

5. From the above it will be seen that the quantity of spirits taken for consumption during the past fiscal year is greater by 65,533 gallons, or 12 $\frac{1}{2}$ per cent. than the quantity taken 1876-77, which was less than the quantity taken in either of the four previous years. The quantity taken in 1877-78 is less than the average of the four preceding years by 555,447 gallons, equal to 15 $\frac{1}{10}$ per cent. Per centage of increase and decrease.

The average quantity of spirits taken for consumption during the two years 1876-77 and 1877-78, fall below the average of the preceding four years by 785,214, but there was an increase in the quantity taken for consumption during the fiscal year over the previous year.

6. With reference to illicit distillation, I submit that the 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. Illicit distillation.

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

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.

7. The quantity of spirits held in bond at the commencement of the past fiscal year was 112,791 proof gallons less than the quantity held at its close, the quantities being respectively 1,513,721 and 1,626,512 gallons, and the last mentioned quantity is greater by 232,253 gallons than the average quantity held at the close of each of the preceding four years. Spirits in bond.

8. The quantity of spirits exported in 1877-78 was 164,360 proof gallons, an increase over the average quantity—147,486 gallons—exported in each of the preceding four years of 16,874 gallons. There has been a small increase of 30,818 gallons in the quantity taken into bonded manufactories over the quantity taken in the previous year. Comparison of averages.

9. Two statements are given in Appendices A. and B., showing the consumption of goods subject to Excise (including similar goods Consumption of excisable