

fact that the Crown Distillery had the honor of obtaining the prize medal for merit at the late great European Exhibition held at Vienna. The terms upon which we are willing to discontinue our business have already been stated.—W. J. CAWKWELL. Mr. Cawkwell.
29th July, 1874.

152. You hold the opinion that it would be a breach of faith to alter the duty?—I do.

153. Do you remember that you applied for your license about the 9th of May, 1870?—Yes.

154. And on the 20th May you received a reply?—Yes.

155. In that reply it was stated that in the event of a reduction being made in the import duties, you must not calculate on a corresponding reduction in the excise duty, as the Government would not be prepared to recommend that the excise duty should be lowered. You received that letter?—Yes, but that letter was set aside by a subsequent letter of June 10th. In the letter of June 10th the Chief Inspector of Distilleries says that the comparatively low rate fixed by the Distillation Act of 1868 was intended to encourage the establishment of distilleries in New Zealand. As I understand it, this letter quite set aside the letter of May 20th.

156. *Sir J. C. Wilson.*] Mr. Cawkwell has referred to the "early stages." Does he mean to imply that six years is not sufficient to cover the "early stages"?—My distillery has only been working about three years and a half, and it is six years now since the Act was passed. We began work in December, 1870.

157. *The Chairman.*] Mr. Seed, in his letter of June 10th, speaks of the "early stages" of the undertaking. What would you have considered by the term "early stages"?—It is difficult to understand what length of time is meant. You will observe that directly intimation was given to me that an alteration might be expected, I combated the thing. I merely considered that a friendly caution, and we relied on Parliament to set us right.

158. You wrote a letter dated June 27th?—Yes, in reply to that of June 10th. The fact is, that the erection of the plant was far advanced when I received the letter of May 20th.

159. You say you had been led into a trap?—That is in the letter of May 31st. My remark was that I could only hope that the expectations guaranteed by the Legislature would not be made a trap for the ruin of those who believed that they were held out in good faith.

160. You threw a good deal of weight on the fact that you had seen Mr. McKellar, the Collector of Customs, in Auckland, and that he did not seem to object to your buildings. Have you anything further to say about that?—Nothing more than what is embodied in the pamphlet. When I first contemplated commencing the business of a distiller, I thought it necessary to see Mr. McKellar. I did so, and showed him my plans, having found that he had been appointed Inspector of Distilleries, and he thought they were all right.

161. Did he say definitely that you would get a license for the buildings?—I do not remember his words, but he left the impression on my mind that it would be all right.

162. Did Mr. McKellar not simply give you the Act, and say he knew nothing whatever about it?—Certainly not. I obtained the Act from a bookseller.

163. He says that he gave you the Act, and told you he had no instructions in the matter; and that you had better apply to the Commissioner of Customs in terms of the Act.—He certainly did not give me the Act. I, in company with a distiller, showed him the plans, &c., for I was in doubt whether I would take the premises or not.

164. But did he not distinctly inform you that you would have to apply to the Commissioner of Customs?—Not until the last interview for a license. On reading the Act, we thought nothing was necessary beyond seeing the only representative of the Excise Department in Auckland.

165. Mr. McKellar says that before you (Mr. Cawkwell) went to Australia, you appeared to him to be undecided in your plans, and to be seeking information prior to entering upon the undertaking. He adds that he gave you all the information he possessed on the subject, and showed you all the requirements of the Distillation Act; and further, that he had no experience in distilleries, but that on your application the Commissioner of Customs would send up an officer who would personally superintend the management.—We had more than one interview, and I recollect that, on the last interview, Mr. McKellar did say he was not prepared to give a license, but that the matter would have to be referred to Wellington.

166. Mr. McKellar goes on to say that he remembers your mentioning a building in Mechanics Bay; and that although he agreed as to the apparent suitability of it, he certainly was not asked to inspect or approve of it.—That is correct. We thought it better to have everything ready for the Inspector of Distilleries to see, otherwise there would have been nothing for him to inspect; but nevertheless my license was duly granted. I base my claim on the Act itself. If I was doing anything out of order, Mr. McKellar should have cautioned me.

167. *Sir J. C. Wilson.*] I think you ground your objection on the fact that you were told there would be no change in the early stages, and you now submit that the three years and eight months which have elapsed is not a sufficient time for the early stages of a distillery. Is that so?—Not exactly. There is no limitation of time in the Act. Although this warning was given to me, it was given too late, and as a matter of courtesy I was obliged to acknowledge the kindness, but I never expected that it would prejudice my claim at all.

168. *Mr. Reid.*] Reference has been made to this paragraph relating to "early stages." How do you interpret the succeeding paragraph—"But the Commissioner wished you to understand that if at any future time the Legislature decided to reduce the duty on imported spirits, it would not be in any way bound to you to make a corresponding reduction in the excise duty." Did you feel any anxiety respecting that?—I thought the Government were not likely to lower the import duty.

169. In fact, that warning would not have affected you?—No. I felt at the time that if even there was any merit in the warning, the import duty was not likely to be lowered but raised, and therefore it would be an advantage to me.

170. Do you say that it would be impossible to distil here when there is a differential duty of three shillings and make a profit?—Yes.

171. Looking to a more remote period, when wages, &c., will be lowered, do you think it will be impossible to make this industry a payable one at a 9s. duty?—It all depends on circumstances. It might be made payable if wages, &c., become lower and there is a greater demand. A still in Scotland