

75. *Mr. Macandrew.*] You include as loss to the revenue the duty on spirits in bond?—I would base that upon the consumption. Each bushel of grain produces two gallons.

76. *Mr. Montgomery.*] You have stated that the proposed alteration would not seriously affect the distiller. Now, if they raise the duty 1s., why will it not affect him?—Because, with their increased experience, and a probable decrease in the price of labour, they will be able to produce spirits cheaper than at present.

77. That is to say, the profit of the Company will have the same proportion as at present. It must affect them to the extent of 1s.?—Yes, it will affect them so far.

78. *Mr. Macandrew.*] Do you not consider that it would rather aggravate the injustice to the Dunedin Company, if there is an injustice, to have two years' supply on hand with respect to which this rise will be put in operation?—No; their profit only comes out of their sales, and, moreover, they sell a good deal in bond to merchants. A great deal of it would fall into the hands of merchants who sell upon certificates. In many cases, probably a good deal is held by spirit-dealers, and therefore they would be the people who would benefit by any alteration in bond.

79. If they can only get 7s. 6d. a gallon for it at present, and do not get more when the duty is raised, they lose 1s. a gallon?—Clearly so.

80. *Mr. Reid.*] In respect to the proposal to raise the duty now, if these distillers have a large stock of unsold spirits, manufactured either last year or the year before, would it not virtually be making this alteration to that extent on the spirits produced for these two years?—It would affect the unsold spirits just in the way that all rises of duty on spirits do.

81. Do you think it would be impossible—assuming that the Legislature determined to make this increase—to devise some means whereby it would only take effect in the future?—I could not say off-hand. I can foresee considerable difficulty in carrying such a thing out. The spirits are moved about, and get mixed up in bonded warehouses.

82. In reply to Sir Cracroft Wilson, you expressed your opinion that at the time the Act of 1868 was passed you had no reason to think that it would be repealed in six years, but that it might be altered: do you think the persons who went into the expenditure of capital in the faith of that Act would be of the same opinion as yourself?—I do not know what their opinions would be. I think if the distillers had watched the operation of similar laws in other countries, they would have had reasonable expectation that the law would be altered.

83. *Mr. Macandrew.*] Was there not an impression abroad at the time that this differential duty would last for ten years?—I am not aware of such an impression.

84. *Mr. Montgomery.*] I wish you to give your knowledge as to the repeal of Acts of other Legislatures, either in Victoria, England, or New South Wales, as to whether compensation has been given on the repeal of similar Acts?—Never. Duties on spirits are constantly altered, without compensation being given to any one.

85. My question would specially apply to what would be considered protective duties of any kind?—No instance has come under my observation.

86. *Mr. May* referred to an instance in Tasmania where compensation had been given.—Because in that case the Government desired to prohibit distillation. There is no intention here to prohibit distillation. (Witness referred to increases of duty which had taken place in England.)

87. There was a different duty in Ireland and Scotland?—The duty was made uniform in 1860.

88. What is your knowledge respecting the differential duty on sugar in the United Kingdom at one time?—It was in favour of West Indian sugar. That was repealed, but no compensation was given.

TUESDAY, 28TH JULY, 1874.

Mr. W. HEAPS, Inspector of Distilleries, examined.

*Mr. Heaps.*

89. *The Chairman.*] I have the printed evidence before me, and do not wish, therefore, to ask any questions. Does any member of the Committee desire to do so?

90. *Mr. Macandrew.*] I should like to know, Mr. Heaps, whether, in your opinion, the business of distillation can be carried on when the duty is raised to 9s. per gallon, so as to yield a fair profit to the distiller?—It would be quite impossible for me to answer that question without consideration. It would be a matter of some calculation.

91. Then your attention has not been directed to that point?—I should say that in future the distiller's profits will be very much larger than they have been, because he has got the experience of the past to guide him.

92. I will put my question in another form, as you do not seem to have studied it in that light. What profits are likely to be made by colonial distillers (say for example, the Dunedin Distillery Company) now that they have the necessary experience and have got into the thing fairly, assuming that the duties continue as at present?—It is not part of my duty to know, and would be outside my province to say what the profits of the distiller are.

93. Of course, you are aware that there has been a considerable amount of prejudice against colonial spirits. Does that prejudice still exist?—I have no doubt that it does, but it is not so great now as it was.

94. It has operated very much against the success of the undertaking?—Yes, I think it has.

95. I suppose you are a judge of spirits. What is your opinion of the spirits turned out?—I can say that the material used is of the best quality, and that the principle upon which distilling is taking place is also the best for turning out good spirits. The system of making is that which is adopted in the North of Scotland.

96. Having succeeded in overcoming this prejudice, and making a good article, and getting into proper working order, you say you have no idea as to the amount of profit that may be derived by the distiller if the duty continues as at present?—I could form some estimate.

*Mr. Seed.*

27th July, 1874.

28th July, 1874.