

The Common Fund rate of 5 per cent. which was allowed on sums under £3,000 was considered to be equal to the net return which could have been obtained at the time by the special investment of those funds in authorized securities. It was further considered that with the larger funds the rate of interest should be lower, since the greater the fund the greater the concern for security and the less the concern for a high rate of interest.

Prior to 1891 investments by way of mortgage of real estate had in many instances been made on behalf of estates under administration by the Public Trustee. If these investments were to be subject to the State guarantee provided by the 1891 Act it was only reasonable that they should pay for such a privilege. Accordingly a provision was made in that Act that a guarantee charge not exceeding $\frac{1}{2}$ per cent. per annum might be made by the Public Trustee on moneys so invested. Subsequently, by a provision of the Public Trust Office Consolidation Act of 1894, it was directed that any deficiency arising from any investment in respect of which such charge had been made should be made good from the Consolidated Fund. In cases in which a trust instrument directed that the funds should be invested in securities other than those prescribed by the Office Act, any investments made in compliance with those directions were not entitled to the benefits of the State guarantee. When the mortgages which were subject to the guarantee charge were repaid the funds fell into and formed part of the Common Fund, and bore interest accordingly.

In 1894 it was determined by Order in Council that no interest should be allowed on moneys paid to the Public Trustee for the purpose of being paid forthwith to the persons entitled. With regard to moneys received by the Public Trustee on behalf of testate or intestate estates for distribution or investment in the ordinary course of business, it was determined that no interest should be allowed until the Public Trustee had ascertained what was the net amount available for distribution or investment.

In 1895 the basis of computation of interest was again modified. Regulations gazetted on the 24th January, 1895, provided that on moneys forming part of the Common Fund interest should be computed on every complete pound from the 1st of the month following the date of receipt of these moneys in the Public Trustee's Account, up to the first day of the month in which the moneys were paid to the persons entitled. Interest was, however, to be allowed on capital sums only, unless interest was directed to be accumulated, and in that case interest was to be allowed on accumulations of £20 and upwards. The limit of £20 was, however, removed in 1905.

In 1910 a further step was made, and it was determined that Office interest should be capitalized yearly on the 1st day of April, and that all other income should be capitalized half-yearly on the 1st April and the 1st October, and that interest should be allowed on income so capitalized. The regulations also directed that the Public Trustee should fix the date when interest should begin to accrue. This provision is incorporated in the regulations at present in force.

The Public Trust Office Amendment Act of 1910 increased the Common Fund rates of interest which had been authorized by the Act of 1891. By this amendment the maximum rates were fixed at 5 per cent. on amounts not exceeding £6,000, and at $4\frac{1}{2}$ per cent. on amounts in excess of £6,000.

The next alteration in the method of computation was made in 1914, when it was directed that all interest payable by the Public Trustee in respect of the capital of any estate should be computed on the daily balance of capital. Further, it was provided that the Public Trustee should decide whether Office interest was to be capitalized. In very many cases the income of estates is required for payment to the beneficiaries concerned or for the purpose of meeting outgoings, and in such cases it is obvious that the income cannot be capitalized. As a general rule, however, when income is being accumulated Office interest is still capitalized on the 1st April in each year.

By section 26 of the Finance Act of 1920 the limits placed by the Public Trust Office Amendment Act, 1912, as mentioned above were removed. By this section it is provided that interest shall be allowed at such rate or rates as may from time to time be fixed by the Minister of Finance.

Pursuant to the authority conferred on the Minister of Finance by the Finance Act, the rates of interest were increased as from the 1st April, 1920. As a consequence those estates which had formerly been allowed interest at the rate of $4\frac{1}{2}$ per cent. on the first £6,000 and at $4\frac{1}{4}$ per cent. on the balance were as from that date credited with a flat rate of 5 per cent. Similarly, the interest on those classes of estates which had previously been credited at 4 per cent. was increased to $4\frac{1}{2}$ per cent.

From the foregoing remarks it will be noted that the system of crediting interest to estates has been altered from time to time, and the rates which have been allowed have been adjusted in sympathy with the fluctuation in the rate of interest which has been received by the Office from its Common Fund investments. It is gratifying to note, however, that at no time in the history of the Office have the rates of interest allowed on moneys lying in the Common Fund been higher than those that are at present allowed, and at no time has the computation of the interest been made on so liberal a basis.

On the 31st March, 1892, immediately following upon the creation of the Common Fund as it continues to the present time, the amount invested in the Common Fund was £408,231. On the 31st March, 1922, it was £13,174,181.

APPROPRIATION OF PROFITS.—BUILDING UP OF RESERVES.—ACQUISITION OF OFFICE SITES, PREMISES, AND OTHER PROPERTY.

While the original Public Trust Office Act provided that any deficiency in the Public Trust Office Expenses Account (latterly the Profit and Loss Account) should be advanced from the Consolidated Fund, at the same time it was enacted that if the balance in that account should be more than sufficient to meet the charges thereon, then that excess should be paid to the Consolidated Fund at such times as the Colonial Treasurer might direct. In the year 1889 the sum of £18,000 was paid to the Consolidated Fund in pursuance of that statutory provision.