

selves of the State guarantee coupled with a fair rate of interest without limit of principal, and upon terms which would enable them to deal with their security as easily as with a bank-note.

With this object in view, the Government have determined to create colonial Consols. A Bill will be introduced for the consideration of the House embodying what the Government believe and hope will contain only simple machinery to enable the thrift of the people to be safely secured, and at the same time to provide facilities for the realisation of the investments when occasion requires it. We propose to take authority to inscribe Consols to the amount of one million sterling.

Savings will be received and inscribed at par in any sum from £5 upwards. We have decided that a rate of interest not exceeding 4-per-cent., payable half-yearly, will prove a sufficient inducement to the public to largely avail themselves of this form of security. In order to make the scheme thoroughly popular, we shall utilise the money-order offices of the General Post Office throughout the colony, so that moneys can be received for inscription at these offices, and the half-yearly interest thereon likewise paid at any office the lender desires. As a further facility to those of the public who may choose to invest their savings, means will be devised whereby they will be able to have their moneys transferred, should they so desire it, to a negotiable interest-bearing document. These would always command at least par value in the open market.

If the thrifty public choose to avail themselves of the facilities offered by this mode of investment, there is no doubt the Government will be able to use these funds most advantageously in promoting the development of the country.

I am aware that the scheme I have simply outlined is in the nature of an experiment, and it is possible that its advantages will require to be gradually understood, but I feel convinced that the proper time has arrived to offer a form of investment which absolutely meets the essential requirements of perfect security, coupled with a fair rate of interest, placed within the reach of every individual throughout New Zealand. Under any circumstances, should the public avail themselves of this method of investment more freely than I anticipate, the issue will be limited to not more than £500,000 during the present or next financial year.

PRIVATE SAVINGS-BANKS.

The Government have carefully considered the question of allowing private savings-banks to continue as separate institutions. I think it will be generally conceded that, where the colony offers such facilities for the investments of the people as at present exist under the Post-Office Savings-Bank system, together with the proposals which I have now had the honour of submitting, no particularly good object will be served by their continuance. Legislation will therefore be submitted to prevent any new private savings-bank from being established, and to provide machinery for the absorption of the existing ones. The existing institutions will not be pressed to wind up, but I hope the advantages of the proposed system will be sufficient to induce them to avail themselves of it. It is only fair, in the opinion of the Government, that no loss should result to depositors and others who may be interested in these banks should any action be taken in the direction indicated.

OLD-AGE PENSIONS.

The question of old-age pensions, which for many years has been before the English public, still remains unsolved. The objections which present themselves to any and every scheme propounded in England apply with more or less force in New Zealand. The grant of a State pension to all arriving at a certain age would not only necessitate a greatly-increased taxation, but would also add disproportionately to the burdens of those least able to bear such increase. If the pension were to be granted to those only who could prove need, it would be difficult to separate the recipients from the non-recipients without injustice and without discouragement to thrift. Nevertheless, the aims of the friends of the scheme are so high and noble that they must have the warmest sympathy of all humane