

19. During the year a further investment of £147,800 was made in the New Zealand Discharged Soldiers Settlement Loan. Including this amount, the total subscription by the Office in New Zealand Government war loans to the 31st March, 1921, amounts to £936,121.

20. The policy of investing a large portion of the available funds on the security of rural properties has been continued during the past year, the sum of £1,837,226 having been lent to private borrowers.

ADVANCES TO HOSPITAL BOARDS.

21. In order to enable the Public Trustee to make advances to Hospital Boards with repayment guaranteed by the State, special legislation was passed during the 1920 session of Parliament.

By subsection (1) of section 10 of the Hospital and Charitable Institutions Amendment Act (No. 2), 1920, Hospital Boards were, for the purpose of raising moneys for capital expenditure, empowered, with the precedent approval of the Minister of Health, to borrow money, whether by way of bank overdraft or in any other manner, and to issue debentures or mortgage or charge any land vested in it by way of security for such advances.

By subsection (3) of the said section 10 a Hospital Board, for the purpose of the issue of debentures, was declared to be a local authority within the meaning of the Local Bodies' Loans Act, 1913, and it was declared that portion of the latter Act relating to the State-guaranteeing of loans can, with the necessary modifications, apply to the issue of debentures by Hospital Boards under the authority of the Hospital and Charitable Institutions Amendment Act, 1920.

By subsection (4) of section 10 of the said Act the Public Trustee was deemed to be authorized to invest moneys belonging to the Common Fund of the Public Trust Office, notwithstanding anything to the contrary in the Public Trust Office Act, 1908.

SINKING FUNDS.

22. The Public Trustee has been appointed Commissioner of Local Bodies' Sinking Funds in a total of 955 cases. The funds held at the 31st March, 1921, amounted to £475,535.

Under Part IV of the Local Bodies' Loans Act, 1913, a local authority proposing to raise a special loan may, before obtaining the consent of the ratepayers, apply for a State guarantee, and the Governor-General may, if he thinks fit, at any time before the loan or any part thereof has been raised, make and cause to be gazetted an Order in Council guaranteeing the loan. In such circumstances it is mandatory that the Public Trustee be appointed Sinking Fund Commissioner of the loans.

This method of raising money is at the present time being freely availed of by local bodies; consequently the number of cases in which the Public Trustee is being appointed Commissioner is largely increasing.

RATES OF INTEREST CHARGED TO BORROWERS.

23. At the beginning of the year the rate of interest charged to private borrowers from the Common Fund was $5\frac{1}{2}$ per cent. per annum, and that charged to local bodies $5\frac{1}{4}$ per cent. per annum. As these rates were considered to be unduly low, having in view the rates charged by banks and other commercial and lending institutions, representations were made to the Government, and as a result the rates of interest charged on loan-moneys obtained from the Common Fund of the Office were raised to $5\frac{3}{4}$ per cent. per annum. The rates must again be revised at an early date.

ADVANCES TO ESTATES AND BENEFICIARIES.

24. The statutory power conferred on the Public Trustee of making advances from the Common Fund to estates for the liquidation of urgent liabilities has proved especially useful. During the present period of financial difficulty, when assets