

Government. And it may be that the inducement held out for the establishment of distilleries in the colony was a mistake; that in fact, the advantages do not compensate for the loss of revenue. If so, however, it was a mistake of the General Assembly; and in fairness and honesty any loss arising therefrom should not now be shifted from the Colony to those who, in reliance on the good faith of the Legislature, have spent their time and money in acting in accordance with its wishes, as expressed by its legislation. In considering, however, this part of the subject, we venture to suggest two matters that should not be overlooked. (1.) That illicit distillation has been greatly checked by the substitution of a duty-paid article for one that pays no duty, and therefore that the loss of revenue, in fact, appears greater than it really is; and (2.) That all the rum, of which we sell more than any other liquor, already pays a duty equal to 8s. a gallon, taking into consideration the duty paid on the raw material from which it is produced.

One fact may be accepted as beyond doubt—that an increase of duty, such as has been proposed, would as effectually stop distillation as a direct prohibition. It could not be carried on to be remunerative. We are quite aware that of this many will be incredulous, and will argue that a differential duty of 6s. must be more than sufficient to give a reasonable profit. We distinctly state that it is not so, and are fully prepared to prove it. In order that no question may remain as to the truth of this statement, which should be placed beyond doubt, we invite the Government to appoint some confidential person to investigate the matter, and we pledge ourselves to lay before him all the facts, furnish him with all information, and unreservedly give him free access to all our books. We will simply state here that the principal causes are—(1.) That the prices which we are able to obtain for our products is much less than the English article of the same description commands in the New Zealand market; and if our prices were the same, we should not sell a gallon. (2.) That notwithstanding the lower price at which we are obliged to sell, the consumption is still so limited that even a greater profit per gallon than is sufficient in Europe to render the business of distillers very profitable would be insufficient to pay us even interest on capital employed. (3.) That the cost of production here is much in excess of the cost in Europe.

We appeal to the Executive Government and the Legislature to do us simple justice. If the exigencies of the State require that the Legislature should retrace its steps, by all means let it do so. We are willing to shut up our distillery at once, and we shall require nothing exorbitant for so doing. Rather than be kept in a continued state of suspense and apprehension by threatened alterations of the Customs duties, we are willing to ask nothing for what may be called goodwill, but to accept simple compensation for the time, trouble, and money expended in the establishment of our business.

At all events we do hope that one of two courses will be taken—either to leave us alone, under the present law, to make our business a success if we can, or to abolish distillation in the colony, either by the renewal of the prohibition, or, by what would be equally effective, an increase in the duty on colonial spirits; under the latter alternative, taking off our hands our premises and plant at a fair price in order to shut it up.

In a direct pecuniary point of view the colony would probably gain by the abolition of colonial distillation, and the indirect advantages arising from it may not be equal to the direct loss.

Had we for a moment doubted that the law of 1868 would be permanent, we should never have embarked ourselves in our present undertaking. From the course taken by the Legislature in abolishing a fixed duty, and establishing a sliding scale as compared with the duties on imported spirits, no other inference could be drawn than that the arrangement was intended to be permanent; and we never for a moment contemplated that, before our business could be fairly established and made profitable, our property would be virtually confiscated by an alteration of the law. Under the most favourable circumstances our expectations will not be realized, and if the addition which has been proposed were made to the duty, our undertaking would end in a ruinous loss.

If our position is not damaged by additional legislation we have no ground of complaint; we took the risk, and have no one to blame whatever may be the result. But we do most respectfully submit that it would be a flagrant breach of good faith, and a course fraught with injustice, now that we can neither stop nor turn back without a ruinous loss, so to alter our position by fresh legislation, that we could not carry on our business, as we were led to expect, by the sanction of a deliberate and well-considered Act of the General Assembly.

We are now in this unfortunate position: In order successfully to continue our business, additions and alterations involving expenditure are necessary to be made to our plant, and these we are afraid to make in consequence of the unexpected alteration of their views on the part of the Government of the colony.

We have also had it in contemplation to add the business of sugar refiners to our present business of distillers. Each of these, materially assisting the other, are commonly and advantageously combined in one establishment. Our premises are ample, and quite suitable for the purpose, and were acquired with that view; but we are deterred from even seriously considering the matter from the uncertainties that have been made to hang over our position by the proposal to alter the present law affecting these industries.

We again most respectfully urge the Government and Legislature to let us prosecute our business to the best advantage, assured against alterations of the law, which would be ruinous; or to take our distillation plant and premises off our hands, as we have already suggested. We have been so wearied and perplexed with doubt and anxiety as to the future, that we should now prefer the latter course; and as we could be fairly dealt with, and a direct pecuniary advantage at the same time gained by the colony, we most respectfully submit that this course should be adopted.

We now beg to refer you to a correspondence on this subject that took place in 1870, and is printed in the Appendix to the Journals of the House of Representatives, G. No. 47, 1871.

I have, &c.,

The Hon. the Commissioner of Customs,
Wellington.

W. J. CAWKWELL,
(for the Crown Distillery Company).