

for payment of the balance due to England on the year collection of British Packet postage in Canada. These three amounts form a total of £90.034. 16.2½ and show the deficit on the year to have been £5168. 9. 3.

The Financial Statement of last year's Report shewed that the balance of British Packet Postage to April, 1852, remained due to the General Post Office London, and that the exact amount payable in discharge of this balance could not be ascertained until it appeared whether the British Post Office would require a settlement of its claim (as computed in sterling) at the ordinary rate of commercial exchange, or whether, as was hoped, it might be induced to accept the currency amount actually collected upon the currency Postage rates established under the Imperial management of the Department, as the equivalent of the sterling Packet charges from the commencement of the Cunard Packet Mails, and which, though lower than the ordinary legal scale of Sterling and Currency conversion, it had not been thought expedient to disturb at the time of the Transfer. Settlement by Bill of Exchange on London, or payment of the exact sterling amount into the Imperial Military Chest in Canada, was required by the British Post Office, and this, being no more than was strictly due by the Province, was agreed to, and the Balance payable to England upon this principle of settlement for the year ended 5th April 1852, temporarily included in the Report No 1, or Financial Statement of that year as £11,887.1.5, with £1,129.5 5. the premium of exchange added as finally paid over, amounted to £13,016. 6. 10 Cy—and as this additional payment for Exchange should be added to the disbursements of that year, the actual deficit on the first year's operations of the Department was £12,519.15.2, so that £2480.4.10, remained unexpended from the first appropriation of £15,000 in aid of the Postage Revenue.

The deficiency on the second year ended 31st March, 1853, of £5168. 9. 3 as stated above, has therefore been amply covered by the second appropriation of £5000, added to the surplus just shewn to have remained available from the first year's Grant.

For the current year, though the expenditure of the Department in providing for the increasing demands made by the Public both in the Cities and country Districts for additional facilities in various shapes more or less involving expense, and in meeting, as far as practicable, the just claims of Post Masters and other officers engaged in the service to augmented remuneration for their daily increasing labors, is, with every due regard to economy, considerably raised from Quarter to Quarter, it is almost certain that the corresponding extension of business, (which in fact mainly gives occasion for the enlarged expenditure) will fully supply the necessary funds; and the Financial Report of the year ending 31st March, 1854 may be confidently anticipated to shew a nearly balanced condition of Revenue and Disbursement, if not a surplus, and no Appropriation will therefore be needed to sustain the operations of the Department for the current year.

The correspondence between Canada and the United Kingdom has been larger than during the previous year, the balance due to Great Britain for Packet Postage collections having been,

For year ended 5 April, 1852	£13,016. 6. 10 Cy.
For ditto ditto 1853	£14,348. 18. 4

No change has yet been made by the Imperial Government in the Packet Postage charges, but it is understood that a material reduction in the Packet rate on letters between Great Britain and all her Colonial Possessions will be authorised as soon as the preliminary measures have been fully matured.

When it became certain that a line of Ocean Steamers would be organised to run between Liverpool and the St. Lawrence in Summer, and Portland in Winter, offering facilities for the transmission of Mails, an effort was made by this Department to procure the assent of the British Post Office to the establish-