

The falling off, during the past six months, in the average amount to the credit of each Depositor is mainly owing to the discontinuance, as mentioned in last year's Report, of the system under which Depositors were permitted to place moneys in special Savings' Bank deposit, bearing interest at 5 per cent., in addition to their ordinary accounts at 4 per cent. The gradual withdrawal of the 5 per cent moneys, already placed and held in comparatively considerable sums, has had the effect of reducing the average balance to the credit of each Depositor, and will continue to operate in the same manner until the whole 5 per cent fund shall have been extinguished. Other natural causes, such as the increasing number of accounts with trifling balances from 1 cent upwards (which will probably never be disturbed) have a like effect of keeping down the average Balance of each open account. To check the growth in number of these small accounts, which promised to be a source of considerable and constantly recurring embarrassment, the practice was adopted in December, 1871, of suffering no account to remain open unless the balance were at least one dollar. This rule has so far worked advantageously.

Up to the 31st December, 1872, the Department had disposed of claims to the moneys of deceased depositors to the number of 318. In cases where it appeared to be necessary, the instructions of the law officers of the Government were asked as to the proper course to be pursued. In no instance, among these 318 cases, has the propriety of the course taken been disputed or questioned, nor has any subsequent claim been made.

The total cost of maintaining the Post Office Savings' Bank system, including salaries in Savings' Bank Branch at Post Office Department, Ottawa, compensation to Postmasters, and all other expenses during the year ended 30th June, 1872, was a percentage of $\frac{4}{10}$ ths of one per cent. on the balance at the credit of depositors on that date. This, however, does not include the value of the clerical labor in the City Post Offices in attending to Savings' Bank business, nor of that in the Money Order Branch of the Department in Ottawa, on which the establishment of the Savings' Bank system has thrown additional work, for in neither case can the cost of this item be very well separated, or precisely ascertained.

The number of transactions, that is deposits and withdrawals, during the six months ended 31st December, 1872, was 32,964 against 28,441 in the corresponding period in the previous year, shewing an increase in the business of 4,523 transactions.

A. CAMPBELL,

Postmaster General.

POST OFFICE DEPARTMENT, }
OTTAWA, 1st March, 1873. }