

Reasons  
for excess  
of expen-  
diture.

312. The expenditure has exceeded the revenue continuously during the last twenty-two years, but the excess of expenditure appears to be on the decrease, having been \$20,441 less than in 1888, and \$93,028 less than in 1887. The revenue only showed a small increase of \$27,621. Owing to a change of system in keeping accounts, it is difficult to be quite sure whether the receipts have actually fallen off or whether the diminution is consequent on a forestalling of part of the revenue last year under the new system which, under the old, would have come into the accounts for 1889. Some items of expenditure also, amounting to about \$120,000, properly belonged to previous years. When the long distances that have to be covered in this country are considered, as well as the comparatively scanty population of many parts of it, particularly in the North-West Territories and British Columbia, it will easily be understood that it must be some time yet before the revenue can either balance or exceed the expenditure. The successful development of the country has required and will for some years require continual additions to and extensions of the postal system, and in order to provide postal facilities *pari passu* with the progress of settlement, it is from time to time necessary to establish offices, the expenditure for which must for a number of years be in excess of the revenue derived therefrom. The Postal Service, however, is managed on sound economical principles, and the importance of carrying out the principle of providing every part of the country with postal communication is so well recognized, that exception is seldom if ever taken to these deficits, it being well understood that as the population increases and the country progresses, it cannot be very long before this service is at least self-sustaining, the revenue from the older and wealthier Provinces covering the excess of expenditure in newer districts.

Number of  
stamps  
issued.

313. The number of stamps issued to Postmasters during the year was 137,689,300, as compared with 125,411,050 in 1888, an increase of 12,278,250, and almost the whole postal revenue