

12. As to the third, and perhaps the most important cause of the decreased revenue from spirits, it is unnecessary to offer any observations for the diminished purchasing power of almost all classes of the people is only too evident.

Diminishing purchasing power of the people.

13. It is impossible to furnish any reliable estimate of the quantity of spirits illicitly made, but considering the reported magnitude of some of the stills which have been seized, I am of the opinion that the loss to the revenue from frauds of this nature, will be equal to the duty on not less than 200,000 proof gallons.

No accurate estimate of loss to revenue from illicit distillation can be made.

14. It is of great importance to the revenue that these frauds should be suppressed, and the Department has substantial reasons for believing that a rigid enforcement of the law passed during the last Session of Parliament will have the desired effect.

Importance to revenue of suppressing frauds.

15. The Statement in appendix C shows the number of illicit stills seized during the past fiscal year, the names of the parties from whom the seizures were made, and the nature of the punishment inflicted in the cases in which a conviction was obtained.

Number of illicit stills seized.

16. The quantity of spirits held in bond at the commencement of the past fiscal year was 236,934 proof gallons less than the quantity held at its close, the quantities being respectively 1,276,786 and 1,513,720 gallons, and the last mentioned quantity is greater by 160,015 gallons than the average quantity held at the close of each of the preceding four years.

Quantities in bond.

17. The quantity of spirits exported in 1876-77 was 173,470 proof gallons, a very slight increase over the average quantity—172,355 gallons—exported in each of the preceding four years. There has been a small decrease—27,584—in the quantity taken into bonded manufactories.

Exports.

18. Two statements are given in Appendices A. & B., showing the consumption of goods subject to Excise (including similar goods imported and subject to Customs duties) per head of the estimated population in the several Provinces and in the Dominion, during a series of years, being a continuation of similar statistics in former Reports.

Consumption of exciseable goods per capita.