

article capable of being used wholly or partially as a beverage, or internally as a medicine; or (d) sells or has in his possession any such article in the preparation of which methylated spirits or any derivative thereof has been used, he shall for each offence incur a fine of one hundred pounds."

2. *Sir W. R. Russell.*] What is the date of that Act?—1880. The reasons for introducing the Bill are as follow: Methylated spirit consists of spirit to which 11 per cent. of wood-naphtha and $\frac{3}{4}$ per cent. of mineral naphtha have been added so as to render the spirit undrinkable, but still of use for various manufacturing purposes. It has come to the knowledge of the Customs Department that methylated spirit is being purified so as to get rid of the nauseous taste and smell arising from naphtha, and that the spirit so purified is being used for making perfumed spirit, spirituous flavouring-essences, and tinctures and medicinal spirits. It may also be used for making beverages or for mixing with spirit used for human consumption. That last fact is one of the strongest reasons for the bringing-forward of the Bill. I will presently show the Committee a sample of the purified spirit, and I think it quite obvious that it could be used in up-country publichouses for mixing with whisky, and so on. The great inducement for doing this may be seen from the rates of duty leviable on methylated spirit as compared with other articles. On methylated spirit—that is, spirit mixed with naphtha under Customs supervision in New Zealand—the excise duty is 6d. per gallon. On methylated spirit imported the duty is 1s. per gallon. On perfumed spirit the excise duty is £1 per gallon, and the import duty £1 10s. per gallon.

3. What is "perfumed spirit"?—Lavender-water, eau-de-cologne, &c.

4. It is not the unmanufactured spirit?—No; just such things as lavender-water and eau-de-cologne, &c. You will observe that if persons can convert methylated spirit, on which 6d. a gallon duty has been paid, into perfumed spirit on which there is an excise duty of £1 a gallon, or an import duty of £1 10s., there is an immense inducement to go largely into the purifying of methylated spirit. Then, there are other articles, as, for instance, spirituous flavouring-essences. The excise duty on these is 12s. a gallon, and the import duty 16s. The Legislature has made provision for the making these articles with spirit in bond. Instead of paying duty fully on the spirit, a person can pay duty at 12s. a gallon on the spirit after it has been mixed with flavouring-essences in order to make spirituous flavouring-essences. But if any one can buy clean methylated spirit on which 6d. a gallon has been paid, you will observe that he will have an advantage of 11s. 6d. a gallon over the genuine manufacturer. On tinctures and medicinal spirits there is an excise duty of 9d. per pound, equal to 6s. 6d. a gallon, and an import duty of 1s. per pound, or 8s. per gallon. You will observe that here the inducement is somewhat less, but still very considerable. If any one can use "cleaned" methylated spirit on which 6d. a gallon has been paid he has a great advantage over makers of tinctures and medicinal spirits in bond, on which 6s. 6d. a gallon has to be paid. On ordinary spirit the import duty is 16s. per proof gallon. Here again, if clean methylated spirit is, as I submit is the case, usable for mixing with drinks which are consumed by men, there is a very great inducement indeed to enter into the business of cleaning methylated spirit—an advantage of a good deal more than 14s. 6d. a gallon, because methylated spirit is very strong. It is about 60 per cent. over proof, whereas ordinary drinking-spirit is, some of it, 16 per cent. under proof. I think I have put before the Committee the principal reasons for bringing forward this Bill. I have here samples of methylated spirit mineralised and non-mineralised [Produced]. This one [Produced] is spirit that has been methylated under Customs supervision. Even that might be used by persons of vitiated taste for drinking.

5. *Mr. Buchanan.*] What quantities are imported?—It is practically all methylated in New Zealand. There were 55,000 gallons methylated last year.

6. *Mr. Aitken.*] How does that compare with five years ago?—In 1899 there were 26,006 gallons methylated in bond, and in 1904 55,655 gallons. In 1899 there were 283 gallons imported, and in 1904 154 gallons. This spirit that I hold in my hand is used to a very large extent in making lacquers and varnishes. That is the genuine methylated spirit. I think some members of the House had the impression that the makers of varnish would be interfered with if the Bill were passed; but this is not so. They would not be interfered with at all. You will observe that section 4 says, "No person shall add to methylated spirit any substance or substances for the purpose of disguising the odour or taste thereof, or for rendering the same fit for use as a perfume, or beverage, or as a food for human use." But a person may add anything to methylated spirit, such as shellac, for the purpose of making varnish. There is nothing to hinder people doing that.

7. *Mr. Harding.*] What about the perfume-makers?—The Legislature has by the Acts of 1888 and 1895 provided for the making of spirituous articles, such as perfumes, perfumery, tinctures, medicinal spirits, and flavouring-essences, in bond, under an excise duty of about 25 per cent. below the import duty on those articles. Well, if persons can make perfumed spirit with this clean methylated spirit they are practically duty-free—the duty would only be 6d. a gallon.

8. To fractionate like that—to take out the other fractions, such as naphtha—there must be a great waste?—Well, of course, I do not know what the process is.

9. They would have to distil it?—I was under the impression for a long time that distillation was necessary, but I am told that this man—whoever he is—can do it without distillation.

10. *Mr. Duthie.*] Do you not know for a fact that he can?—If I thought he was using a still I should certainly get the Collector of Customs to search his premises. We have no information that he has a still on his premises, and until we have reasonable ground for supposing that he has I do not feel justified in searching.

11. *Sir W. R. Russell.*] Do you know the process of purification?—No, not with any certainty. I believe that filtration has a good deal to do with it, and that the spirit is treated with certain substances—chemicals.