

781. On 15th August, 1939, the Customs received a letter, hand-printed in ink and signed "Full Tax," which was in these words:—

The breweries in Westland are not paying their full duty. They hold a certain amount in copper and run it in after the local Collector has taken the dip. If you arrange a surprise visit say half an hour after the dip has been taken, you will find how much is not paid. The over-run is put into their bottling stores. The surprise visit would have to be arranged on the day all the breweries are operating.

Yours, &c.,

FULL TAX.

Customs Officers then paid visits to breweries in Westport, Hokitika, and Reefton. Before the visit was made to the Westland Brewery Co.'s breweries at Hokitika and at Reefton a call was made on the local Postmaster, and he was informed of the position. Nothing wrong was discovered at either brewery.

782. After a lapse of some eighteen months a second anonymous letter, dated at Reefton on 19th February, was received by the Customs on the 22nd February, 1941. This letter was typewritten and signed "A War Winner," and was in these terms:—

Comptroller of Customs,
Wellington.

DEAR SIR,—

You are going the wrong way in trying to catch the local brewery in the evasion of paying beer duty. Send a man from Wellington without contacting the local Post Office and let him measure the liquor an hour or more after the local man has done it. The visit would need to be a surprise one. You are losing at least £1,000 per year in revenue. If you inspect Kumara Brewery at the same time you will find conditions the same.

A WAR WINNER.

783. On the 25th March, 1941, two Customs Officers paid surprise visits to the brewery at Kumara and two other officers to the brewery at Reefton. At the Kumara Brewery the local Postmaster was found in the cellar having a glass of ale with the brewer and his wife. The local Postmaster said he had not always been able, on account of other work, to get to the brewery to check the dips and had been taking the entry made by the brewer to be correct. It was found that the brewer had already taken the dip and had entered it in the brewer's book. Another dip was taken and it was found that liquid had been added to the gyles after the brewer had taken the dip. At the Reefton Brewery the brewer was not present during the search, but the Postmaster, who had earlier that day taken the dip, attended. It was found that an intake hole near the top of the gyle had been plugged and extra liquid added after the dip had been taken. The total amount of duty avoided on these brews at Kumara and Reefton was about £30.

784. Subsequent investigations showed that false returns had been made at the Kumara Brewery from 1929 to 1941, a period of about twelve years, and at the Reefton Brewery from 1936 to 1941, a period of more than five years. The company's books were produced by the secretary-manager as they were required by the Customs Officers, but no search of the company's premises under a Customs warrant was made. Under such a warrant an officer could have the assistance of any officer of police and such other assistance as he thought necessary (section 176 of the Customs Act, 1913). Serious discrepancies in the returns between the breweries and head office were discovered which the secretary-manager could not explain. The deficiency in revenue was subsequently calculated to be £9,289, but was later reduced to £9,000. In evidence before us a Customs Officer said that the value of the liquor on which duty had not been paid was something like £50,000. Pursuant to section 208 of the Customs Act, 1913, the maximum penalty was three times this amount, or from £130,000 to £150,000.

785. On the 1st April, 1941, the Comptroller required the two brewers and the company to show cause why proceedings should not be taken against them.

786. On the 29th April, George Murtha, and, on the 30th April, Charles Murtha, wrote letters to Westland Breweries, Ltd., of which copies appear on the Customs file. Each brewer stated, in effect, to the company, his employer, that he had understated the