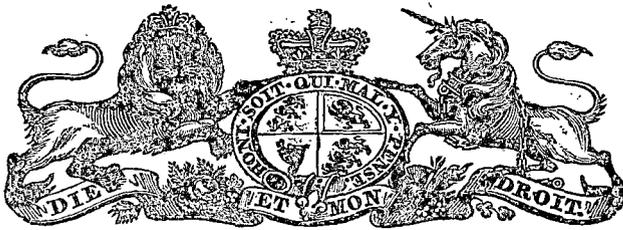


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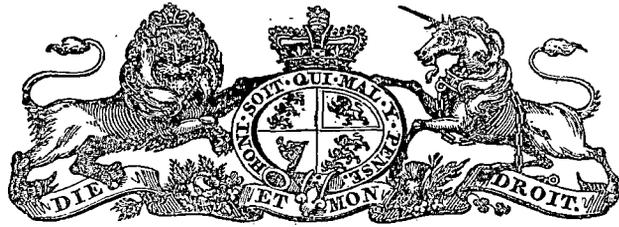
1857.

T A S M A N I A.

D I S T I L L A T I O N.

REPORT OF A COMMITTEE OF THE LEGISLATIVE COUNCIL,
APPOINTED IN 1838, ON THE SUBJECT OF DISTILLATION.

Laid on the Table by Mr. Colonial Treasurer, and ordered by the House to be
printed, 20 February, 1858.



Hobart Town, 5th October, 1838.

REPORT of the Committee of the Legislative Council of Van Diemen's Land appointed by the Lieutenant-Governor on the 2nd August, 1838, at the request of the Council, "to take into consideration the necessity of amending the present Colonial Distillation Act, so as to afford protection to the Commercial and Financial interests of the Colony, which have suffered so much since the passing of the Act."

THE Act for regulating Distilleries, 6 William 4, No. 14, was passed on the 16th May, 1836, and came into operation on the 10th of the following month. In passing through its several stages, it excited considerable discussion as to the policy of the measure; but as it had become notorious that distillation had been carried on in Hobart Town to a large extent from sugar and other articles without the payment of any duty to the Crown, the question resolved itself into two alternatives—either to put an end to distillation altogether, or to subject it to such regulations as would ensure the collection of the public revenue and prevent smuggling.

The majority of the Council were not prepared to go the length of prohibiting distillation, but acquiesced in the passing of an Act by which the duty on colonial spirits was fixed at 4s. per gallon; power being given to the Lieutenant-Governor to lower the rate of duty from time to time, "in order to meet occasional fluctuations in the price of grain."

No sooner, however, had the Act come into operation, than the Distillers urged upon the Lieutenant-Governor the necessity of his issuing a proclamation for lowering the duty from 4s. to 2s. a gallon. They claimed this on two grounds; first, because with the then price of grain, 7s. 6d. per bushel, it was impossible for the distiller to pay a higher rate of duty than 2s.; and secondly, because a pledge had been given by the Attorney-General (Mr. Stephen) to one of the distillers, (Mr. Hackett) that the duty to be imposed on the Act's first coming into operation should not be higher than 2s. a gallon.

The Attorney-General having substantially admitted the existence of an understanding to this effect between the distiller and himself, and having moreover been strongly impressed with the belief, (whether well founded or not it is now too late to inquire) that the majority of the Council voted for the passing of the Act, with an understanding that 2s. was to be the duty to be imposed at that time, the Lieutenant-Governor, with the advice of the Executive Council, issued a proclamation (16th June, 1836) lowering the duty from 4s. to 2s., for the limited period however of six months.

At the end of that time the Distillers renewed their claim; and a proclamation was again issued for three months, and it has been successively renewed from quarter to quarter up to the 30th of last month; the duty, however, for the last twenty-one months having been fixed at 2s. 3d. instead of 2s., as in the first six months after the Act came into operation.

The question upon which we are now called upon to pronounce an opinion is, Whether the objects contemplated by the Legislature have been attained; or whether, on the other hand, the Act has operated prejudicially upon the interests of the Colony?

It appears from the concurrent testimony of all the witnesses we have examined, (and they are persons who have had ample means of ascertaining the fact) that on this side of the island colonial spirits are rarely, if indeed ever, sold by retail as *colonial spirits*; that nothing is ever asked for in the public-houses but rum, hollands, or brandy; and that colonial spirits are mixed with rum in very large proportions, approximating not unfrequently to half-and-half, notwithstanding the heavy penalty imposed by the Act.—(Clause 36—penalty £10 to £100.)

One of the results of this is, that the lower orders of people drink the adulterated spirit, believing it to be rum; and that the mixture itself is in the highest degree injurious to health.

Another result is that the revenue suffers to a very great extent. The duty on rum being the produce of British possessions, is,

	<i>s.</i>	<i>d.</i>
Per gallon	9	0
The duty on Colonial spirits has been	2	3
	<hr/>	<hr/>
	6	9
	<hr/>	<hr/>

So that for every gallon of colonial spirits consumed under the appellation of rum the revenue loses 6*s.* 9*d.*; while for every gallon of colonial spirits consumed under the name of brandy, upon which the duty is 12*s.*, the revenue loses 9*s.* 9*d.*

Now the quantity of colonial spirits removed under permits from the distilleries at Hobart Town and Launceston, (the only two in the island) from the 31st July, (no spirits were removed from 10th June, 1836, when the Act began, to 31st July, 1836) 1836, to the 31st August, 1838, embracing twenty-five months, was 54,068 gallons—and the total amount of duty paid thereon was £5900 13*s.* 6*d.* The average therefore is 25,952 gallons per annum, producing a revenue per annum of only £2919. Whereas if the same quantity of genuine rum had paid duty, the revenue from it would have amounted to £11,678; thus exhibiting an annual loss of £8759, which must be still larger if the colonial spirits are mixed with brandy, which all the witnesses concur in stating to be the fact to a large extent.

Independently, however, of the loss here described, the revenue (there is too much reason to apprehend) is suffering a still larger loss from spirits which find their way into consumption without the payment of any duty at all.

The loss, however, which the revenue is suffering from the admixture of spirits cannot be attributed altogether to the operation of the Act of 1836: for it must be borne in mind that, before the passing of that Act, colonial spirits had been distilled both at Hobart Town and Launceston; and had been subjected, under the authority of a proclamation issued by Sir Thomas Brisbane, while Van Diemen's Land formed part of the government of New South Wales, to a duty of 4*s.* 2*d.* per gallon.

It appears that from June, 1834, to June, 1836, at which latter date the present Act came into force, the total amount of duty paid on colonial spirits was £2149—that is to say, £1074 a year—so that in those days there must have been a consumption of colonial spirits to the extent of at least 5155 gallons a year. In fact, the quantity consumed, though not having paid duty, must have been much larger than that here stated—for it was notorious that large quantities of colonial spirits were distilled in Hobart Town, and passed into consumption without the payment of any duty at all, in consequence of the absence (as it was believed) of any legal authority for imposing a duty on spirits distilled from sugar, which was then used largely for the purpose. We have no means of ascertaining the exact quantity of colonial spirits which found their way into consumption before the Act of 1836 passed; but we entertain no doubt that, at Hobart Town and Launceston together, it reached at least 15,000 gallons per annum.

It therefore appears that, large as the loss may have been which the revenue has suffered from the consumption of colonial spirits under the names of rum and brandy, it is not wholly attributable to the Act of 1836,—though there is little doubt that the direct legalisation of distilleries has considerably increased the manufacture, and consequent consumption, of colonial spirits.

Be this, however, as it may, we are convinced that had the Legislature in 1836 been aware of the extent to which the mixture of colonial spirits with rum and brandy had been, and was likely still further to be carried, they never would have consented to the passing of the Act.

The question now arises—by what legislative means the injury sustained by the revenue can be most effectually guarded against?

There are three ways of doing this:—

The first is by introducing such portions of the British excise laws as would effectually prevent the mixture of foreign and colonial spirits.

The second is by imposing so high a duty as to render it impracticable for the distiller to carry on his trade; and

The third is by prohibiting Distillation altogether.

With regard to the first mode, we feel assured that the introduction of so considerable a portion of the British excise laws, as would be required for the purpose of preventing the mixture of spirits, and of guarding against other frauds which may be too easily resorted to under

present circumstances, would not only give rise to very general dissatisfaction in the community, but would require far too large and expensive a machinery for the colonial finances to bear.

If the second mode should be thought advisable, we are of opinion that the duty to be fixed should be the same as that on West India rum, namely, 9s. per gallon; for as the Distillers, in 1836, urged their inability to pay more than 2s. per gallon, it is to be inferred that a duty of 9s. would be tantamount to prohibition.

With regard to the third mode, there can be no doubt that it would be the most effectual; but it appears to be a matter of some doubt whether it would be competent for the Local Legislature to pass an Act that should declare it to be illegal for one of Her Majesty's subjects to carry on the business of a distiller.

It is possible, however, that His Excellency the Lieutenant-Governor and the majority of the Legislative Council may take a different view of the question from that which we take, and may not think it absolutely necessary or expedient to resort to so strong a measure as that of either directly or indirectly prohibiting distillation; and it is therefore right that we should proceed to state what rate of duty we think the distiller could afford to pay, so as still to reap a fair and reasonable profit from his trade.

	s.	d.
The cost of one gallon of West India rum may be stated at	4	6
To which must be added the duty of	9	0
	13 6	

But the ordinary price at which a gallon of what is called rum is sold by the dealers is 11 0
 thus proving that nothing but the mixture of colonial spirit with it could possibly admit of its passing into consumption at a price so obviously below the cost of the foreign article.

It may further be stated, that one bushel of grain should produce rather more than two gallons of spirits. One gallon therefore may be procured from half a bushel of grain, which at the medium price of 6s. per bushel would cost the distiller 3s.

	s.	d.
The expense of manufacture, consisting of the annual licence £50, rent of buildings, human labour, houses, carts, coals, wood, and other items, may be stated at eighteen-pence a gallon	1	6
And supposing the duty to be levied at the maximum rate authorised by the Act	4	0
	8 6	
It follows that the whole cost to the distiller is	8	6
Now he can sell it for	9	6

And thus reap a profit on each gallon of 1s., which supposing him to distil 16,000 gallons would produce a total profit of £800 per annum; but supposing him to distil (as the evidence shows to be the case in one of the distilleries) from smutty wheat, which can be purchased at an average for 3s. a bushel, it will be seen that he would then reap a profit of 2s. 6d. a gallon, even though called upon to pay a duty of 4s.

If the distiller, however, cannot afford to sell his spirit for less than 10s. or 11s., it would not meet with a sale at all, for no one, (at least on this side of the island) will drink it in its pure state, and as to mixing it with rum, it would not be worth the dealer's while to run the risk of adulteration, if there was no greater disparity between the cost of the two articles than that which exists between 13s. 6d. and 11s.

Upon the whole, therefore, we are of opinion that if distillation is to be allowed to continue, no higher rate of duty than 5s. 6d. a gallon could be paid by the distiller, so as to leave him a reasonable profit.

But the more we weigh the evil consequences of colonial distillation, the more convinced we are that the sooner it is substantially prohibited, the better it will be for all parties except the distillers; and we are prepared to admit that in that case they should be adequately compensated.

In the first place, the revenue will no longer suffer the serious loss to which it has been subjected for some years past.

In the second place, the lower orders of the population will cease to be imposed upon, as they now are, by an adulterated and deleterious mixture.

In the third place, the respectable dealer in spirits, who acts with honesty towards the public,

will no longer be interfered with, and perhaps ruined, by the more successful competition of men who have no such scruples in imposing the adulterated spirit upon their customers.

In the fourth place, the commerce of the Colony will be to a certain extent benefited by it; for supposing 25,000 gallons of foreign spirits to be annually imported, in addition to the present average quantity brought into the island, they would serve as dead weight, and lead to the chartering of so many more ships for Van Diemen's Land.

In the fifth place, we would observe, that though one of the objects contemplated by the Legislature in 1836 when they passed the Act, was to promote the interests of the colonial agriculturist, by ensuring to him a certain market for his grain, the belief on the minds of ourselves, and of most of the witnesses we have examined, is, that the farmer has not reaped any perceptible advantage from the operation of the Act. Our information on this point is very imperfect, as the Inspector of Distilleries can throw little or no light upon it, and we have no other means of knowing what description of grain is used in the distilleries. It appears that Indian corn or maize was on one occasion used, but it is believed for the purposes of trial only. At all events, the total quantity distilled in the Colony is said not to exceed 26,000 gallons a year; and it would therefore appear, that the whole agricultural interests of the colony are not benefitted to a larger extent than 12,500 bushels, even assuming that *colonial* grain is exclusively used for the purpose.

It is satisfactory, however, to perceive that the interests of the Colony generally, and of the farmers particularly, are likely, from present appearances, to be benefitted in the most unobjectionable way, by the increasing taste of the community for Colonial porter, ale, and beer; and we should strongly recommend that every encouragement should be given to the several breweries which have been of late years established in the island. Any loss which the revenue from spirits may suffer from the competition of untaxed beer, will be amply compensated to the Colony at large by the substitution of a wholesome for a deleterious beverage amongst the labouring classes of its population, and by the consequent prevention of those numerous evils, both moral and physical, which follow the use of ardent spirits.

We are unwilling to close this Report without stating, that we thought it right to invite the attendance of Mr. Hackett, who was the proprietor of the Hobart Town Distillery before the Act passed, and has since become a rectifier, intending to afford him that opportunity of communicating his sentiments, as a practical distiller, upon the question of colonial distillation. He accordingly attended the Committee, but declined to afford us any information, except upon the understanding that we should recommend that he should receive compensation from the Government in the event of distillation being prohibited. It is scarcely necessary for us to say, that we could not become parties to any such pledge or understanding, and Mr. Hackett therefore withdrew without giving us the benefit of his practical information. Mr. Turnbull, however, who now carries on the Distillery in Hobart Town, attended and freely answered all the questions we thought it fair to put to him, [2nd October, 1838]; and he has since addressed a communication to us, which accompanies this report, and in which he offers in a spirit of fairness towards the Government a series of useful suggestions for the establishment of more efficient checks on the part of the revenue officers, in superintending and watching the successive stages of distillation.

JOHN GREGORY, *Colonial Treasurer*,
G. W. BARNES, *Collector of Customs*.
C. SWANSTON.
CHARLES M'LACHLAN.
M. FORSTER.