

War Loans Sinking Fund.

Section 5 of the Public Revenues Amendment Act (No. 2) of 1915 directed that the Public Debt Extinction Act, 1910, should not apply to moneys raised by the Minister of Finance for the purposes of the war with Germany, but that a War Loans Sinking Fund should be established, into which fund the Minister of Finance should pay annually instalments equal to 1 per cent. of the total capital moneys raised for those purposes and outstanding on the 31st March of the preceding year. The Act also directed that this fund should be held by the Public Trustee, who should, on the request of the Minister of Finance, pay over such portion of the fund as might be required for the repayment of the loan-moneys in respect of which the sinking fund was created.

This direction to pay the annual sinking-fund instalments to the Public Trustee was modified by section 25 of the Finance Act, 1921 (No. 72), which authorized the Minister of Finance, in lieu of paying any amount into the War Loans Sinking Fund, to pay the amount of the annual instalment to the Imperial Government as a sinking fund to be applied towards the extinction of the liability of the New Zealand Government to the Imperial Government.

The balance at credit of the War Loans Sinking Fund on the 31st March, 1922, was £3,451,106.

LOCAL BODIES' SINKING FUNDS.

By the Municipal Corporations Act of 1886, section 206, it was enacted that the Public Trustee might be appointed by a Borough Council as Commissioner of Sinking Funds established in accordance with the provisions of that Act. Similar provisions were made by section 61 of the Local Bodies' Loans Act and by section 215 of the Counties Act, both of the same year. The moneys paid to the credit of the sinking funds created in accordance with those Acts were directed to be invested in such securities as the Councils of the respective local authorities should direct.

In 1908 an amendment to the Local Bodies' Loans Act was passed, and section 25 of that amending Act provided that, as from the 6th October, 1908, no local authority should appoint as Sinking Fund Commissioner of any loan raised under the Local Bodies' Loans Act, 1908, any person other than the Public Trustee. The same section definitely limited the investment of the moneys belonging to such sinking funds to New Zealand Government securities. The statutory provision regarding the appointment of the Public Trustee as Sinking Fund Commissioner of all loans raised under the Local Bodies' Loans Act, 1908, was modified by a further amending Act in 1912, which provided that the compulsory appointment of the Public Trustee as Sinking Fund Commissioner should be confined to loans obtained from any Department of the Government. By the same Act the direction for the investment in New Zealand Government securities of the moneys belonging to these sinking funds was revoked by a direction that the moneys should be invested in the Common Fund of the Public Trust Office.

On the 31st March, 1922, the Public Trustee was acting as Commissioner of 1,041 sinking funds established in pursuance of the statutory provisions mentioned above. The total value of those funds was £596,222.

*SUPERANNUATION FUNDS.**Government Railways Superannuation Fund.*

In 1902 an Act was passed for the purpose of establishing a superannuation fund in connection with the Government Railways Department. This Act directed that all deductions by way of contributions should be paid to the Public Trustee for investment.

On the 31st March, 1903, the amount at credit of the fund was £7,056. The fund is subsidized from time to time by the Consolidated Fund, and as a result of accretions of contributions, subsidies, and income from instalments the balance had increased to £476,557 on the 31st March, 1922.

In pursuance of section 4 of the Government Railways Amendment Act of 1911 this amount forms part of the Common Fund of the Public Trust Office, from which interest at the rate of 5 per cent. is derived.

Teachers' Superannuation Fund.

This fund was established in accordance with the provisions of the Teachers' Superannuation Act of 1905, section 7 of which enacted that the superannuation contributions deducted from the salaries of the members of the fund should be paid to the Public Trustee by the governing body charged with the payment of those salaries.

Section 8 of the Act provided that the Public Trustee should from time to time invest the moneys of this fund in such lawful securities prescribed by regulations as would return the highest rate of interest.

In December, 1908, regulations were gazetted which prescribed that the Public Trustee should from time to time, as securities should offer, invest the moneys of the fund in freehold securities at current rates of interest. It was further prescribed by those regulations that such portion of the fund as should not be so invested should bear the Common Fund rate of interest.

On the 11th July, 1918, as a result of negotiations between the Teachers' Superannuation Board and the Public Trustee, amending regulations with regard to the investment of the fund were gazetted. These regulations removed from the Common Fund the moneys held by the Public Trustee, and directed that instead the moneys should be specially invested. As at the 30th June, 1918, investments totalling £444,210 were allocated from those held by the Public Trustee as Common Fund investments.

In accordance with the regulations last referred to, the Public Trustee invests the whole of the moneys by way of either interest or principal received by him on behalf of the fund in securities of the same class as those in which the Common Fund is invested. All duties in connection with the investments are performed by the Public Trustee, who receives a remuneration by way of commission at the rate of 2½ per cent. on all interest collected.