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## The P.O.S.B. in trouble

Backing the publicly owned financial institutions such as the trustee banks and the Post Office Savings Bank is one of the most obvious ways in which a Government can show confidence in its own management of the economy. If the running of these institutions is unsatisfactory, it must clearly be improved; the State cannot conscientiously underpin inefficient organisations just because they are public institutions.

The Government appears to be walking away from the trustee savings banks, but not because it is evident that these banks are badly managed. It is also trying to rescue the Post Office Savings Bank from insolvency that is largely the result of the bank's disproportionate staffing, and of the uncompetitive position into which the bank has been put by financial changes under the present Government's policies.

To a great extent the P.O.S.B. is in trouble because, years ago, it entered the wider business of lending to the public, and cannot now compete with institutions that are borrowing and lending at high rates of interest. The bank was once a widely accessible savings institution, receiving deposits at very modest interest rates, and providing loan money to the State, also at low interest rates. It was, and still is for many people, a bank of convenience with handy branches — a national money-box that has converted much of the cash accumulated into Government stock.

In recent times it has become a lender of mortgage money at special rates. These have not been rates that enable the bank's depositors to obtain interest on their own savings that compares favourably with what

they can get elsewhere. This, and the fact that the costs of running a big network of branches are high, have led to the problems now facing the bank. The bank cannot carry on without more capital, or simply subsidies from the State.

One obvious answer to the difficulty is to merge the bank with another institution. The Bank of New Zealand — also publicly owned, at least for the time being — would be a prime choice. It is well represented throughout the country; it has its own savings account system; and it could commission the Post Office to provide agencies where the bank does not have handy branches. This solution is one that the Government will not entertain.

Instead, the Government will look at schemes to farm out the management of the P.O.S.B., an institution that, in many places, may well have become redundant since so many other savings banks are available. If the P.O.S.B. is sold to a limited liability company, thereby removing the State underpinning of the operation, and if the new operator has to make the P.O.S.B. a competitive and profitable concern, the P.O.S.B. will no longer have its historically distinguishing characteristics as a social service. Depositors, of course, may get a better deal financially so long as the bank is well run.

Understandably, the Government does not want the political and, possibly, the industrial upheaval of facing the complete absorption of the bank into another organisation. Yet it is probably setting in train a new course for the P.O.S.B. which will come to just such a merger in the end.

## An Avon fit for fish to live in

Much of central Christchurch would be a flat, boring, angular place without the unexpected dips and meanders provided by the Avon River and its banks. The city's first settlers recognised the river's worth for commerce as well as recreation. Both uses have faded in more recent times. The river is preserved, its surroundings often manicured. It is an attraction to be displayed to visitors without much thought being given to its real worth as an environmental novelty in the midst of 300,000 people.

True, the ducks still give it the charm of life, especially in duckling time. But its other delight — as a trout fishery in the middle of a city — is declining sadly. A technical officer of the Fisheries Research Division has reported a dismal drop in the river's fish population in the last 30 years. Many causes might be blamed, not least the continuing flow of industrial wastes into the river, often inadvertently, in spite of the best efforts of the Christchurch Drainage Board.

Strange matter still finds its way into the city's storm-water system, and the source is not always easy to prove. Residents along the

river are still tempted to treat it as a handy way of disposing of garden rubbish, not least grass clippings. Occasionally an offender is caught and penalised. Too often, anonymous gunge drifts by, derived from any one of hundreds of those properties whose value is enhanced by having on their boundaries the Avon or one of its tributaries.

Christchurch citizens need to be more alert to the value of their city's most charming asset, and more mindful of the harm that can be done to it. Official responsibility is shared between the drainage board and the local authorities through whose territory the river flows. Here, perhaps, is a worthy cause that might be taken up by the United Council, or by any amalgamation of local authorities that Christchurch manages to achieve in the year ahead.

At a time when the fish are coming back to the Thames in Britain, for the first time since the earliest settlers set sail for Canterbury more than a century ago, it is a poor show to find that the descendants of those settlers are driving the fish out of their attractive and precious little Avon.

From 'The Ec'

Roman Catholics throughout the world are being asked to remember Hong Kong's 270,000 Catholics in their prayers during July.

It would be facile to suggest that all of Hong Kong's 5½ million people are in need of prayer. But it is starting to seem that, when Britain hands over Hong Kong to China in 1997, a large responsibility will fall upon the churches, Protestant as well as Catholic.

Few people in Hong Kong seem to believe that the task of trying to preserve their existing freedoms can be satisfactorily entrusted to any political or law-making process.

Hong Kong's future constitution is being worked out by something called the Basic Law Drafting Committee, a group of 59 people most of them Chinese officials and legal experts, and all of them, even those from Hong Kong, approved of by the Chinese Government.

To put it another way, a communist country is writing the lawbook for one of the world's most laissez-faire, and successful societies. A Hong Konger remarked recently that this is like having a blind man guide you through the Louvre museum.

It is probably worse. A blind man, even though he would not be able to see the great pictures might well have an enthusiasm for and a deep understanding of the historical and social processes that brought them into being. The Chinese do not know what has made Hong Kong so successful. Do not blame them for that. Nobody else knows either.

Non-interference in business, low taxation, a young and hungry population, many of whom escaped from China — name your reason. But the exact formula for success remains a mystery.

If it were known, how easy it would be to set up a new Hong Kong in one of the numerous sites that have been suggested in Asia and America.

The cleverness of the British was to recognise that they had a winner on their hands, and not to muck about with it. The Chinese do not take that view. Already it is possible to outline the changes they have in mind for Hong Kong after 1997, some of which are acceptable, some of which are not.

First, the geography. Hong Kong will no longer be confined to some islands plus a bit of the mainland. The Hong Kong "special administrative region" will have factories and suburban communities stretching to Canton.

By and large, factory wages will therefore fall as Hong Kong's are brought in line with those in the rest of China; but there will still be relatively well-paid jobs as servants in the homes of professional and other middle-class people.

Hong Kong will continue, for a time anyway, to be regarded as a beacon of opportunity. As in the