

use molasses duty free, for the production of spirits in your distillery, may be reconsidered, and to inform you, in reply, that so long as the excise duty on spirits distilled in the Colony remains at a less rate than that imposed on imported spirits, the Government are not disposed to take any steps that would lead to the admission of molasses, for distilling purposes, free of duty.

I am to add that the Commissioner is of opinion that what mainly caused the excise duty to be fixed at its present low rate was the belief that spirits would be made from grain grown in the Colony, and that if facilities were now afforded of distilling spirits from molasses, or other imported articles, duty free, the intention of the Legislature on this head would be frustrated.

I have, &c.,

W. J. Cawkwell, Esq., Crown Distillery, Auckland.

WILLIAM SEED,

Chief Inspector of Distilleries.

### No. 7.

Mr. CAWKWELL to the CHIEF INSPECTOR OF DISTILLERIES.

SIR,—

Vulcan Lane, Auckland, 31st July, 1871.

I have the honor to acknowledge your favour of the 21st instant, and beg to thank you for the information therein contained.

I have, &c.,

Wm. Seed, Esq., Chief Inspector of Distilleries, Wellington.

W. J. CAWKWELL,

Per R. B.

### No. 8.

Mr. CAWKWELL to the HON. the COMMISSIONER OF CUSTOMS.

SIR,—

Auckland, 18th April, 1873.

As it is proposed to make some additions to and improvements in our distillery plant and premises, involving considerable outlay, we deem it prudent before doing so to bring the subject under your notice, with a view to elicit from the Government the course they purpose pursuing in reference to the duties on New Zealand manufactured spirits. For the last two years we have been kept in a state of suspense by the proposals made to increase the duties, and this has acted prejudicially, by creating a feeling of distrust and uncertainty, not only as to the amount of profit to be made in the business, but whether, if the proposed increase were made, it would be possible to carry on the business with any profit at all.

In order to properly appreciate the claims the New Zealand distillers have upon the Government, it is necessary to consider the legislation by which the distilleries have been called into existence by the Legislature; and we propose, therefore, to shortly state the provisions of the several laws that have from time to time been passed on the subject of distillation. The first law passed was an Ordinance of the Legislative Council of New Zealand, Session V. (1841), the object of which was "to prohibit the distillation of spirits in the Colony of New Zealand." This Ordinance was repealed by an Ordinance, Session III., No. 13 (1844), but which was not to come into operation till it should receive the Royal confirmation. This Ordinance followed as of course the abolition of customs duties, and the substitution of a property rate, effected by Ordinance, Session IV., No. 2 (1845); but as the customs duties were re-imposed in 1845, and the Distillation Repeal Ordinance was not confirmed, it never came into operation. In this Ordinance, however, express provision was made that no compensation should be allowed if the Ordinance should be repealed. The consequence of this legislation was that distillation in the Colony of New Zealand remained prohibited by the Ordinance of 1841 till 1865, when the General Assembly passed an Act "to allow the distillation of spirits in New Zealand." By this Act the Governor was authorized, until the end of the next Session of the General Assembly, to make regulations for licensing persons to carry on distillation. No such regulations were, we believe, made—at all events, no distillery was established under this Act. In the following Session of the General Assembly (1866), an Act was passed to allow distillation, and a fixed duty imposed of 8s. a gallon. In the Session of 1867 an amendment of this Act was made, but not affecting the duty. The inducement, however, of a fixed duty of 8s. a gallon thus held out for the establishment of distilleries was found to be insufficient, and in order to create this industry, the General Assembly, in 1868, passed a more liberal measure, making full provision for regulating distillation, and imposing a sliding scale for the duties to be paid of "one-half of that charged for the time being upon spirits imported into the colony." This Act did not contain any provision similar to the Act of 1845, providing that no compensation should be paid if the Act should be repealed. The adoption of a sliding scale fixing a duty comparative with the duty on imported spirits, the absence of all provision negating compensation if the Legislature should change its mind, and the general conduct of the Legislature in dealing with the subject of distillation since 1865, created a belief that the law as passed in 1868 was intended to be permanent. So far at least as we are concerned, had we not been satisfied on this point, we should never have embarked in the business, and a provision such as that contained in the Act of 1845 in reference to compensation would have been a warning that would most unquestionably have deterred us from ever seriously considering the subject. We hardly think if the Executive Government and Legislature had given due consideration and weight to the tendency and effect of the legislation, thus briefly noticed, that the proposals which have been made to increase the duties would have been brought forward.

The decrease in the revenue of the colony by the consumption of spirits, on which only one-half the duty is levied as on imported spirits, is no doubt a matter for the serious consideration of the