

- Mr. Cawkwell.* will turn out 50,000 or 60,000 gallons, and even a penny per gallon profit on a large amount like that would pay handsomely, whereas it would take a much larger sum to remunerate us.
- 29th July, 1874. 172. *The Chairman.*] How much per gallon would be required?—I could not say, without going into the matter.
173. *Mr. Reid.*] You think it is possible, looking forward a few years, to make this industry pay?—Yes; but, as I said before, it all depends on circumstances.
174. I believe that one reason given by distillers why they cannot distil as cheaply as at home is, that there is not a sufficiently large demand?—It is.
175. *The Chairman.*] Then, in order to be able to manufacture spirits at a duty of 9s. a gallon, how many gallons would you have to dispose of per day, supposing that labour and materials were reduced in price?—It is impossible to say what will be the rate of wages in a few years' time.
176. Suppose labour and material are the same as at home, in order to make a profit how many gallons would you require to sell daily?—I am scarcely prepared to answer that question. I should have to go into figures.
177. *Mr. Reid.*] I wanted to know whether Mr. Cawkwell could tell in about what time the distillers would be in such a position that they could carry on profitably at 9s. duty. The revenue has already suffered a little, and it is quite possible that the colony might be prepared to let it suffer a little more, if they saw that distilleries could be carried on? As the surrounding circumstances are now, the New Zealand distilleries could not pay 9s. against 12s. on the imported spirits.
178. We will just assume that you give your workmen £2 per week?—If we employ skilled and intelligent men, we have to give them £2 10s. or £3 10s. a week. The Government are giving 6s. or 7s. a day to labourers, unskilled men.
179. *Mr. Bryce.*] Supposing that the present proposal was to lower the duty on imported spirits instead of raising the excise duty, would you still prefer a claim for compensation?—In that case, we should expect our duty to be lowered too.
180. But suppose they were going to lower the import without altering the other?—The warning states that I must not expect a reduction if the import is reduced, but the 60th clause of the Distillation Act tells me distinctly that I shall have it.
181. But would you prefer a claim for compensation in that case?—I think I should, unless the proportion were maintained.
182. If the proportion was altered, then you would prefer a claim for compensation as you do now?—Yes; I think I should.
183. *Captain Kenny.*] You rest your case on the terms of the Distillation Act. You hold that you are entitled to a proportionate reduction with the import duties?—Yes. If the customs duties were lowered, we should expect the excise duties to be lowered also.
184. You maintain that you have a right to expect the proportion between the two to be kept up?—Yes.
185. In your letter of June 27th, you stated that you had had several interviews with the Sub-Inspector of Distilleries. Did you address him in his official capacity of Sub-Inspector of Distilleries?—I do not think I addressed him otherwise than as "Mr. McKellar."
186. It appears to me that if your remarks in this letter are to have any weight, we should know whether he accepted the official position of Sub-Inspector of Distilleries. Do you seriously base any part of your argument upon what occurred between you and that officer, because you say you had several interviews with him, and that you fully stated your intentions to him but received no warning. Now if he accepted his official position, it appears to me that you might very properly refer to the fact that he did not give you any warning?—I do not think I addressed him as the Sub-Inspector of Distilleries, but merely as Mr. McKellar.
187. Then am I to understand that you withdraw from the position you took up in this letter?—No. I received the warning and then combated it, and the whole of the correspondence has that bearing, but we always go back to the Act.
188. It appears to me to be very important that it should be made clear whether you hold the position you took up in this letter; because you distinctly say you received no discouragement or warning from this officer, and place on record your claim for consideration on that ground. If you addressed that officer as the Sub-Inspector of Distilleries, and he accepted the position, I think you may very properly lay stress upon it. If you addressed him simply as a Custom House officer or a private friend, then the position you take up here is untenable?—Being intimate with him, I did not address him as the Sub-Inspector of Distilleries, but I certainly considered that I addressed him as an officer of the Distillation Department.
189. *The Chairman.*] Can you tell me what the duties of a Sub-Inspector of Distilleries are?—I know that his duty is to protect the revenue.
190. Yes, that is all. He could not give you a license, nor could he order you to alter a building. He has simply to do with the manufacture of spirits and to protect the revenue?—I did not know exactly what his duties were.
191. *Captain Kenny.*] You say in your letter that before committing yourself to any expenditure you had several interviews with the Sub-Inspector of Distilleries at Auckland, and communicated your intentions to him, but received no warning or discouragement. I understand that to mean that you deliberately went to a gentleman whom you believed to be a representative of the Government in Auckland, expecting to receive from him full information and any warning that might be necessary. I understand you to say that you really did not apply to him as a Sub-Inspector of Distilleries, but simply as a Custom House officer. Did you apply to him in his official capacity, and did he so understand you?—I certainly applied to him in that capacity, and he must have been very dull of comprehension if he did not so understand it.
192. Did you let him understand that you were about to embark capital in a distillery?—Yes; I produced my plans, &c., connected with the affair. I interviewed him to see whether he thought I was all clear before I incurred so much expense. I told him what I was going to do, and he gave me no warning nor discouragement whatever.