Supposing that the Distillation Act is repealed, the value of our assets (which we should be obliged to realize at once) would be as follows:—

	£	s.	d.
Land, buildings, and plant	£13,000	0	0
Stock on hand, less cost of selling, discount on bad debts, &c. ...	21,000	0	0
Casks containing same	500	0	0
Empty casks, staves, bottles, &c.	1,000	0	0
32,500 bushels barley, at 4s. 6d.	7,312	10	0
1,500 bushels of rye, at 2s. 6d.	187	10	0
Sacks containing same	338	0	0
Water supply	...		
Sundry stock-in-trade, useless except to distilleries	200	0	0
Total	£43,538	0	0

Showing a loss on our assets alone of £26,324, without taking into account the loss we should sustain on goods in transit, estimated at £1,000; compensation to servants (who have engagements ranging in time from one to five years unexpired), estimated at £1,000 more; and without any compensation for our own loss of time and capital for the six years we have devoted to the business, during which time we have drawn hardly anything from the concern (having lived principally on our private resources), nor for the good-will of an established and improving business.

The difference of over £14,000 in the value of the land, buildings, and plant in the two estimates above given is readily accounted for by the fact that the greater portion of our buildings, from their peculiar construction, are entirely unsuitable for any other business, and could only be adapted by the expenditure of a large amount of money; whilst the greater part of our plant would be utterly valueless, and in fact only saleable as old material.

Viewing the matter in the other aspect, and without speculating upon any increased demand for our spirits, our position would be this: As we cannot, in justice to our business, send out an unmatured spirit, the duty, although not to take effect until 1st July, 1875, will actually affect us injuriously on some spirits, such as whisky (of which we have now in stock about 70,000 gallons), for at least two years previously, as our present stock cannot be disposed of under two years; and if we cannot clear it prior to 1st July, 1875, it will of course have to pay the higher rate of duty. The same remarks, it will be understood, apply to the increases proposed in subsequent years.

This being so, we shall lose on our present stock—

	£
35,000 gallons, at 1s. per gallon	£1,750
We shall lose on 55,000 gallons, to be manufactured up to July, 1875, at 2s. per gallon,	5,500
„ on 55,000 gallons, to be manufactured up to July, 1876, at 2s. „	5,500
„ on 55,000 gallons, to be manufactured up to July, 1877, at 3s. „	8,250
„ on 55,000 gallons, to be manufactured up to July, 1878, at 3s. „	8,250
„ on 55,000 gallons, to be manufactured up to July, 1879, at 3s. „	8,250

And so on for all spirit manufactured afterwards, the maximum increase being reached in 1879, so that it will be seen that on the article of whisky, which is the principal article manufactured in our business, we shall never obtain any benefit from the graduated scale of increase so far as the period between 1st July, 1875, and 1st July, 1877 (the lowest rate), is concerned, and between the first-mentioned date and the 1st July, 1879, we shall have been deprived of profits amounting in the whole to over £36,000, without at all considering the profits we might otherwise make from any reduction in the cost of production, or any increased value which our spirit may acquire as it becomes, in course of time, better known and appreciated, and without taking into account any increase in our business, which, as has been already shown, has actually doubled itself in the last two years.

This will be our loss supposing we are able to carry on our business under the altered state of duties, but I am convinced that we shall not be able to do so, for more than three or four years at the outside. At the end of that time we shall be compelled to close the concern, as it will be impossible to carry on at a profit. We shall, under these circumstances, have worked off a portion of our stock and thereby rduced the loss on those items, but in other respects the items of loss given under the first aspect will be substantially the same.

Whilst we are earnestly desirous that our business should be carried on, provided the Act of 1868 remains unaltered, we are nevertheless willing to submit to a repeal of that Act on being compensated for the loss which will in consequence devolve upon us—in fact we would prefer this course, rather than be subjected in another Session to the serious consequences to our credit which resulted in this present Session immediately upon the resolutions of the Government being made public. Although our pecuniary position is perfectly sound, and although the resolutions of the Government could not have affected us to a very material extent within the next two years, it is nevertheless the fact that verbal contracts which we had previously entered into for the purchase of barley, to the extent of 80,000 bushels, to be delivered in 1875 and 1876, and to be paid for by bills after delivery, have been since repudiated by the contractor, who refused to sign a written contract unless we would consent to alter the terms previously agreed upon to cash on delivery; and the fact of this injury to our credit having come under our notice, induces us to fear that it may have suffered in other quarters.

We are convinced that the business cannot at present be carried on at a profit under the resolutions proposed by the Government, and that under no circumstances which we can conceive to be likely to occur, can distilling be carried on in this colony at a higher rate of duty than at present for many years to come.

I beg, lastly, to refer to the petition presented by us to the House of Representatives, the allegations in which are true in substance.

By Authority: George Didsbury, Government Printer, Wellington.—1874.

Price 1s.]