

COPY

OF A

MEMORANDUM BY THE SECRETARY OF CUSTOMS

ON

THE PROGRESS OF ILLICIT DISTILLATION AND
SMUGGLING.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

—
1867.

MEMORANDUM ON ILLICIT DISTILLATION AND SMUGGLING.

MEMORANDUM for the Hon. the COMMISSIONER of CUSTOMS.

THE questions raised in the Memorandum by the Hon. the Colonial Treasurer which has been referred to me, I presume have reference only to such goods as Spirits, Tobacco, &c., the high duties on which afford such strong temptation for smuggling; for, with respect to the measurement and low duty goods, I think it may be assumed that the rates of duty do not hold out sufficient inducement to traders to attempt to smuggle them, and on this account, as well as from their generally bulky nature, that the duties are fairly collected on all that are imported. I shall, therefore, only allude to the articles liable to the higher rates of duty.

With respect to spirits, there can be no question that the increase in the duty in December, 1864, from nine to twelve shillings per gallon, had the effect of increasing contraband trade, principally, I believe, in the shape of illicit distillation, for smuggling could not be undertaken to any very large extent on account of the difficulty of obtaining the spirits, as the countries we principally trade with (Great Britain and the Australian Colonies) only export spirits under bond, and full particulars are always sent by the Customs with every shipment. Unquestionably, however, smuggling is carried on by means of the small vessels which trade to the South Sea Islands, principally from the port of Auckland. These vessels clear for the South Sea Islands with spirits and tobacco, shipped from the warehouse under bond, ostensibly to be used in trading with the Islands, but I believe many of them land the principal part of their cargoes before leaving the coast of New Zealand. The numerous bays, creeks, and harbours in the Province of Auckland, and the large fleet of coasting vessels constantly trading about, afford unusual facilities for this contraband traffic, and it will be very difficult, if not impossible, at present to suppress it.

The Sydney manufactured tobacco also affords a strong temptation to the contrabandist to defraud our revenue, and I have no doubt this is taken advantage of. Only the other day 14 kegs, weighing 1,255 lbs., were being smuggled into Hokitika, concealed in hogsheads purporting to be hogsheads of eggs. These were fortunately seized by the Customs.

It is very generally believed that illicit distillation is being carried on to a considerable extent, and I have no doubt the revenue suffers more from this cause than from the introduction into the country of uncustomed goods.

No less than fifteen Illicit Stills have been seized by the Customs and Police in various parts of the Colony within the last two years; many of these were of the rudest possible description, and the spirits distilled in them must have been of too inferior a quality for general consumption, but yet no doubt such as would readily be disposed of in the outlying districts and among the Natives. In a sparsely populated country like New Zealand it is not to be expected that illicit distilling can be entirely put down, but it may be suppressed to a considerable extent by means of rewards offered to informers. With this view a notice was recently published, and copies have been distributed throughout the Colony offering rewards from £5 to £50 for information which may lead to the conviction of persons engaged in illicit distillation. Very soon after the issuing of this notice information was received which led to the suppression of two Illicit Stills at Hokitika, and the imprisonment of their owners. In one case the still was most ingeniously placed in a cellar under a house, and so contrived as to render detection impossible if information had not been given by a person acquainted with the place. The most effectual way of suppressing Illicit Stills will no doubt be by bringing into operation the proposed regulations for legalizing distilling. Each licensed distiller will then have a direct interest in putting down the illicit trade; and the lower rate of excise duty, combined with the superior quality of the rectified spirits from the large distilleries, will also operate powerfully against the small stills.

I enclose a return showing the quantities entered for consumption of the principal high duty goods and the revenue received thereon during the years 1864, 1865, and 1866, and the population in those years. From this it will be seen that in 1865 there was an immediate decrease of 38,096 gallons of spirits entered for consumption, and of 84,016 lbs. tobacco. Supposing the rate of consumption to have been the same in both years, the decrease would be—spirits 91,000 gallons, and tobacco 140,000 lbs. There has been an increase in the spirits and tobacco duty paid in 1866 over 1865; but having regard to the increase of population, the quantity is not so great as it ought to be, as compared with the rate of 1864, by 56,000 gallons of spirits and about 28,000 lbs. of tobacco.

Other points, such as the relative prosperity of the community during the different periods stated, I am aware ought to be considered in any calculation of the Customs revenue based on population, still the figures I have given will be sufficient to show generally how the revenue is being affected. It seems impossible to resist the conviction that the heavy increase which was made in the duties by the New Customs Duties Act in December, 1864, led immediately to a large increase in smuggling and illicit distillation.

If the duties had been reduced in the session of 1865, much of this contraband trade might, I believe, have been checked; but now those who are engaged in smuggling have, I fear, during the past two years and a half so far systematised their operations that nothing short of a very considerable reduction of the rates of duty would break up their trade.

With regard to the tariff of last session, I think I am justified in saying that it has fully realized the expectations which were formed regarding it. The amount of revenue estimated has been received, and the collection of it has been unattended by those endless and constantly recurring disputes between the Customs and the public as to the interpretation of the tariff which existed under previous Customs Duties Acts.

In the course of a day or two I shall have completed a return in detail of the duties received on each item in the new tariff during the first six months it was in operation.

Custom House, Wellington, 14th June, 1867.

WILLIAM SEED,
Secretary and Inspector.

RETURN OF CUSTOMS REVENUE.

RETURN of CUSTOMS REVENUE collected in each Province on SPIRITS, TOBACCO, and other HIGH-DUTY Goods, in the Years 1864, 1865, and 1866.

AUCKLAND.

ARTICLES.	1864.			1865.			1866.		
	Total Population	...	42,132	Total Population	...	49,605	Total Population	...	50,101
	Total Military	...	8,773	Total Military	...	5,500	Total Military	...	1,800
	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.
Spirits	9s., 12s.	125,985	£ 61,890	12s.	118,797	£ 71,277	12s.	106,078	£ 63,647
Cigars	3s., 4s. 6d.	19,923	3,152	4s. 6d.	13,075	2,942	4s. 6d., 5s.	7,635	1,749
Tobacco	1s. 6d., 2s. 6d.	175,084	13,224	2s. 6d.	134,824	16,853	2s. 6d.	149,936	18,742
Wine	3s., 4s., 5s.	49,374	7,707	4s., 5s.	49,400	10,474	4s., 5s.	31,419	6,421
Ale and Beer	6d., 9d., 1s., 1s. 6d.	206,107	9,377	9d., 1s. 6d.	225,080	12,818	9d., 1s., 1s. 3d., 1s. 6d.	135,981	8,046
Tea	4d., 6d.	337,938	5,755	6d.	345,240	8,631	6d.	398,720	9,968
Coffee	3d.	241,360	3,017	3d.	244,560	3,057	3d.	132,880	1,661
Sugar	1d.	3,423,840	14,266	1d.	4,494,960	18,729	1d.	4,224,960	17,604

TARANAKI.

ARTICLES.	1864.			1865.			1866.		
	Total Population	...	4,374	Total Population	...	4,478	Total Population	...	4,626
	Total Military	...	1,500	Total Military	...	8,000	Total Military	...	750
	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.
Spirits	9s., 12s.	14,846	£ 6,817	12s.	16,181	£ 9,709	12s.	13,631	£ 8,179
Cigars	3s., 4s. 6d.	1,701	262	4s. 6d.	1,666	375	5s., 4s. 6d.	667	157
Tobacco	1s. 6d., 2s. 6d.	16,789	1,285	2s. 6d.	11,992	1,499	2s. 6d.	10,992	1,374
Wine	3s., 4s., 5s.	3,636	590	4s., 5s.	4,770	993	4s., 5s.	8,741	1,760
Ale and Beer	6d., 9d., 1s., 1s. 6d.	15,531	603	9d., 1s. 6d.	12,931	674	9d., 1s., 1s. 3d., 1s. 6d.	10,734	306
Tea	4d., 6d.	28,595	495	6d.	17,240	431	6d.	26,240	656
Coffee	3d.	22,800	285	3d.	7,048	88	3d.	10,160	127
Sugar	1d.	309,840	1,291	1d.	353,040	1,471	1d.	319,920	1,333

N OTE.—The increase of duties took place in December, 1864, so that, for purposes of comparison, the low duties may be said to have been in force throughout that year.—W. S.

RETURN of CUSTOMS REVENUE on SPIRITS, TOBACCO, &c., in 1864, 1865, and 1866—continued.

WELLINGTON.

ARTICLES.	1864.			1865.			1866.		
	Total Population	...	14,987 } 16,287	Total Population	...	19,165 } 23,165	Total Population	...	22,748 } 24,593
	Total Military	...	1,300 }	Total Military	...	4,000 }	Total Military	...	1,848 }
	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.
Spirits	9s., 12s.	44,053	£ 21,625	12s.	60,091	£ 36,055	12s.	64,716	£ 38,830
Cigars	3s., 4s. 6d.	3,363	507	4s. 6d.	5,946	1,338	4s. 6d., 5s.	3,898	897
Tobacco	1s. 6d., 2s. 6d.	44,210	3,527	2s. 6d.	39,280	4,970	2s. 6d.	48,168	6,021
Wine	3s., 4s., 5s.	17,114	2,586	4s., 5s.	25,900	5,539	4s., 5s.	25,568	5,344
Ale and Beer	6d., 9d., 1s., 1s. 6d.	76,757	2,762	9d., 1s. 6d.	130,746	6,731	9d., 1s., 1s. 3d., 1s. 6d.	161,571	8,717
Tea	4d., 6d.	126,270	2,199	6d.	175,800	4,395	6d.	209,040	5,226
Coffee	3d.	48,000	600	3d.	65,920	824	3d.	74,320	929
Sugar	1d.	1,199,760	4,999	1d.	1,804,080	7,517	1d.	1,866,240	7,776

HAWKE'S BAY.

ARTICLES.	1864.			1865.			1866.		
	Total Population	...	3,770 } 4,170	Total Population	...	4,302 } 5,102	Total Population	...	4,820 } 4,990
	Total Military	...	400 }	Total Military	...	800 }	Total Military	...	170 }
	Rates of Duty.		Quantity.	Revenue.	Rates of Duty.		Quantity.	Revenue.	
Spirits	...	9s., 12s.	17,182	£ 7,796	12s.		20,686	£ 12,410	£ 13,029
Cigars	...	3s., 4s. 6d.	891	134	4s. 6d.		911	205	240
Tobacco	...	1s. 6d., 2s. 6d.	15,122	1,174	2s. 6d.		12,968	1,621	2,713
Wine	...	3s., 4s., 5s.	6,917	1,053	4s., 5s.		8,691	1,821	1,537
Ale and Beer	...	6d., 9d., 1s., 1s. 6d.	24,062	935	9d., 1s. 6d.		20,639	1,160	1,530
Tea	...	4d., 6d.	34,569	571	6d.		18,840	471	927
Coffee	...	3d.	6,000	75	3d.		8,080	101	73
Sugar	...	1d.	277,920	1,158	1d.		363,600	1,515	1,689

RETURN OF CUSTOMS REVENUE.

RETURN of CUSTOMS REVENUE on SPIRITS, TOBACCO, &c., in 1864, 1865, and 1866—continued.

NELSON.

ARTICLES.	1864.			1865.			1866.		
	Total Population			Total Population			Total Population		
	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.
Spirits	9s., 12s.	19,961	£ 9,204	12s.	22,860	£ 13,716	12s.	18,906	£ 11,344
Cigars	3s., 4s. 6d.	3,285	506	4s. 6d.	4,573	1,029	4s. 6d., 5s.	4,567	1,053
Tobacco	1s. 6d., 2s. 6d.	33,276	2,558	2s. 6d.	37,640	4,705	2s. 6d.	34,872	4,359
Wine	3s., 4s., 5s.	6,334	970	4s., 5s.	10,775	2,316	4s., 5s.	7,380	1,510
Ale and Beer	6d., 9d., 1s., 1s. 6d.	25,368	1,040	[9d., 1s. 6d.	29,066	1,873	9d., 1s., 1s. 3d., 1s. 6d.	15,554	1,851
Tea	4d., 6d.	57,430	1,012	6d.	91,400	2,285	6d.	94,200	2,355
Coffee	3d.	32,720	409	3d.	70,080	876	3d.	42,560	532
Sugar	1d.	766,800	3,195	1d.	1,219,680	5,082	1d.	1,047,360	4,364

MARLBOROUGH.

ARTICLES.	1864.			1865.			1866.		
	Total Population			Total Population			Total Population		
	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.
Spirits	9s., 12s.	9,284	£ 4,229	12s.	6,290	£ 3,774	12s.	5,301	£ 3,181
Cigars	3s., 4s. 6d.	471	71	4s. 6d.	368	83	4s. 6d., 5s.	76	19
Tobacco	1s. 6d., 2s. 6d.	12,077	906	2s. 6d.	6,184	773	2s. 6d.	4,752	594
Wine	3s., 4s., 5s.	1,695	258	4s., 5s.	1,733	363	4s., 5s.	1,230	248
Ale and Beer	6d., 9d., 1s., 1s. 6d.	3,131	109	9d., 1s. 6d.	5,013	316	9d., 1s., 1s. 3d., 1s. 6d.	580	47
Tea	4d., 6d.	21,198	367	6d.	13,080	327	6d.	13,640	341
Coffee	3d.	3,680	46	3d.	3,280	41	3d.	2,560	32
Sugar	1d.	182,880	762	1d.	143,040	596	1d.	134,160	559

CANTERBURY.

ARTICLES.	1864.		1865.		1866.	
	Total Population	Quanty.	Total Population	Quanty.	Total Population	Quanty.
	Rates of Duty.	Revenue.	Rates of Duty.	Revenue.	Rates of Duty.	Revenue.
Spirits	9s., 12s.	£ 32,254	12s.	£ 76,473	12s.	£ 124,772
Cigars	3s., 4s. 6d.	5,465	4s. 6d.	3,131	4s. 6d., 5s.	4,926
Tobacco	1s. 6d., 2s. 6d.	70,991	2s. 6d.	16,561	2s. 6d.	29,279
Wine	3s., 4s., 5s.	35,924	4s., 5s.	13,212	4s., 5s.	17,299
Ale and Beer	6d., 9d., 1s., 1s. 6d.	202,690	9d., 1s. 6d.	10,093	9d., 1s., 1s. 3d., 1s. 6d.	18,976
Tea	4d., 6d.	237,291	6d.	8,696	6d.	14,165
Coffee	3d.	86,160	3d.	1,172	3d.	2,642
Sugar	1d.	1,768,080	1d.	12,931	1d.	21,045

NOTE.—The above includes Hokitika and Greymouth. The numbers of the population for 1865 and 1866 cannot be depended upon. See separate Return at end of East Canterbury alone.

O T A G O.

ARTICLES.	1864.		1865.		1866.	
	Total Population	Quantity.	Total Population	Quantity.	Total Population	Quantity.
	Rates of Duty.	Revenue.	Rates of Duty.	Revenue.	Rates of Duty.	Revenue.
Spirits	9s., 12s.	£ 92,803	12s.	£ 88,626	12s.	£ 80,080
Cigars	3s., 4s. 6d.	26,372	4s. 6d.	4,030	4s. 6d., 5s.	2,889
Tobacco	1s. 6d., 2s. 6d.	211,773	2s. 6d.	17,379	2s. 6d.	17,338
Wine	3s., 4s., 5s.	71,334	4s., 5s.	12,428	4s., 5s.	9,013
Ale and Beer	6d., 9d., 1s., 1s. 6d.	452,916	9d., 1s. 6d.	16,851	9d., 1s., 1s. 3d., 1s. 6d.	10,490
Tea	4d., 6d.	503,398	6d.	12,510	6d.	10,728
Coffee	3d.	240,080	3d.	2,872	3d.	1,889
Sugar	1d.	4,341,840	1d.	17,458	1d.	17,436

RETURN of CUSTOMS REVENUE on SPIRITS, TOBACCO, &c., in 1864, 1865, and 1866—continued.

S O U T H L A N D .

ARTICLES.	1864.			1865.			1866.		
	Total Population			Total Population			Total Population		
	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.
Spirits	9s., 12s.	61,267	£ 27,587	12s.	22,148	£ 13,289	12s.	28,028	£ 16,817
Cigars	3s., 4s. 6d.	3,215	483	4s. 6d.	897	202	4s. 6d., 5s.	1,582	360
Tobacco	1s. 6d., 2s. 6d.	41,563	3,153	2s. 6d.	23,104	2,888	2s. 6d.	27,160	3,395
Wine	3s., 4s., 5s.	15,609	2,352	4s., 5s.	6,328	1,367	4s., 5s.	8,059	1,658
Ale and Beer	6d., 9d., 1s., 1s. 6d.	77,230	3,015	9d., 1s. 6d.	34,106	1,919	9d., 1s., 1s. 3d., 1s. 6d.	29,785	1,927
Tea	4d., 6d.	90,927	1,516	6d.	66,640	1,666	6d.	86,120	2,153
Coffee	3d.	25,680	221	3d.	12,400	155	3d.	22,720	284
Sugar	1d.	879,360	3,664	1d.	650,640	2,711	1d.	892,080	3,717

C H A T H A M I S L A N D S .

ARTICLES.	1864.			1865.			1866.		
	Total Population			Total Population			Total Population		
	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.	Rates of Duty.	Quantity.	Revenue.
Spirits	9s., 12s.	54	£ 25	12s.	...	£	12s.	43	£ 26
Cigars	3s., 4s. 6d.	...	...	4s. 6d.	...	...	5s., 4s. 6d.	4	1
Tobacco	1s. 6d., 2s. 6d.	1,316	99	2s. 6d.	192	24	2s. 6d.	568	71
Wine	3s., 4s., 5s.	6	1	4s., 5s.	...	...	4s., 5s.	...	...
Ale and Beer	6d., 9d., 1s., 1s. 6d.	...	...	9d., 1s. 6d.	...	...	9d., 1s., 1s. 3d., 1s. 6d.	...	...
Tea	4d., 6d.	...	...	6d.	...	...	6d.	40	1
Coffee	3d.	...	...	3d.	...	...	3d.	80	1
Sugar	1d.	...	...	1d.	...	...	1d.	480	2

RETURN OF CUSTOMS REVENUE.

9 D.—No. 8.

LYTTELTON, CHRISTCHURCH, AKAROA, AND TIMARU.

ARTICLES.				1864.		1865.		1866.	
				Quantity.	£	Quantity.	£	Quantity.	£
Spirits	...	...	gals.	71,189	32,254	70,288	42,173	55,645	33,387
Cigars	...	...	lbs.	5,465	828	7,404	1,666	5,991	1,379
Tobacco	...	...	"	70,991	5,609	70,512	8,814	56,584	7,073
Wine	...	...	gals.	35,924	5,480	33,548	7,059	25,985	5,371
Ale and Beer	...	...	"	202,690	7,320	133,837	7,012	125,554	7,782
Tea	...	...	lbs.	237,291	4,055	238,280	5,957	285,360	7,134
Coffee	...	...	"	86,160	1,077	70,160	877	90,560	1,132
Sugar	...	...	"	1,768,080	7,367	2,272,560	9,469	2,647,440	11,031

HOKITIKA AND GREYMOUTH.

ARTICLES.				1864.	1865.		1866.	
				Not Ports of Entry.	Quantity.	£	Quantity.	£
Spirits	...	...	gals.		57,166	24,300	152,308	91,385
Cigars	...	...	lbs.		6,511	1,465	15,347	3,547
Tobacco	...	...	"		61,976	7,747	177,648	22,206
Wine	...	...	gals.		26,902	6,153	87,554	11,928
Ale and Beer	...	...	gals.		47,571	3,081	133,949	11,194
Tea	...	...	lbs.		109,560	2,739	281,240	7,031
Coffee	...	...	"		23,600	295	120,800	1,510
Sugar	...	...	"		830,880	3,462	2,403,360	10,014

RETURN of CUSTOMS REVENUE collected in the Colony of NEW ZEALAND on SPIRITS, TOBACCO, and other HIGH-DUTY GOODS, in the Years 1864, 1865, 1866.

ARTICLES.				1864 : Population, 184,131.	1865 : Population, 217,497.	1866 : Population, 224,529.
				£	£	£
Spirits	...	...	...	264,230	325,329	360,402
Cigars	...	...	...	9,908	13,335	12,289
Tobacco	...	...	...	47,812	67,273	84,468
Wine	...	...	...	31,783	48,513	43,733
Ale and Beer	...	...	...	41,929	52,436	52,268
Tea	...	...	...	24,378	39,412	46,530
Coffee	...	...	...	8,731	9,186	8,710
Sugar	...	...	...	54,798	68,010	75,548

