

From the 1st July in that year the interest was increased to  $4\frac{1}{2}$  and 4 per cent. respectively.

For the quarter prior to the increased rate, the deposits exceeded the withdrawals by £10,909 4s. 10d., and at the close of the following quarter the returns showed a further excess of deposits over withdrawals of £29,018 16s. 10d. But six months later, notwithstanding the increased rate of interest, the deposits for the March quarter, 1875, were exceeded by the withdrawals by no less a sum than £50,000. During the following ten years, in four of which the withdrawals exceeded the deposits by £373,162 9s. 6d., the excess of deposits amounted to £323,821 8s. 7d., and in the following five years the excess of deposits over withdrawals amounted to £652,796 6s. 2d. For the December quarter, 1891, the withdrawals again exceeded the deposits by £10,680 12s. 11d. As late as the quarter ended the 31st March, 1892, the deposits exceeded the withdrawals by only £1,660 19s. 4d. The returns for the March quarter, 1893, showed an excess of deposits over withdrawals of £18,837 10s. 2d.

Fluctuations of deposits and withdrawals.

Since the rate of interest was increased, in 1874, the deposits and withdrawals have so fluctuated as to give rise to no special reason for considering the propriety of a reduction of interest, and the steady increase in the amount standing to the credit of depositors was fairly attributable to the growth of population and to the genuine savings of the people. In the month of April it was evident that the institution was being used in a manner never intended, and that the liberal rate of interest, coupled with Government security, was attracting a class of depositors who, knowing their deposits were payable at call, were simply making use of the Post Office. It was obvious there might be serious inconvenience in finding suitable investment for the profitable use of so much money liable to be withdrawn at any moment; a reduction of interest was therefore inevitable. From the 1st June instant the rate of interest was reduced from  $4\frac{1}{2}$  per cent. for sums not exceeding £200 to 4 per cent., and from 4 per cent. for sums exceeding £200 and up to £500 to  $3\frac{1}{2}$  per cent.

Rate of interest reduced from the 1st June, 1893.

Apart, however, from the difficulty in finding desirable cover for the funds, the rate of interest on all investments has been gradually falling, and, as compared with other institutions which do not either afford Government security or pay on demand, the rate now fixed for the time being is not less than is warranted having due regard to the safe and payable investment of the Savings-bank moneys by the Government, which can only be made in Government securities and stocks of local bodies.

Falling rate of interest on investments.

#### SUBSIDIES TO LOCAL BODIES.

It was intimated in the last Financial Statement that local authorities ought to be prepared during the current year to give up one-half of the amount of the present subsidy, and that during the following year the remainder should disappear. The Government have, however, given this matter their very serious consideration, and have come to the conclusion that, in view of the large amount of land-settlement going on, the time is not opportune for such an alteration to be made. The construction of roads to give access to lands is of the utmost importance, and while so much of this work is going on it would not be good policy to cripple the resources of the local bodies, who have so much of this class of expenditure cast upon them.

Subsidies to be continued.

#### CLASSIFICATION OF THE CIVIL SERVICE.

It has been decided, with very great reluctance, that the classification of the Civil Service cannot be proceeded with this year. The Government feel that any scheme for such a purpose should receive the utmost thought and consideration prior to its being placed before Parliament; and they have come to the conclusion that there is not sufficient time at the disposal of members to give the subject the close attention it deserves, and that it would form a more fitting work for a new Parliament to undertake.

Classification postponed.

As a tribute to the memory of my late colleague, it is only right to state the labour and anxious consideration he had devoted to this important subject; and up to the last he was firmly of opinion that his Government would be able to present a scheme which, while acceptable to the Civil Service, would receive the confidence of Parliament.

Late Treasurer hopeful of presenting an acceptable scheme.