

other moneys payable by the Board from time to time in regard to the property charged with the amount due to the debenture-holders. During the last year the Public Trustee has been appointed in a large number of these cases. Only a nominal fee is charged in the first instance, this being subject to revision in the case of default being made and further action being necessary on the part of the Public Trustee.

EDUCATION RESERVES.

73. Prior to 1910 the education reserves and endowments throughout New Zealand were vested in the School Commissioners for the different educational districts. In 1910, by the Education Reserves Amendment Act of that year, the School Commissioners were abolished, and all lands previously vested in them became vested in the Crown, to be managed and administered by the Lands Department. At the same time all funds previously vested in the School Commissioners, and all mortgages and investments representing the same, were vested in the Public Trustee, to hold and administer them on the same trusts on which they were held and administered by the School Commissioners. The revenue from these funds is directed to be paid by the Public Trustee as follows:—

- (a.) All the revenue derived from reserves and endowments set apart for primary education to the credit of a special account to be called the Primary Education Endowments Deposits Account; and
- (b.) All the revenue derived from reserves and endowments set apart for secondary education to the credit of a special deposit account for each provincial district.

In practice the Public Trustee pays over the annual income derived from the primary-education investments as well as the secondary-education investments to the Education Department, and that Department attends thereafter to the disposal of the moneys.

74. The assets affected by the Amendment Act included cash and mortgages as follows:—

	Primary Schools.			Secondary Schools.		
	£	s.	d.	£	s.	d.
Cash held in the Common Fund	13,994	9	8	971	19	8
Investments.. .. .	8,962	0	0	Nil.		
	£22,956	9	8	£971	19	8

ACCOUNTS.

THE DEATH DUTIES ACT, 1921.

75. In the administration of estates it has been found that the Death Duties Act, 1921, presents difficulties in the interpretation of its provisions and in deciding the incidence of death and succession duties.

As an instance, there appears to be conflict between section 13, which provides for an exemption in certain cases to the widow of the deceased, and section 31, which provides that estate duty shall be payable out of the property comprised in each succession in proportion to the aggregate value of all the successions.

It is considered that any doubt that may arise on this point should be dispelled by an amendment of the Act.

The question of the incidence of succession duty as between life tenant and remainderman is one of the utmost difficulty. The Act provides for the payment of death duties within three months of a testator's death, but by virtue of subsection (5) of section 31 a successor whose succession is a future interest is not liable to pay duty until his interest becomes an interest in possession. In paying the whole of the duty at once, how are the rights of both parties to be protected?

The first course to suggest itself is to pay the succession duty out of the residue and to allow interest on the balance to the life tenant, but this is open to several objections.

The life tenant's income would be reduced as a result of the payment of the remainderman's succession duty out of capital. On the death of the life tenant the succession would be reduced by reason of the life tenant's succession duty having been paid out of the remainderman's succession.