

By reason of our own inexperience in the business, the impossibility of obtaining in the colony experienced hands, the inferior quality of the barley and other grain at that time obtainable, and other causes too numerous to particularize, we at first made heavy losses in the business, amongst which I may enumerate the spoiling of 22,000 gallons of spirit, in consequence of our having attempted to utilize "kauri" in making vats, the gum from which tasted the spirit, and rendered its redistillation necessary at a considerable loss, besides delaying our business for nearly a year and a half, by postponing for that period the time within which we could bring into consumption a matured and marketable spirit.

The letters and telegrams Nos. 3, 4, 5, 6, 7, and 8, in the printed correspondence, pages 9 and 10, refer to alterations in our works, necessitated partly by the discovery made as above stated, that colonial woods were unsuitable for vats, and partly by the fact that, having been deceived as to the thickness of the copper of which our stills should have been constructed, they wore out in less than three years, instead of lasting for over ten years, as they should have done, and necessitated our having others made in the colony at a cost of over £2,000. The whole expenditure, including the new vats, &c., was upwards of £6,000, besides the expense incurred in keeping our men idle during a period of over three months, and the loss involved in the stoppage of the business.

Since our renewed plant has been in working order, we have been enabled to produce a superior article, and in larger quantities, at the same expense of management, and have thus accumulated a stock of spirits over and above the quantity required to supply the demand; and this stock is gradually increasing, so that in the course of two or three years we shall be in a position to send out nothing but a fully matured spirit, and by that means we confidently hope to remove the slight prejudice which still exists against the colonially-manufactured spirit, and which is the only preventative to a successful competition with the imported article, if the differential duty is allowed to continue as at present.

From the time we commenced business in October, 1869, up to our last balance in December, 1873, we had manufactured about 179,000 gallons of spirits from 98,743 bushels of malt and grain, all of which, except about 2,000 bushels of malt made from barley imported from California (and on which a duty was paid), was grown in this colony. Of this quantity we had up to the end of the year 1873 sold 144,386 gallons at an average of about 7s. per gallon.

I may mention that the reason of our using Californian barley on the one solitary occasion on which we did so, was that the entire stock of barley in the Provinces of Otago and Canterbury became exhausted, and we were obliged, in order to prevent a stoppage of our business, to send to California for a consignment of 10,000 bushels, 8,000 of which we sold, partly to farmers as seed barley, and partly to brewers in the shape of malt.

The above-mentioned quantity of 144,386 gallons was sold in the proportions following, viz.,—

From October, 1869, to December, 1870, 20,990 gallons.

„ January, 1871, to December, 1871, 27,757 „

„ January, 1872, to December, 1872, 40,639 „

„ January, 1873, to December, 1873, 54,999 „

Showing an annually increasing demand for the spirits manufactured at our distillery.

The annual returns from our business (including sales of malt manufactured by us) have been as follows:—

	£	s.	d.
From October, 1869, to December, 1869	...	...	...
„ January, 1870, to December, 1870	...	...	...
„ January, 1871, to December, 1871	...	...	...
„ January, 1872, to December, 1872	...	...	...
„ January, 1873, to December, 1873	...	...	...
	773	6	0
	10,371	19	9
	17,360	18	2
	28,034	11	5
	41,038	13	8

Of the 200,000 bushels of barley mentioned in our petition as having been consumed in our business as distillers and maltsters, above 100,000 bushels have been converted into malt, and sold to brewers.

I may explain here that it is necessary to carry on the two businesses of malting and distilling in conjunction, for the reason that, although malt may, for certain reasons, be unsuitable for brewers, it is yet available for distilling.

From the fact of our now having acquired the necessary experience in the business, of our having secured competent hands to carry it on, and of our having accumulated such a stock as to avoid the necessity we at first laboured under of being compelled to send out an unmatured article, and for the further reason that we have succeeded to a considerable extent in removing the prejudice which at first existed against a colonially-manufactured spirit (which prejudice we hope that a few years will entirely remove),—we have not the slightest fear but that those anticipations of success, which we entertained when we first determined to enter into the business are in process of being realized, and that if we are only left to enjoy the fruition of our labours, we shall secure an adequate return for the amount of risk, time, trouble, and capital we have devoted to the business.

Having now placed before the Committee our present position and prospects, I wish to show what our position will be under the two aspects of the case, in which the matter is, as I understand it, viewed by the Government, viz.,—

1st. That the Distillation Act should be at once repealed, provision being made for the realization of stocks on hand at the present duty.

2nd. That the rates of duty should be increased 1s. per gallon on 1st July, 1875; 1s. per gallon on 1st July, 1877; 1s. per gallon on 1st July, 1879.

The following figures show our assets and their present values, based on the supposition that our business is to be continued under the present system of differential duty:—

Land, buildings, and plant (as per valuation annexed)	...	...	£27,450
Stock on hand, 70,000 gallons, at 7s.	...	...	24,500
Casks containing same	...	...	2,000
Empty casks, staves, bottles, &c.	...	...	4,000
34,000 bushels grain, at 5s. 6d.	...	...	9,350
Sacks, containing same	...	...	562
Water supply (10 years unexpired)	...	...	1,000
Sundry stock-in-trade	...	...	1,000
Total	...	...	£69,862