Investment of the Fund.—The total investments of the fund at each rate of interest were as follows:—

	£ s. d.	£ s. d.
New Zealand Government inscribed stock—		
$3\frac{1}{2}$ per cent.	226,530 0 0	
4 per cent.	466,560 0 0	
		693,090 0 0
Rural Advances bonds—		
5 per cent.*	..	236,155 10 0
Mortgage Corporation of New Zealand inscribed stock—		
$3\frac{3}{8}$ per cent.	..	50,000 0 0
Debenture securities—		
$3\frac{1}{2}$ per cent.	240,635 16 2	
$4\frac{1}{4}$ per cent.	423,861 16 11	
5 per cent.†	1,980 0 0	
$5\frac{1}{4}$ per cent.†	600 0 0	
6 per cent.†	33,500 0 0	
		700,577 13 1
Mortgage securities—		
3 per cent.	20,225 0 0	
$3\frac{1}{2}$ per cent.	4,000 0 0	
$4\frac{1}{8}$ per cent.	10,809 6 8	
$4\frac{1}{4}$ per cent.	423,767 5 8	
$4\frac{1}{2}$ per cent.	400,480 12 3	
5 per cent.	13,316 3 1	
$5\frac{1}{2}$ per cent.‡	1,705 3 0	
6 per cent.‡	378,682 5 8	
$6\frac{1}{2}$ per cent.‡	1,843 9 8	
		1,254,829 6 0
		£2,934,652 9 1

*Subject to an interest-tax at the rate of 20 per cent. charged on all interest on and from 1st April, 1933. *Vide* section 6, Finance Act, 1932–33.

† Interest on and from 1st April, 1933, 20 per cent. lower than the rate prescribed by the securities or to the rate of $4\frac{1}{4}$ per cent. per annum, whichever rate is the higher. Section 5, Local Authorities Interest Reduction and Loans Conversion Act, 1932–33.

‡ Subject to a reduction of 20 per cent., but not to be reduced below the rate of 5 per cent. per annum. Part III, National Expenditure Adjustment Act, 1932.

A special payment into the fund was made by Treasury (amounting to £18,618), being the amount of the reduction in the interest-rate of the four classes of securities.

The above total includes £22,338 16s. 6d. invested on Stipendiary Magistrates' account.

The average rate of interest earned for the financial year on the mean funds was £4 15s. 1d. per cent., a reduction of 3s. 7d. per cent. as compared with the previous year. In this connection it must be understood that the amount of interest due and outstanding and interest accrued but not due at the balance date is taken into account in arriving at the before-mentioned rate. Reference to the balance-sheet discloses that the sum of £30,172 is overdue on mortgage securities. The Courts, acting under the powers contained in the Mortgagors and Lessees Rehabilitation Act, 1936, have written off during the year arrears of interest totalling £5,769 13s. 7d.; whilst the Board, acting under the provisions of section 77 of the same Act, has written off £342 10s.

Operations of the Fund.—The following comparative statement shows the operations of the fund (to the nearest pound) as disclosed in the Revenue Accounts and Balance-sheets for the twelve-year period ended 31st March, 1938:—

Year.	Income.					Expenditure.				
	Contributions.		Interest on							
	Employees.	Government, &c.	Investments.	Arrears of Contributions.	Miscellaneous.	Refunds.	Pensions.	Administration Expenses.	Miscellaneous.	Accumulated Funds.
	£	£	£	£	£	£	£	£	£	£
1926–27 ..	246,635	100,669	139,369	899	328	45,341	322,759	7,881	28	2,429,290
1927–28 ..	249,301	100,955	146,351	439	504	50,193	338,138	7,932	2,124	2,528,454
1928–29 ..	253,593	101,130	147,040	332	269	44,234	351,396	8,070	1,176	2,625,943
1929–30 ..	263,424	201,707	154,612	146	405	50,107	367,496	8,158	2,472	2,818,004
1930–31 ..	271,423	102,289	162,888	264	422	40,754	381,243	8,418	8,775	2,917,154
931–32 ..	190,347	102,757	168,453	238	486	48,552	431,922	8,650	2,277	2,888,034
1932–33 ..	226,420	141,038	166,814	447	302	45,345	472,288	7,620	387	2,897,415
1933–34 ..	228,650	144,129	157,200	651	4,464	37,551	486,925	7,180	1,287	2,899,564
1934–35 ..	238,844	149,766	153,333	185	19,086	40,065	488,836	7,429	6,997	2,917,452
1935–36 ..	256,249	148,512	151,599	176	8,770	44,804	494,988	7,250	1,477	2,934,240
1936–37 ..	306,292	164,668	142,831	689	2,551	45,644	498,677	7,150	1,901	2,997,898
1937–38 ..	344,583	175,544	137,751	327	323	53,454	515,044	7,543	8,201	3,072,185