

the apparent falling off in the amount of duty collected on spirits during the past fiscal year is, to a considerable extent, due to the large entries for duty in 1876, under the influence above referred to.

Comparison of average of two years with previous averages.

8. But the average quantity of spirits taken for consumption during the two years 1875-76 and 1876-77, fall below the average of the preceding four years by 660,377 gallons, and if we take into account the usual increase in the population, the apparent decreased consumption per head will not be overestimated if stated as representing a total of 750,000 gallons.

9. This falling off, may, I think, be attributed to three causes:—

Causes of decrease consumption.

(a.) The uncertainty of dealers and publicans, as to the direction which legislation might take in relation to prohibition, and a consequent determination to hold as small quantities in stock as is consistent with immediate wants.

(b.) Illicit distillation.

(c.) An actual decrease in consumption, consequent on the decreased ability of many classes of the people to purchase.

Increased number of entries.

10. In evidence of the first of these causes, I may mention that although the quantity of spirits entered for consumption has decreased to the extent above stated, the number of entries has largely increased, which fact may be accepted as an indication that traders are doing a cautious business, and avoiding any increase in their stocks.

Illicit distilleries.

11. With reference to illicit distillation, I submit that the constantly increasing number of seizures of illicit stills is a justification of the assumption that this traffic has been a serious cause of loss to the revenue. Previous to the 1st July, 1875, the total number of illicit stills seized was 189, during the fiscal year ended 30th June, 1876, the number seized was twenty. During the past fiscal year we seized forty-seven, and from the 1st July to 31st December, ulto., there were eighteen seizures; these seizures have been made with increasing frequency as the year has advanced, and there is reason to fear that a great many are in operation, of which the exact locality has not yet been definitely ascertained.