



# CANADIAN REVENUE NEWSLETTER

A PUBLICATION OF THE CANADIAN REVENUE GROUP OF BNAPS

EDITOR - W. Rockett

July - 1984 # 140

Sept 6/8 - BNAPS 1984 Convention, San Francisco, Calif.

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At the Toronto Stampex Show, Harry Lussey won the Grand Award for his exhibit of Canadian Federal Revenues.

Nice going Harry. This should give a boost to revenues.

We have come a long way, maybe at last the Judges are willing to admit that revenues belong in the Philatelic field.

\* \* \* \*

Enclosed in this month's and next month's Newsletter will be the article written by Ed Zaluski "Canadian Postal Currency" This article ran in August 1977 TOPICS.

Note he lists the stamps with Sissons numbers "PN" for van DAM's numbers simply substitute "FPS".

Also note he lists the 1/4 FPS 41 as never having seen this. So far we have no record of anyone having seen this 1/4 value 20 1/2 x 16 mm. Perhaps you have, if so let us hear from you. We believe it was never printed.

\* \* \* \*

### Change of Address

# 293 - Dr. Elwood Foss, 102-12 Cheadle St. West, Swift Current, Sask. Canada S9H 0A9

\* \* \* \*

### Received in the Mail

Auction # 32 - Robert A. Lee - July 21. This contains over 50

Revenue lots. Some of these lots look interesting.

Hope to see many of you at San Francisco. Naturally there will be an annual Revenue Meeting.

There is still plenty of time to send in your registration for the Convention. They are planning on showing us a great time. Also there is time to send an entry form for the exhibit.

In May-June issue of TOPICS there was a ballot for the 1984 BNAPS elections. Be sure to fill this in and return it. There are 5 members of the Board of Governors to be elected. Vote for 5 at least 2 each from Canada and 2 from the United States. Three of the candidates are members of the Revenue Group, they are; Bill Robinson, Vancouver - Nick Sheklian, San Francisco - and C. A. Stillions, Washington, D. C.

The dealer members below support the Revenue Group and Newsletter  
Why not contact them for your Philatelic needs

K. Bileski Ltd., Station B., Winnipeg, Man., Canada R2W 3R4  
or Box 500, Pembina, North Dakota 58271

Tom Carson, Revenue Specialist, P. O. 15565, Chattanooga, Tn. 37415

Robert Lee, Box 837, Vernon, B. C. Canada V1T 6M8

E. S. J. van DAM Ltd., Box 300, Bridgenorth, Ont., Canada K0L 1H0

ADLETS - ADLETS - ADLETS - ADLETS - ADLETS

Send in your ADLETS. There is no charge. Here is a good place to add to your collections or dispose of duplicates.

WANTED - BRITISH COLUMBIA Second Issue

Mint or used singles or multiples of BCL 5 and BCL 8 on the Carbon Black (BCL 8) copies with perfs cutting in, even badly, will be acceptable. Please send what you can quoting your price I would also be interested in a single of BCL 64a and a strip of BCL 27a.

Harry Lussey, 142 Driftwood Circle, Atlantis, Florida 33462

Working on research concerning 1934-39 unemployment relief Tax Stamps QU 1-3. Making a study of the cancellations any help will be appreciated. Write;

Marcel de Grande, 8115, rue Henri Julien, Montreal, Que. H2P 2J3

F O R S A L E

British Columbia Law Stamps - circa 1940's to 1960's  
.02¢ to \$5 each - or will trade for B. N. A.

D. Marasco, 34047 McCrimmon, Abbotsford, B. C., Can V2S 2V6

F O R S A L E

15 different Ontario Law documents 1864-1874 with OL 2, OL 47 and OL 48 in various usages - \$ 25

PCF 3 - \$1 Consular as at left, excellent Paris cancel \$ 25

NFR 2 used, light crease, otherwise fine - \$ 20. all prices in Canadian funds plus \$2 for postage and registration.

Clay Rubec, 488 Athlane Ave., Ottawa, Ont., Can. K1Z 5M8



# Canadian Postal Currency

by Ed Zaluski

## Introduction

Prior to 1898, the transmission of money through the mails, other than actual legal tender or coin, could only be accomplished by purchasing a money order (from 1c through \$100) from an accounting post office. These offices were normally large establishments which were financially responsible to audit authorities at headquarters. However, there also existed many smaller non-accounting (or non-auditable) post offices which transacted business on a "cash" basis, purchasing their requirements from accounting offices and reselling them to the public. These non-accounting offices, therefore, were not allowed to sell money orders, a limitation which caused quite an inconvenience to the public. If transmission of money was required, patrons had to risk sending their payments in cash, or they had to make a trip to an often-distant accounting post office to purchase a money order.

Although the Post Office was aware of these problems, nothing was done until 1898. Finally, in an attempt to improve its service and also to reduce the number of cash remittances through the mails, the Post Office implemented the Canadian Postal Note System.

What now follows is a chronological description of what I have been able to learn about the Canadian Postal Note System, and its successors, as they evolved through time.

## The Early Postal Notes

The postal notes, postal note stamps, and postal scrip stamps comprising, at different times, a part of the Canadian Postal Note System cannot be described as either postal or revenue issues. Rather, they can

be described as "postal currency", implemented for the purpose of providing the public with a cheap and convenient means of remitting small amounts within Canada through the mail. This system was designed to operate in conjunction with the already-existing and more-costly Money Order System, a system which subsequently became more suited both for making large payments and for transmitting money to foreign countries.

Postal notes similar to that shown in Figure 1 were first produced by the American Bank Note Company, Ottawa. The first to appear, on 4 August 1898, were the 25c, 50c, and 70c denominations. These were followed by the \$1, \$2.50, and \$5 denominations on August 23, the 40c, \$1.50, and \$2 denominations on October 21, the 20c, 30c, 60c, and 80c denominations on November 25, and the 90c, \$3 and \$4 denominations on 23 January 1899.

Since these notes were denominational, they could be purchased at face value by non-accounting post offices and resold to the public without any need of an eventual audit. Therefore, these notes were obtainable at both accounting and non-accounting post offices, making them easily available to the public. An additional improvement was added later in 1899 when a new \$10 note was issued solely for use by non-accounting post offices for the purpose of increasing the amount that they could transmit by a single note. (Shortly thereafter, postal notes valued at 75c and \$1.25 appeared in circulation but the reasons for their appearance and their dates of issue are unknown.)

The proper procedure for processing a postal note was somewhat complex. It re-

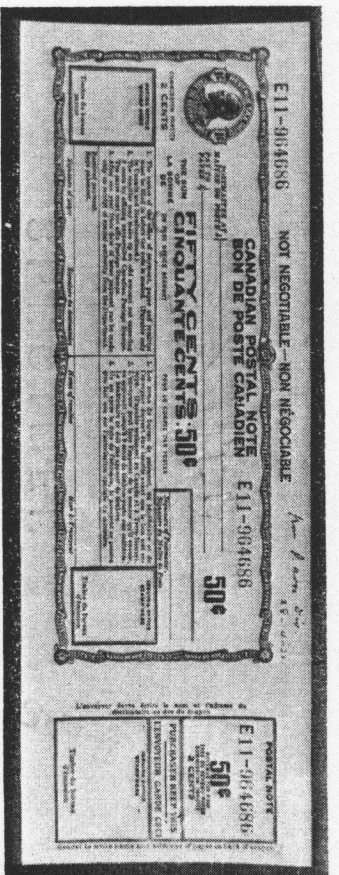


Figure 1

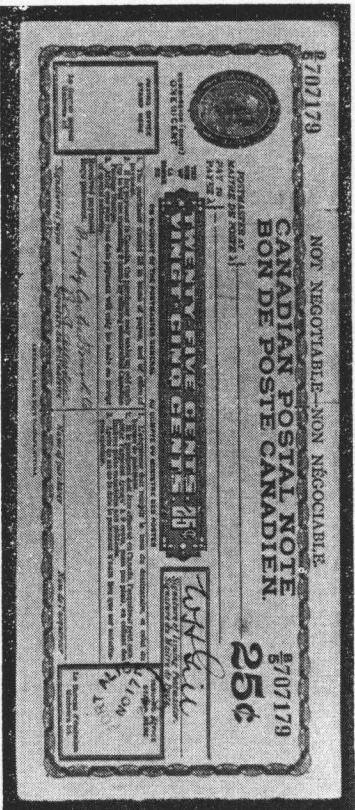


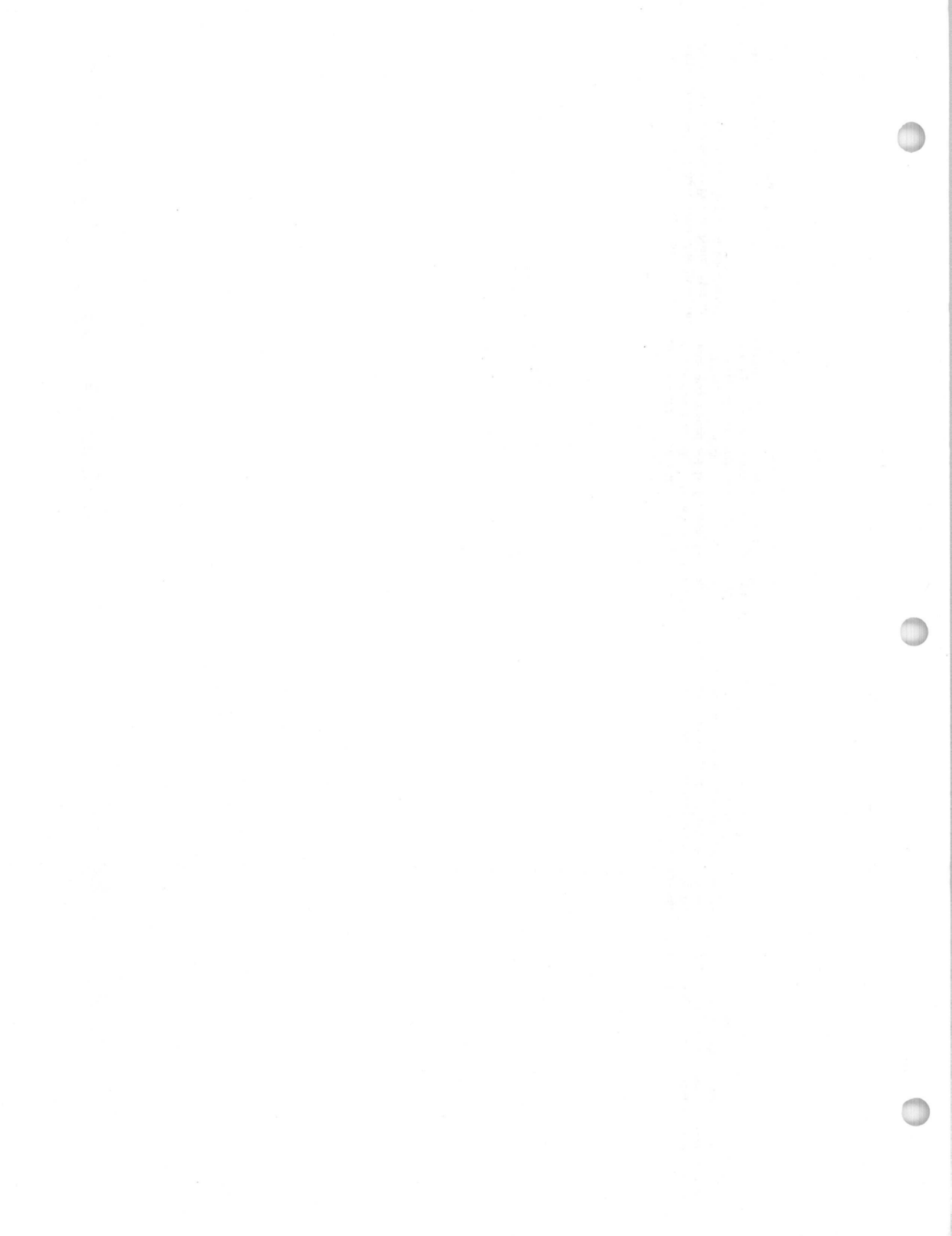
Figure 2

quired the purchaser, before parting with it, to fill in both the name of the person to whom the amount was to be paid and the name of the post office at which payment was to be made. (The insertion of the name of the paying post office afforded a safeguard against payment being made to the wrong person. Also, the purchaser ran the risk of losing the amounts unless the notes were properly filled in.) Should the purchaser wish to increase the value of the note above the inscribed denomination, he was permitted to attach mint postage stamps to it not exceeding 9c in value, stamps which were not to be cancelled until final payment was made. For example, to make a payment of \$13.56, the purchaser could buy a \$10 note, a \$3 note and a 50c note. To one of these, he would then affix 6c worth of postage stamps. Finally, the purchaser was to tear the coupon off each note, write on the back of it the name and address of the payee, and keep it in his possession as a complete record

of the transaction so that the necessary particulars could be provided later to post office authorities should tracing of the note be desired.

The redemption of postal notes was supposed to occur within three months from the last day of the month of issue. If that date had passed, then the note could be cashed only upon payment of a fee equal to the amount of the original commission. If an additional three months had passed (that is six months), the fee was doubled; and, if nine months had passed, the fee was tripled, etc. Finally, notes presented for payment more than 12 months after issue were not paid until approval had been received from the Accountant, Post Office Department, Ottawa.

In 1904, the fees charged for delinquent notes were rescinded. However, if lapsed notes of 12 months were presented, approval from the Accountant was still necessary before payment could be made, and a single fee equal to the original commission



was still charged. Finally, by 1911, even this fee was rescinded.

For a period of time after 19004, postal notes could be sent to the United States as long as they were directed to Postmasters at Money Order Offices, were properly completed, carried *no* postage stamps to increase their value, and carried a clear legible impression of the issuing office. However, this privilege was withdrawn in 1920 due to the high rate of exchange charged by the United States authorities.

In 1912, a new form of postal note was introduced containing, among other improvements, a space for the name of the purchaser. This added to the safety of remittances made by postal note as it added another means of tracing them in case they failed to reach their destination. An example, with coupon removed, is shown in Figure 2. It measures 8¼ by 3 7/16 inches, was issued at the Port Alice post office, and is dated November 17, 1924. In addition, it has not been properly completed as only the stamp of the issuing post office, the signature of the issuing postmaster, and the name of the payee have been entered upon it.

On 15 April 1915, the Special War Revenue Act came into effect. It imposed a tax of 1c on each postal note and 2c on each postal money order issued in Canada. On 1 July 1925, however, this Act was amended in that the tax as it applied to postal notes and money orders up to \$5 was discontinued. Then, on 1 July 1927, this Act was again changed, a change which completely exempted from tax all postal notes, and discontinued the tax on all money orders up to \$10.

On 1 November 1928, two further denominational changes made. Firstly, a new 10c postal note was placed in circulation to permit remittances between 10 and 20 cents. And secondly, the \$10 postal note was discontinued because the post Office believed that remittances of this size should and could be accomplished with a \$10 money order.

On 1 July 1931, the government again amended the Special War Revenue Act, an amendment which reimposed both a 1c tax on all postal notes and a 2c tax on all money orders over \$5 issued in Canada. This tax was finally identified on a new postal note design issued sometime after 28 April 1932 (see hand written inscription at the top right corner of the Specimen appearing in Figure 1 reading "from P Note Div 28-4-32").

A comparison of Figures 1 and 2 will show that the inscription around the King's head was changed from "Canadian Postal Note" to "Revenue Tax Paid". This new series of notes, including the coupon, measured 10 3/16 by 3½ inches.

### Postal Note Stamps

In 1932, a major procedural change occurred when the Canadian Post Office authorized the production and distribution of Postal Note Stamps. (For a listing of these stamps, see the tables at the end of this article). The initial issue comprised only three denominations, the 1c, 2c, and 5c values, each being engraved and printed in blue color by the Canadian Bank Note Company, Ottawa. The design, as shown by the one cent value in Figure 3, was inscribed "Postal Note", and measured 22½ by 18½ millimeters. They were issued for use without legislative authority and were intended to replace the use of postage stamps on postal notes.

As a result of this new procedure, the instructions given to the purchaser under item 2 inscribed on the postal note was made obsolete. From Post Office correspondence files, it was determined that authority was granted on 27 October 1932 to change that instruction to advise the purchaser that he could affix up to nine cents worth of "Postal Note Stamps" instead of "Canadian Postage Stamps".

Field experience revealed that confusion could arise in the use of the three different but identically-colored denominations. As the first step in correcting this problem, the Post Office requested and received a new color proof from the Canadian Bank Note Company, a proof which was green in color, was prepared using the 5c die, and had a hole punched through the center. This proof is shown in figure 4. Post Office correspondence from the file in which this proof was found stated that the green color of this proof was approved for use and, on 7 November 1932, authority was given to the Bank Note Company for them to use this new color on future printings of the 2c denomination. However, the correspondence files also revealed that stocks of the 2c denomination carrying this new color were not released until sometime after 14 August 1933. As a matter of fact, previous articles and catalogue listings state that this new color did not appear until 1941, a time when the color of the 1c denomination was also changed to brown.



Figure 3

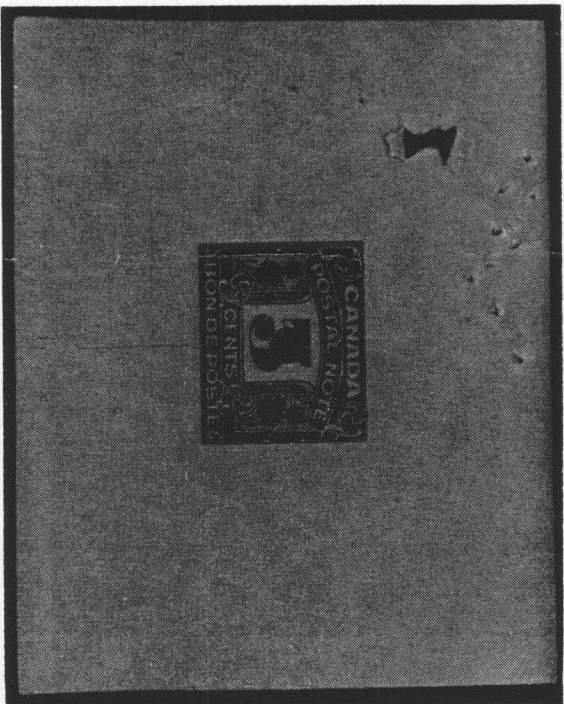


Figure 4

In 1938, a special pane of the 5c value was issued, a pane of 25 stamps (5x5) intended for use within booklets.

Sometime during the early reign of King George VI, a new series of postal notes were issued. Each note now came in three parts—a purchaser's receipt, a coupon to be detached after use for audit purposes by the accounting office processing it, and, of

course, the postal note itself. An example is shown in Figure 5.

In 1943, the Post Office extended a privilege to the public by implementing a new procedure which pushed the over-the-counter purpose of making small remittances through the mails. This new procedure was intended to discourage the public's traditional use of postage stamps for making

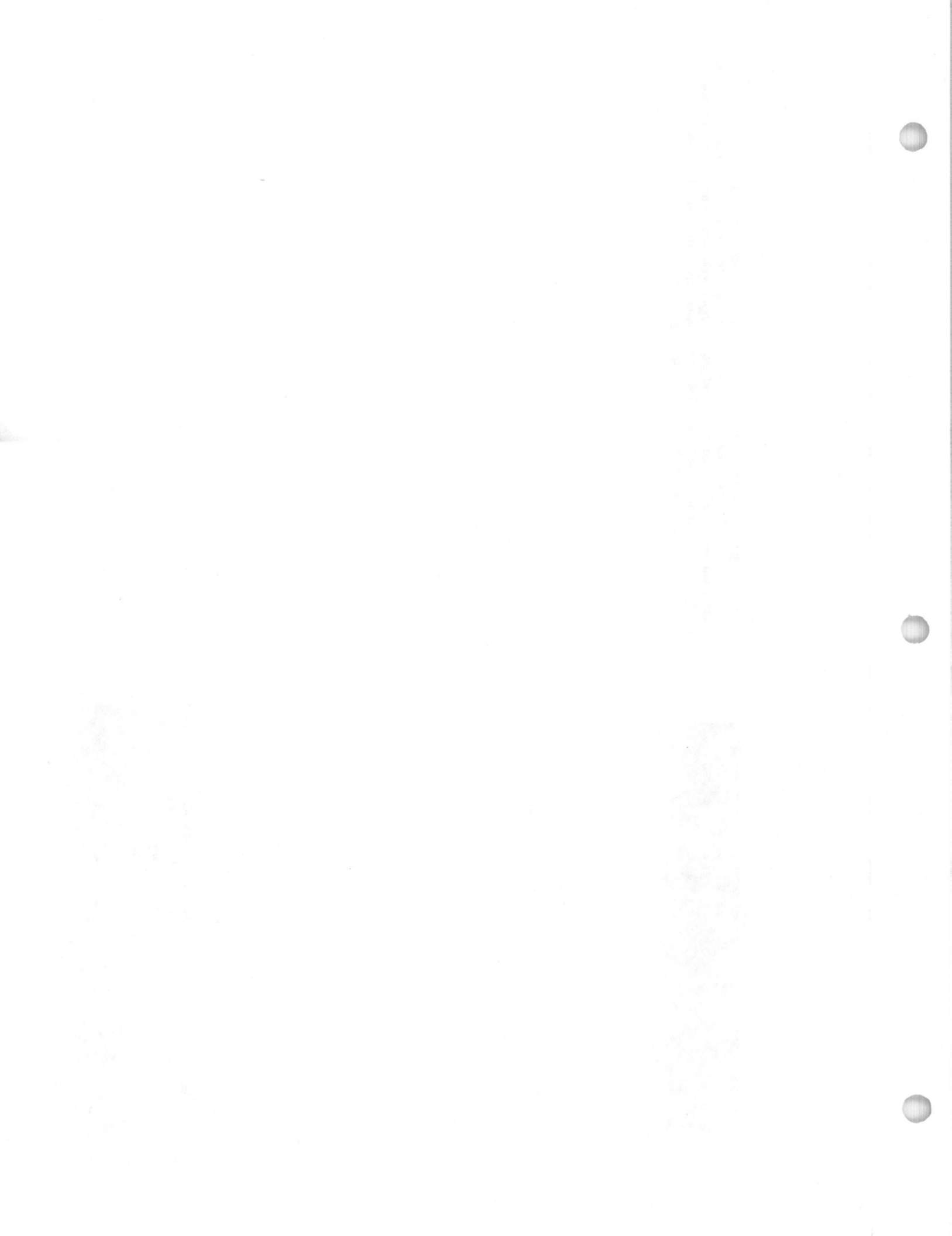






Figure 5

these small remittances. And with the implementation of this new procedure, the official name for these stamps was changed to "Postal Scrip". However, the new 10 and 25 cent denominations that appeared in 1943, as well as the 3, 4, 6, 7, 8, 9, 20, 50, and 75 cent denominations that were issued on 1 November 1948 continued to carry the inscription "Postal Note".

With the appearance of the high denominations in 1943, it was not unusual to see the nine cent limit exceeded, as shown by the examples in Figure 6.

Sometime prior to 1947, the revenue tax was again amended, the taxes being 1c on all postal notes up to \$1, and 3c on all larger denominations.

In 1948, a number of procedural changes in both the Money Order and Postal Note Systems were made. Firstly, on 23 July, the Money Order System saw the implementation of a new "Notched" card money order form for domestic money orders while the existing paper money order form was retained only for the purpose of making remittances outside Canada. And secondly, on 1 November, the Post Office discontinued the existing postal note form, replacing it with a "pre-punched card" (notched) postal note form, a change which coincided with the appearance of the previously mentioned nine new postal note stamps.

### Postal Note and Money Order System Amalgamation

On 1 April 1949, the Post Office Money Order and Postal Note Systems were finally amalgamated in the interests of economy and efficiency. This amalgamation resulted when the distribution of notched postal note forms was discontinued, giving

\$1 and a maximum of 99c on orders over \$1.00.

These forms were available from both accounting and non-accounting post offices for all values up to \$15.99. Should a single remittance be larger than this amount, the purchaser had to buy more than one denominative money order or he could purchase a notched-card money order from an accounting post office. And if a remittance of any amount payable outside Canada was required, the "paper" style of order had to be obtained, also from an accounting post office.

When a denominative money order was purchased, the Postmaster usually filled it in, affixed the required scrip, cancelled the scrip, and entered the amount in the spaces provided for the "cents" amount in the order, coupon and receipt. The exception to this procedure applied to business firms who could buy quantities of blank denominative forms and complete them themselves following the Post Office's instructions. This included the affixing of the proper amount of postal scrip.

The \$16 Notchable Card Money Order was intended for, but not restricted to, all money orders of \$16 or more. In addition, it had to be used for remittances of under 25c when a receipt was required. These card money orders, when issued, had to be reported in the money order return for audit at headquarters. Denominative orders, on the other hand, were first sold to Postmasters for resale to the public. For these, no audit was necessary except for accounting of the odd amounts of scrip that one attached to these denominative orders.

The problem of making remittances below 25c, for which a receipt was required, was finally resolved when, on 18 November 1950, the Post Office announced in its weekly letter to all Postmasters that a new "blank" denominational money order form would soon be issued. The Post Office also stated that this new form would also replace the 25c, 50c and 75c denominative forms, thereby covering the 1c to 99c range.

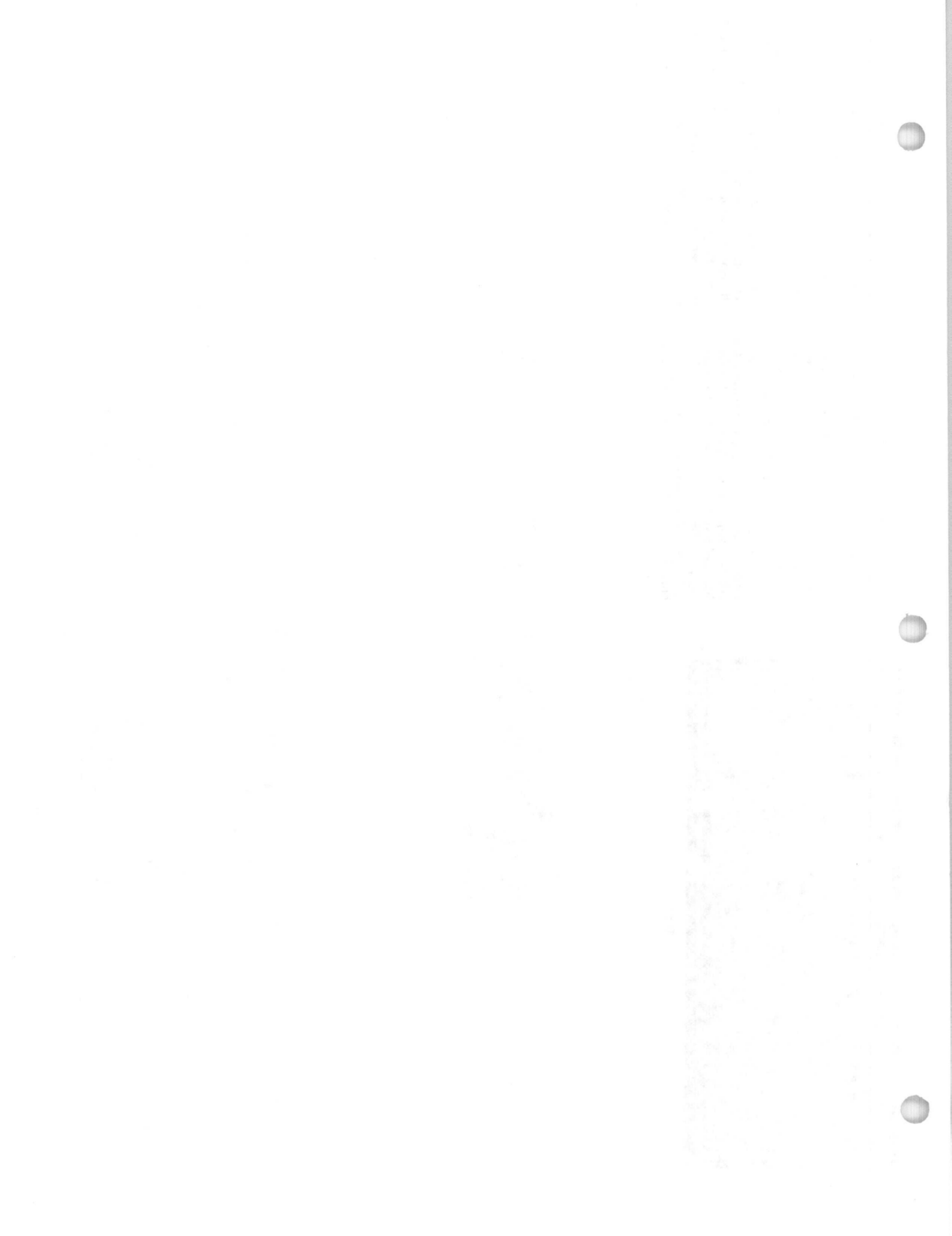
### Postal Scrip

In 1950, after having broken the 10c plate, and having heard of the Post Office's desire to change the wording of the inscription, the Canadian Bank Note Company asked the Post Office for a decision. This decision was made and authority was granted on 29 May 1950 that the word "Note" be replaced by the word "Scrip"

on all future plates, 1c through 75c inclusive. However, before proceeding with actual production, the Bank Note Company was asked to provide an actual proof of the new die for approval. However, by the time the new die was approved, the Post Office had changed its mind. Because of the cost of converting all denominations to the new inscription, a compromise decision stated that all existing denominations would continue to show the word "Note", while all new denominations would show the word "Scrip". As a result, the 30, 40, 60, 70, 80, and 90 cent values that appeared in 1951 were the only denominations of this series to carry the new inscription. An example is shown by the left side 90c value in Figure 3.

On 1 August 1951, the Post Office instructed its Postmasters to discontinue the selling of loose postal scrip. As was previously stated, the intent of selling loose postal scrip to the public was to allow the transmission of small remittances not exceeding 24c through the mails. For remittances over 24c, the public was supposed to use the denominative money order. These rules, however, were resisted by the public; specifically, purchasers refused to live by the 24c limit. They continued to make larger remittances with loose postal money orders and thereby depriving the Post Office of much revenue. The sale of loose scrip had other disadvantages in that, for the Post Office, the loose scrip was more difficult to audit, and, for the purchaser, the loose scrip provided no receipt for his remittance, the scrip was easily lost, and claims for lost scrip could not be made because he had no way of proving his loss. Withdrawal of this privilege, however, did not leave a void for making small remittances because the Post Office simultaneously implemented its previously announced "blank" money order form, a form which gave the Post Office its commission, provided the remitter with a receipt, and permitted duplication of the remittance should it be lost or destroyed.

Although the sale of loose scrip was supposed to be discontinued as of 1 August 1951, redemption was allowed up to 1 August 1952, with the expected quantities offered for redemption decreasing as the year passed. However, this proved not to be the case as considerable quantities of



postal scrip continued to be presented for payment. This prompted the Post Office to send reminder notices to its Postmasters, these notices being dated 12 January and 2 August 1952, and a third being dated 4 April 1953.

On 13 March 1954, the Post Office announced in its weekly bulletin a new series of Denominative Money Orders which were valued at their denominative value "plus scrip attached". This new design eliminated both the coupon and the "cents" tabs on which the value of the attached scrip had previously been recorded. This new design, therefore, eliminated the previously encountered problems when the inscribed value in cents and the attached scrip stamps did not match. With this new form, Postmasters were to record the value of the scrip on the remitter's receipt only.

By 1956, accounting post offices were using a machine to print the full amount on money orders, a procedure which came to be used for issuing money orders of any denomination. As a result, the use of denominative money orders and postal scrip at accounting post offices was practically discontinued. (Also at these offices, in 1964, a new design of notched money order form was introduced, a form which featured a two color safety tint on the front. The printing included an underlying design of Provincial as well as Territorial crests along the bottom and the Federal crest across the top.)

On 25 March 1967, the Post Office announced in its weekly bulletin that a new series of Postal Scrip was available. These issues, however, were not released simultaneously. Rather, they were released to the field as corresponding denominations of existing supplies became exhausted. This new series had a design measuring 20¼ by 17¼ millimeters and was lithographed by the Canadian Bank Note Company, Ottawa. An example is shown by the center 90c value in Figure 3.

In September 1968, an identically-designed smaller series of postal scrip appeared. These measured 20½ by 16 millimeters, and were also produced by lithography in what the Bank Note Company called a "Modular" design. An example is shown by the right side 90c value in Figure 3.

Finally, in October 1970, both the denominative money order and the postal scrip were discontinued when an entirely

new method of selling and processing money orders was introduced. This new method was designed to provide greater convenience to customers at less cost to the Post Office. However, this new method did require a substantial capital investment in printing machines, an investment which, nevertheless, was expected to be amortized within five years through the expected cost reductions.

## Listing of Postal Note and Postal Scrip Stamps

### Sissons' Numbering Used

1932 — 51 Issues

22½x18mm

PN1 1c blue (1932)  
PN2 1c brown (41)  
PN3 2c blue (32)  
PN4 2c olive (41)  
PN5 3c blue (48)  
PN6 4c blue (48)  
PN6a Imperf Horiz  
PN7 5c blue (32)  
PN7a Pane of 25 (38)  
PN8 6c blue (48)  
PN9 7c blue (48)  
PN10 8c blue (48)  
PN11 9c blue (48)  
PN12 10c black (43)  
PN13 20c green (48)  
PN14 25c orange (43)  
PN15 30c blue (51)  
PN16 40c purple (51)  
PN17 50c brown (48)  
PN18 60c yellow (51)  
PN19 70c red (51)  
PN20 75c purple (48)  
PN21 80c green (51)  
PN22 90c brown (51)

### 1967 Issues

20¼x17¼mm

PN23 1c brown  
PN24 2c green  
PN25 3c purple  
PN26 4c red  
PN27 5c blue  
PN28 6c green  
PN29 7c orange  
PN30 8c blue  
PN31 9c violet  
PN32 10c black  
PN33 20c green  
PN34 30c blue  
PN35 40c purple  
PN36 50c brown  
PN37 60c yellow  
PN38 70c red  
PN39 80c green  
PN40 90c brown

### 1968 Issues

20½x16mm

PN41\*1c brown  
PN42 2c green  
PN43 3c purple  
PN44 4c red  
PN45 5c blue

tional Postal Museum, Ottawa, for their assistance in locating the reference material which made this article possible.

### References

1. Annual Reports of the Postmaster General, Ottawa, 1898 to 1971.
2. Canadian Revenue Society Publication No. 1, second edition, edited by Nelson S. Bond, January 1948.
3. Research Files, National Postal Museum, Ottawa.
4. Series of Canadian Postal Guides, Ottawa, 1898 to 1947.

\*Note: Although listed, this 1c value has not yet been seen by any collector known to the author.

### Acknowledgments

I would like to thank the staff of the Na-

van DAM'S numbers are the same

except the prefix is FPS

instead of PN

