respect of the sinking funds concerned were no longer payable to the Public Trustee. The capital which was at credit of the funds at the time of the passing of the Act remains in the hands of the Public Trustee, but the interest is paid annually into the Consolidated Fund. On the 31st March, 1922, the following sinking funds were held in connection with loans raised from Government Departments:—

	£
Guaranteed Mining Advances loans	104
Land for Settlements loans	118,765
Native Lands Settlement loans	11,976
Total	£130,845

(*b.*) Those loans which had not been raised from Government Departments should not be deemed for the purposes of the Act to form part of the public debt, and as a consequence the Public Debt Extinction Act of 1910 should not be applicable to them, and the provisions of the 1909 Act with regard to sinking funds should remain in force. The particular sinking funds which were subject to these provisions were in respect of Land for Settlements loans and of Guaranteed Mining Advances loans. The capital of these sinking funds and the accumulations of interest held by the Public Trustee on the 31st March, 1922, were—

	£
Guaranteed Mining Advances Sinking Fund	676
Land for Settlements Branch Sinking Fund	877,691
Total	£878,367

Instalments are still received by the Public Trustee in connection with the sinking fund in respect of those Land for Settlements loans which were not raised from Government Departments.

A portion of the sinking fund held by the Public Trustee prior to the passing of the 1913 Act in connection with the Advances to Local Authorities Branch of the State Advances Department was in respect of loans raised for the purpose of that branch, and appropriated as follows:—

(*a.*) Under section 77, New Zealand State-guaranteed Advances Act, 1909 (relating to opening up land for settlement):

(*b.*) Under section 84 of the same Act (relating to Hauraki Plains settlement):

(*c.*) Under section 5 of the Rangitaiki Land Drainage Act, 1910.

The loans so appropriated were deemed by subsection (5) of section 26 of the 1913 Act to form part of the public debt of New Zealand. The capital of that portion of the Advances to Local Authorities Sinking Fund which was in respect of the loans appropriated under headings (*a*), (*b*), and (*c*) above was directed to be retained by the Public Trustee, who should from time to time pay the interest thereon into the Consolidated Fund.

The capital amounts so retained were as follows:—

	£
Opening up land for settlement	3,416
Hauraki Plains settlement	2,176
Rangitaiki drainage	904

These amounts were still held by the Public Trustee on the 31st March, 1922.

The capital of the remaining State Advances sinking funds which were held by the Public Trustee prior to the passing of the 1913 Act was directed to be held by the Public Trustee subject to the provisions of subsection (3) (*a*) of section 26 of that Act. The interest earned by this capital is paid annually to the Superintendent of the State Advances Office in accordance with subsection 3 (*b*) of section 26.

Following are the balances of such sinking funds which were held by the Public Trustee on the 31st March, 1922:—

	£
Advances to Local Authorities sinking funds	48,461
Advances to Settlers sinking funds	302,904
Advances to Workers sinking funds	2,715
Total	£354,080

Naval Defence Act Sinking Fund.

Section 7 of the Naval Defence Act, 1909, made provision for the establishment of a sinking fund for the repayment of any loans raised under that Act for the purpose of meeting the cost of the gift to the Imperial Government of a warship. The instalments which that section directs shall be paid to the Public Trustee each year are computed at the rate of 4 per cent. of the capital sum outstanding at the commencement of the financial year in respect of those loans.

The sinking fund is held by the Public Trustee in trust, to be applied by him in repayment on maturity of loans raised in pursuance of the Act.

An annual statement of the securities in which the sinking fund is invested is required by the statute to be laid before Parliament within fourteen days after the commencement of each session.

On the 31st March the balance at credit of the fund, which was opened on the 29th March, 1913, by the crediting of an instalment of £50,000, was £931,429 1s.