPECTOR OF DISTILLERIES to Mr. W. J. CAWKWELL.

Office of the Chief Inspector of Distilleries,

SIR,—

Wellington, 10th June, 1870.

I have been directed by the Hon. the Commissioner of Customs to acknowledge the receipt of your letter of the 31st ultimo, and to inform you, in reply, that what was meant to be conveyed in my letter to you was, that in the event of any change being made in the customs tariff, whereby the duty on imported spirits would be reduced below the present rate, the Government would not be bound at the same time to recommend to the Legislature that the duty on spirit distilled in New Zealand should be reduced below 6s. per gallon.

The comparatively low rate fixed by "The Distillation Act, 1868," was no doubt, as you state, intended to encourage the establishment of distilleries in New Zealand, and the Government have no intention whatever of proposing anything to the Assembly which would have the effect of withdrawing, from persons who may embark capital in that direction, the advantage which the Legislature evidently intended to confer on them in the early stages of their undertakings. But the Commissioner wished you to understand that if, at any future time, the Legislature decided to reduce the duty on imported spirits, it would not be in any way bound to you to make a corresponding reduction in the excise duty.

With regard to the concluding portion of your letter, I am to observe that the caution you refer to was given to you as early as it was possible to do so, as your letter applying for a distiller's license was the first intimation that reached the Commissioner of your intention to embark in this business.

That you should have committed yourself to a large expenditure for distillery plant, and have encumbered yourself with a lease of buildings at a high rent before applying to have the premises inspected, to see whether they were such as would be approved by this department for a licensed distillery, was of course a matter for which the Government could be in no way responsible; but if you had applied to this department with reference to the suitability of the premises in question, in pursuance of the provisions of the Distillation Act, before committing yourself in the way you say you have done, the caution contained in my letter of the 20th ultimo would have reached you in time to have obviated the inconveniences you complain of.

I have, &c.,

WILLIAM SEED,

Chief Inspector of Distilleries.

W. J. Cawkwell, Esq., Auckland.

No. 5.

Mr. W. J. CAWKWELL to the Hon. the COMMISSIONER of CUSTOMS.

SIR,—

Auckland, 27th June, 1870.

I have the honor to acknowledge the receipt of your letter of the 10th instant, on the subject of the establishment of a distillery in this place.

In reference to the last paragraph, I have only to say that, before I committed myself to any expenditure, or encumbered myself with a lease, I had several interviews with the Sub-Inspector of Distilleries here, and fully communicated my intentions to him, but received no warning or discouragement.

I have, &c.,

W. J. CAWKWELL.

The Hon. the Commissioner of Customs, Wellington.

No. 6.

Mr. W. J. CAWKWELL to the Hon. the COLONIAL TREASURER.

SIR,—

Vulcan Lane, Auckland, 7th July, 1870.

In your Financial Statement, made to the House of Representatives on the 28th June, you say,—

"I think it worthy of your consideration whether you should not take the opportunity of affirming that, in the event of any alteration being made in the import duty on spirits, the Assembly is not bound to make a corresponding or any reduction in the present rate of excise duty."

I cannot permit this observation to pass without adding a few words to my former correspondence on this subject.

I beg to submit to you most respectfully, that it would be unjust to those who have believed in the good faith of the Legislature, and have acted on their belief, to withdraw the promises conveyed by the language used in the Distillation Act, in fixing the duty on spirits distilled in the Colony. That duty is not a fixed one, but on a sliding scale, adapting itself to any alteration in the import duty. This has been understood (as no doubt it was intended) to hold out to those who would embark their capital in a new and important industrial pursuit, that although the scale of import duty should be altered, the relative proportion between these and the duties on home distilled spirits should remain unaffected.

I have, &c.,

W. J. CAWKWELL.

The Hon. the Colonial Treasurer, Wellington.

No. 7.

CHIEF INSPECTOR of DISTILLERIES to W. J. CAWKWELL, Esq.
Customs Department (Distilleries Branch),

SIR,—

Wellington, 15th July, 1870.

I have been directed to acknowledge the receipt of your letter of 7th instant, in which you offer some observations on that part of the Hon. the Colonial Treasurer's Financial Statement, which refers to the present rate of excise duty on spirits. In reply, I am to inform you that, after giving your letter careful consideration, Mr. Vogel can see no reason to alter the opinion already expressed in the former letter which, by his directions, was addressed to you on this subject.

I have, &c.,

WILLIAM SEED,

Chief Inspector of Distilleries.

W. J. Cawkwell, Esq., Auckland.
