

MINUTES OF EVIDENCE.

MONDAY, 27TH JULY, 1874.

Mr. Seed.

Mr. WILLIAM SEED, Secretary of Customs, examined.

27th July, 1874.

Mr. Seed read clause 1 of H. 27, 1873, containing a *précis* of the Ordinances and Acts affecting distillation in the colony.

1. *The Chairman.*] You are aware of the time when Mr. Cawkwell applied for his license?—Yes.
 2. The nature of that application was simply applying for a license?—It is expressed in his letter.
 3. What was the reply?—The reply is printed as the second letter, dated the 20th of May, 1870. He applied on the 9th of May, and the reply was given on the 20th. (Witness read the last paragraph of the letter.) He replied on the 31st of May, taking exception to that.

4. He accepted his license before the 31st of May, and then took exception?—His license, as a matter of fact, was not issued until some time afterwards, when his plant was ready. I was directed to write the letter of the 10th of June. (Witness read the letter.)

5. Has intimation been given to Mr. Cawkwell since that, that the duty was likely to be raised?—Yes. The statement made by the Colonial Treasurer in his Financial Statement would be regarded as a notice, I suppose.

6. Having the correspondence before you, do you think Mr. Cawkwell entitled to any compensation, supposing the duty should be raised?—That is scarcely a question for me to answer.

7. *Mr. May.*] Is there anything said about raising the duty on imported spirits?—No; because it had already reached the extreme limit of safety.

8. *Mr. Macandrew.*] The Distillery Company in their petition state that a letter of the 24th November, 1868, [printed 14th November in papers] was received purporting to be from you. Were you the writer of that letter?—Yes.

9. Then it appears that notice was given to Mr. Cawkwell, and no such notice was given to the Dunedin Distillery Company. I wish to ask your opinion whether the case of the latter is not different from that of the former?—The same notice was given to each—practically the same.

10. I see from Mr. Cawkwell's letter that he calls attention to the Ordinance of 1845, which expressly provides that no compensation is to be given if the Act is repealed. Would you not consider that the omission of such a provision from the Act of 1866 would lead people to conclude that the provisions of that Act were to be of a permanent nature?—I think that, from the character of the notices given, they could scarcely be justified in looking upon those provisions as of a permanent character.

11. In your opinion, would any person have commenced the business of distillation had he supposed the rate fixed by Act was only to last for six years?—I think that no person with a knowledge of distilling would.

12. Then you are of opinion that parties would have commenced, even if they had supposed that the Act would be repealed at the end of six years?—No; I do not say that.

13. Would any one have commenced, had they supposed that the Act would be repealed in six years?—No, I do not think they would. Entirely repealed, of course, I mean.

14. Are you the author of the scheme of the Government, for the increase of the duty 1s. in 1875, 1s. in 1876, and so on?—I must get permission of the Ministerial head of the department before I could answer that.

15. I see that in the correspondence, A. No. 7, in your letter to the Dunedin Distillery, you refer to repeated warnings they had got. Now, what were those warnings: how many warnings were there?—A warning was given at the first about increase; a warning was given in the Colonial Treasurer's Statement, and I believe also that verbal warnings were given by the Commissioner of Customs when he was in Dunedin.

16. Where are the warnings given at the commencement?—There is the warning in the letter No. 2, A 7, page 9, which I take to be equivalent to a warning that the duty may be increased; there is the warning in the Colonial Treasurer's Statement of 1871, and there are the verbal statements made by the Commissioner of Customs when he was in Dunedin.

17. These are the warnings to which you refer?—Yes.

18. What will be the annual loss to the revenue if the differential duty be continued as at present, and supposing the production of spirits be continued at the present rate?—That depends a great deal upon the quality of the spirits produced. The loss, of course, is shown by the amount of duty collected on New Zealand spirits.

19. You are not prepared to state, without consideration, what would be the annual loss?—About £25,000 a year for the next two or three years.

20. Who would be the gainer—where there is a loss there must be a gain?—I presume the distillers would gain a great deal of it.

21. What will be the annual gain to the revenue if the duty be raised to 7s. per gallon, supposing the production be continued at the present rates?—Between £4,000 and £5,000.

22. Is it your opinion that the business of distillation could be carried on in New Zealand with the excise duty at 9s?—I do not think, just at present, that it could, because labour is very high, and everything the distillers use is at a high price at present.

23. Do you consider it fair to say that the whole of the differential duty on colonially-distilled spirits is lost to the revenue?—Yes, I think it is.