

certain branches of Inland Revenue, and payment of Army Pensions, I conducted my examination of the British system with the object of seeing in what respects the Canadian Post Office could advantageously adopt present British methods.

My examination extended to the financial relations of the Post Office towards Parliament and the Treasury in respect of both revenue and expenditure, and to the manner of keeping the financial accounts both general and of the principal Branches named above, for purposes of audit. In what follows I confine myself strictly to points which have a practical bearing on Canadian usage. The fact that my report, to be intelligible, or useful hereafter (as I hope it may be) to other officers of the Department, and if, especially, to be the framework for any measure of reconstruction, must go very much into detail, supplies sufficient reason for not burdening it with matters which, however interesting, would be merely descriptive and not susceptible of any practical application in Canada. I exclude also all references to the internal administration of the Money Order and Savings Bank Branches of the Department, although my enquiries in those directions occupied several weeks with results which, while valuable, concern mere details of management and can be applied without being specially reported on.

It will be well perhaps that my report should deal as far as possible with general principles, and, if necessary, in appendix form, with such matters of detail as may require fuller illustration. It will also be convenient to treat the two questions of receipts and expenditure as much as possible apart, although there are between the two, as will be perceived later, points of contact in English practice which render them in a measure inseparable.

It may be as well to explain at the outset the difference between the two terms, **Post Office "Receipts"** and **Post Office Revenue.** "Revenue" is what the Post Office service earns for the Treasury. "Receipts" are what Postmasters have to account for to the Postmaster-General, embracing not only the revenue which they are the agents for collecting, but Money Order and Savings Bank moneys in transit through their hands, also such further sums as may be supplied them by the Department to enable them to carry on these last mentioned services. For example, in Canada the Post Office *Revenue* is only \$2,500,000, while the *Receipts* amount to \$35,330,000, and it is this last sum for which the Department has to see that Postmasters account. The machinery for doing this has to go far beyond what would be necessary were the collection of mere revenue the sole object. Again there is a difference between "Revenue" and "Net produce of the Revenue," a difference respected in England, although no fixed principle obtains in Canada on the subject. This will be illustrated hereafter.

To make clear wherein lies the difference between Canadian and British management of Postal Receipts, it becomes necessary to give an outline of Canadian practice, and in so doing to refer to certain of its