

forming the estimate for the current year, the Government had had reference to what was considered the regular consumption of the country, as indicated by the experience of several years past, making allowance for exceptional causes. One of these was that a large amount of spirits had been taken out of bond before July 1st, 1864, to avoid the anticipated increase of duty, though the Government had secured a good deal by having the duty collected from the time the resolutions were first introduced to the House. The average amount distilled was from 3,600,000 to 3,800,000 gallons. A deduction had been made in last year's estimate of 400,000 gallons to allow for the evasion of duty, diminished consumption, &c., but he thought the probability was that the distillation of spirits would be somewhat larger this year than last. He did, indeed, think it would be considerably larger, but he had only estimated on a basis of 3,250,000 gallons which would yield \$975,000. The distillation might exceed this amount, but a good deal was being sent out of the country, some legally, and some, perhaps, illegally. He proposed to estimate the excise, on beer at \$160,000. He found it had not varied much from that amount for some time. In the case of tobacco, the House was aware that a considerable revenue had been anticipated last year from this source, but the House would remember that it had been resolved not to levy duty on tobacco then manufactured, and, as had been stated at the time would be the case, this had seriously affected the revenue for the year just expired. There had been a large stock then on hand, which had gone into consumption, consequently the country was deprived of a good deal of what would otherwise have been realised. Under these adverse circumstances, the revenue collected during the fiscal year had been \$115,500, but he might state that in addition to this, there was a duty accruing on tobacco in warehouse of \$75,180. All this might not be received, because some of the tobacco might be exported and thus not pay duty, but this was the amount leviable on the quantity in bond on July 1st. (Hear, hear.) In estimating the receipts from excise on tobacco, he had to be governed somewhat by reference to the ordinary imports of manufactured tobacco in former years. In 1860, it was 3½ millions of pounds. Before the American war there was a large import of manufactured tobacco. During the American war, the import of manufactured tobacco fell off very much, while that of unmanufactured tobacco largely increased, so much that it amounted in the last two years to 15,000,000 lbs. A large proportion of that had been consumed in the country, though a good deal had been exported. The revenue received during the past year undoubtedly indicated that the consumption had been mainly supplied from stocks on hand—the amounts imported, and manufactured having been small. Under these circumstances, we might reasonably anticipate that the amount of tobacco yielding revenue to the country would approximate somewhat to the consumption of the country. The consumption could not be supposed to run less than five or six millions of pounds; and in practice it was found that the law was not, perhaps, sufficiently strict, and

that in some cases frauds were successfully committed. It was better, therefore, to make a low estimate, and he accordingly put the consumption of tobacco for the current year at three and a-half million pounds, yielding \$350,000. The receipts on tobacco this year, since 1st July, indicated a receipt at the rate of about \$275,000 for the year. But it was clear that the consumption, which would become productive to the revenue, would increase, month by month, inasmuch as the stock of tobacco in the country was gradually becoming less, and consumers would be obliged to purchase that which had been subjected to excise duty. These four items, licenses and excise on spirits, beer and tobacco, would give altogether \$1,550,000. While on the subject of excise he might also remark it was also his intention to introduce a bill, of which he had given notice, for amending the excise law, so as to provide for some cases which he did not think were sufficiently provided for under the present act. It was quite evident now that the excise duties were considerably augmented, as they had been from 6 to 30 cents within three years, that the temptations to commit fraud were much increased; and Government required to have all the additional power with which the Executive could arm the excise officers, for the purpose of checking these frauds. The Government had, he might say, determined in all cases to put the full force of the law into effect against parties who were found violating it. (Hear, hear.) The Post Office last year produced \$470,000. The receipts from postage were, year by year, increasing. The increased population and increased business of the country naturally told on the postal receipts, and we might fairly estimate some addition under that head. He preferred, however, putting the estimate at the same figure—\$470,000. The Public Works last year produced \$395,000; this year he estimated them at \$450,000. He might here give a very brief explanation with regard to the question of canal tolls. The policy of the Government as regards the tolls was the policy adopted at the time the President of the Council joined the Government. That, like some other questions, was felt to be entirely subordinate to the great point of settling the constitutional difficulties of the country. He (Mr. Galt) at that time held his own views; and he held them still, as to the policy of making our inland navigation as free from burdens as possible, and he believed the President of the Council equally held to his expressed views. When he (Mr. Galt) came into office, the tolls had been re-imposed by his hon. friend behind him (Mr. Howard) and maintained by the hon. gentleman opposite (Mr. Holton.) They were afterwards slightly modified by himself (Mr. Galt.) There might be some minor changes to meet the requirements of trade, but the Government did not intend to alter the rates or the principle on which they were now administered. The increased estimate of \$55,000 was what he believed would arise from the much more productive harvest which the Western country had had, and which he thought we might reasonably hope would yield that increase of tolls, which was only half the excess of the previous year over last. In the previous