

130. To what would you attribute the supposed increase?—The two distilleries are capable of turning out 100 per cent. more than at present. *Mr. Heaps.*
28th July, 1874.
131. *Mr. Macandrew.*] You do not think it would be in consequence of the demand for the article which has now become saleable?—No.
132. *The Chairman.*] You do not think, then, that they would manufacture a larger quantity of spirit than they have been doing, including compounds, because they would have a larger sale for it?—Not to the extent of 100 per cent., certainly. They might perhaps to the extent of about 25 per cent.
133. You are aware that the increase has gone on regularly from the first establishment of the distilleries, and that during the June quarter duty was paid on 22,529 gallons?—Yes, and during the previous quarter on 18,000 in round numbers.
134. Do you think this increase is likely to continue?—I do, at even a greater rate.
135. That is, 4,000 gallons per quarter of increase. Then, if you reckon 4,000 gallons of increase for each of the other three quarters, there will be 16,000 gallons more this present year than last year?—Yes.
136. Can you form any idea as to whether the compounding of spirits will have the effect of increasing largely the sale of colonial-distilled spirits?—It opens up another market to them. The consumption of the imported brandy is very large; and if they can supply an article that will take its place, they will no doubt open up a new market.
137. Hitherto the Dunedin Distillery has not made any brandy. You are aware that lately they applied to be allowed to compound brandy, and that permission was given them. Do you know whether they have made any compound spirits yet?—No, they have not.
138. But by their applying to have the same privileges as the Auckland Distillery, you would infer that they intend to compound spirits?—Yes.
139. *Mr. May.*] Captain Kenny put a question to you impugning the statement of Mr. Cawkwell. Now, do you not think it is probable that you are both right—that you refer to the best kind of molasses, and Mr. Cawkwell to the inferior?—It may be so. It might take 24 lbs. of some molasses to make a gallon of rum.
140. *Mr. Macandrew.*] The distillers, you say, have now got “before the wind.” Can you tell us how long it is since they got into proper working order?—Hardly. The prejudice has not altogether been got rid of, but it has certainly decreased.
141. *Captain Kenny.*] What is your opinion as to the prejudice: Is it well founded? Is the spirit inferior in quality, or unwholesome?—I am of opinion that the prejudice is entirely unfounded, and a large quantity of the liquor is as good, if allowed to mature, as the greater portion of the imported.
142. Are the distillers allowed to sell it at once in its raw, unwholesome state?—Yes.
143. *Mr. Macandrew.*] Do you consider it less wholesome when newly distilled?—Yes, there is no doubt about that.
144. *Captain Kenny.*] And there is no guarantee to the public that this spirit has been kept a sufficient time to render it wholesome when placed in the market?—No.
145. *Mr. Macandrew.*] What do you consider a sufficient time?—It differs with the material used.
146. *The Chairman.*] What time is considered sufficient to keep malt spirits?—About two years; and raw grain from five to seven years.
147. *Mr. Tolmie.*] Does that include the time occupied in sea voyages?—I am speaking of the time if lying in warehouse.
148. *Mr. Bryce.*] Will the prospect of an increase of the duty increase the demand?—I should think it would have that effect, decidedly.
149. *Mr. Reid.*] Are you aware whether, up to the present time, distillers have made a profit or loss on their operations, taking into account their first commencement?—My impression is that they have not made a great profit.
150. *The Chairman.*] Has there been any mismanagement in the starting of the distilleries?—No doubt there has been.

WEDNESDAY, 29TH JULY, 1874.

MR. CAWKWELL examined.

151. *The Chairman.*] The Committee wish you to state your own case, Mr. Cawkwell.—If you will allow me, I will read the letter which I sent to the Hon. the Commissioner of Customs on the 18th of May last. [*Mr. Cawkwell read the printed letter No. 16, and also the following statement*]:—The first question for consideration is, Whether the proposed increase of excise duties is inconsistent with good faith to those who have embarked in the business of distilling? and I think that, without any further evidence than the Act itself, and the subsequent establishment of two distilleries under that Act, it will scarcely be denied that the proposed alteration would be a breach of faith with those who relied on the integrity of an Act of Parliament. That an alteration of the law should take place when the exigencies of the State require it, is only to be expected; but, at the same time, it can hardly be deemed consistent to ruin those who are affected by that alteration, without a fair compensation. As a parallel case, I might mention that when, for city improvements, or railway, or any other public works, land or property is forcibly taken from the owners, the question of fair compensation is never doubted. I may also allude to the Native population, who are allowed the utmost redress for even the most extreme interpretation of an infringement of their rights; while many other instances might be adduced which bear strongly on the present case. It will be observed, on reference to clause 60 of the Distillation Act, that the duty is not fixed, but on a sliding scale, adapting itself to any future alteration, from which no other inference could be drawn but that a special contract was implied, and that the law as then passed was intended to be permanent. Great stress has been laid upon the warning which was given when application was made for a license; but such warning came too late in the

Mr. Cawkwell.

29th July, 1874.