

1947
NEW ZEALAND

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31ST MARCH, 1947

Presented to both Houses of the General Assembly in accordance with Section 47 of the Public Trust Office Amendment Act, 1913

PURSUANT to section 47 of the Public Trust Office Amendment Act, 1913, I have the honour to lay before Parliament the attached report on the working of the Public Trust Office for the year ended 31st March, 1947.

The new business reported for administration during the year, valued at £8,322,340, has been exceeded only twice in the history of the Department, and showed an increase of £362,615 over the figures for the previous year.

The Department continues to maintain its steady growth, and the esteem in which it is held by the public is evidenced by the number of persons who appoint the Public Trustee executor of their wills. Last year 6,682 testators made wills appointing him executor.

This confidence in the Public Trust Office is evidence of the satisfactory manner in which the Department discharges its duties to the public.

F. HACKETT,
Minister in Charge of the Public Trust Office.

Wellington, 25th July, 1947.

REPORT OF THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1947

Public Trust Office, Wellington C. 1, 25th July, 1947.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1947.

ESTATES AND FUNDS

1. During the year ended 31st March, 1947, 3,910 estates, valued at £8,322,340, were accepted for administration, compared with 3,908, valued at £7,959,725, for the previous year.

2. The number and value of estates and funds under administration as at 31st March, 1947, were: number, 20,218; value, £66,833,004.

3. The administration of 4,400 estates and funds, valued at £9,088,211, was completed during the year.

4. While it is gratifying to observe an increase in the value of new business reported for administration, it is perhaps more appropriate to stress the numbers and value of estates and funds in which the administration has been completed. The value of estates and funds in which the administration was completed during the year was £9,088,211, and this is an indication of the volume and, indirectly, of the efficiency of the work carried out by the Department. That the services thus rendered to the community are appreciated is reflected in the steady increase in the number of wills deposited appointing the Public Trustee executor.

5. Of the various classes of new business for the year, by far the greatest volume was derived from the acceptance for administration of wills estates, in almost all of which the Public Trustee was appointed executor. Coupled with the steady decrease in the numbers of intestate estates reported for administration each year, the rising volume of wills estates is a clear indication of a growing appreciation among the members of the community of the wisdom of providing for their dependants by will instead of leaving the division of their estates to the operation of the rigid law governing the distribution of intestate estates.

6. The Administration Amendment Act, 1944, inaugurated a major change in the law relating to the distribution of intestate estates with beneficial effects. Further, the provisions of the Family Protection Act now apply to intestate estates and enable the Supreme Court to consider in certain cases applications for greater provision for dependants than is laid down by statute.

7. The Public Trustee's principal task is the administration of the estates of deceased persons and of trusts arising therefrom. It is noticeable, however, that in recent years the numbers of estates of mentally defective persons, which are placed under the Public Trustee's control by statute, has tended to increase. In these cases the duties are confined, as nearly as the circumstances will allow, to preserving the assets for the benefit of the patient. Where necessary, provision is made for purchase of comforts for the patient and for the maintenance of his dependants. In special cases where a private administrator is appointed by the Supreme Court, the Public Trustee's duties are confined to an annual examination of the administrator's accounts.

8. *Farming Estates and Businesses.*—Throughout New Zealand the Public Trustee is actively engaged in the operation of a large number of farms of nearly all types, but mainly sheep and dairy farms. In some districts fruit-farms are operated, while in others mixed farming, including cropping, is carried on. In recent years the results generally have been good, although difficulty in obtaining suitable labour and supplies of certain farm requisites has militated against the most advantageous use of the funds available for improvements. The prolonged dry spell, particularly in northern and eastern areas of the North Island, in 1946 had an adverse effect on returns from farms in those areas. The Office maintains in the field a number of Farm Inspectors whose expert knowledge of farm methods and management enable the administration of farming estates to be conducted on efficient and practical lines. In addition, as at the 31st March the Public Trustee was in control of several trading and manufacturing businesses of various types. In some cases such businesses have been carried on for many years, usually with the active co-operation of the beneficiaries.

9. *T. G. Macarthy Trust.*—This beneficent trust administered by the Public Trustee was founded by the will of the late T. G. Macarthy, who died in 1912. Briefly, the trust as now applicable is to apply the net income for such charitable and educational purposes or institutions in the Provincial District of Wellington as the Board of Governors shall by resolution direct. The Board of Governors consists of His Excellency the Governor-General, the Prime Minister, the Roman Catholic Archbishop, and the Mayor of Wellington. The amount distributed for the year ended 31st March, 1946, was £16,000, making a grand total of £369,467 distributed since the inception of the trust.

10. The services of the Public Trustee are available to persons who require an agent to assist them in the management and control of their affairs. It is pleasing to note that much of this class of business comes from persons who have had contact with the Office and have learned for themselves of the efficient and economical service available.

11. The Public Trustee is called upon to act in fiduciary capacity in a great variety of ways, and many of these services are rendered at little or no cost to those beneficially concerned. A recent instance is the task of acting as trustee for war gratuity Post Office Savings-bank accounts belonging to minor dependants of deceased servicemen. Many such trusts are now in operation, and in view of the nature thereof no charge is made.

WILLS ON DEPOSIT FOR LIVING TESTATORS

12. During the year 6,682 wills appointing the Public Trustee executor were placed on deposit. The comparable figure for the previous year was 6,653.

13. The total wills held on deposit as at the 31st March, 1947, was 136,058, as compared with 132,546 as at the corresponding date last year, representing a net increase of 3,512 wills.

14. An important branch of this section is the redrafting of wills to meet the requirements of testators. A total of 6,049 wills was redrafted during the year. Testators are encouraged to consult the local representatives of the Office and to make such alterations to their wills as circumstances may render necessary from time to time. A testator's will should be framed with proper regard to the value of his estate and the relative claims of his dependants on his bounty. Revision of testamentary dispositions at appropriate times tends to avoid injustices and to reduce administrative difficulties which can react to the disadvantage of the beneficiaries. For this reason the redrafting of wills is regarded as of highest importance, and every care is taken to ensure that effect is given to the testator's intentions and that he is properly advised.

15. Special arrangements are made for the custody and safety of executed wills and every precaution is taken to ensure secrecy.

ENEMY PROPERTY EMERGENCY REGULATIONS 1939

16. During the year the Public Trustee, as Custodian of Enemy Property, has carried out the duties cast upon him by the Enemy Property Emergency Regulations 1939. Funds representing enemy property collected or realized by the Public Trustee and now held amount to £88,806. In terms of the Paris Agreement, a sum of £90,845 has already been applied on account of German reparations. Except in the case of Germany, enemy property, together with the income therefrom, controlled by the Custodian of Enemy Property is held in trust for all persons having any interest in such property. The money is invested in accordance with the directions of the Minister of Finance.

17. The ultimate disposal of that portion of the money held on behalf of enemy nationals (other than Germans) will be dealt with in the peace treaties with the respective States or by means of inter-governmental agreements. During the year the major portion of the funds held on behalf of French, Belgian, Danish, Netherlands, and Norwegian nationals was disbursed in pursuance of such agreements.

INVESTMENTS FROM THE COMMON FUND

18. As in other recent years, the pressure of substantial funds becoming available for investment has intensified the keen competition for the relatively few good securities offering. The difficulty of obtaining mortgage investments, which carry a higher rate of interest, is reflected in the substantial amount, £472,785, which was invested in Government loans during the year.

19. In June, 1946, the Public Trustee's rates of interest on mortgage securities were reduced. This has had the effect of checking to some extent the flow of repayments due to mortgagors refinancing at a lower rate of interest. Nevertheless, a substantial number of repayments were made, and in other cases, as happened during the previous year, mortgages were renewed for reduced amounts. Many loans are still running on overdue under the protection afforded by the Mortgages Extension Emergency Regulations, but a number of the loans which were previously running on overdue have been renewed during the year.

20. Another pleasing feature has been the number of present mortgagors who have applied to the Public Trustee for further advances. In many cases these further advances have been raised in order to repay second mortgages or to reduce stock accounts and thus obtain the benefits of more stable finance and lower interest rates.

FINANCE

21. *Investment of Funds.*—Disregarding short-term deposits, the new investments completed during the year on behalf of the Common Fund and those estates and funds whose moneys are required to be specially invested totalled £2,260,826, an increase of £100,100 compared with the corresponding figure for the previous year. The total investments completed by the Office and still held at 31st March, 1947, inclusive of special investments on behalf of estates and funds, amounted to £41,918,697.

22. As evidence of the steady increase in the value of investments held from time to time, notwithstanding occasional heavy repayments which may have the effect of a temporary decline in a particular year, the following table is of interest :—

Year.						Investments held.
						£
1937	..	..	..	..	..	36,211,293
1942	..	..	..	..	..	39,501,833
1947	..	..	..	..	..	41,918,697

All of the foregoing figures are exclusive of those investments which comprised assets of estates at the time they came under the Public Trustee's administration and which are still held as assets of those estates. A feature of the investments made last year and one which has become more evident in recent months is the increased activity in local bodies' loans work. It is anticipated that as building and development work which had of necessity to be postponed during the war years is undertaken in increasing volume by local authorities, the scope for further investments of this nature will be extended.

23. *Annual Accounts.*—The gross earnings of the Office for the year showed little variation from those of the previous year, but unfortunately working-expenses increased appreciably. In an Office such as this where the work is of a highly specialized nature, calling for personal attention to the affairs of thousands of clients, approximately four-fifths of the total running-expenses comprises staff salaries. In keeping with the general trend in recent years, it has been necessary to grant substantial increases in salaries not only as the result of the increased cost of living, but also arising from the general regrading of the Public Service as at 1st April, 1946. Further, the past year has borne a substantial financial load in rehabilitating a large number of the staff who had served with the Armed Forces and who in many cases required considerable training before they could undertake duties in keeping with their salaries. While it is freely acknowledged that every returned serviceman is entitled to full rehabilitation and assistance, and, indeed, the Office has gladly undertaken that duty, it must be borne in mind that such an undertaking must have an adverse effect financially for the time being. In reference to working-expenses other than salaries, a close control has been exercised, but, while a considerable saving was effected in overtime payments, other expenses such as repairs, maintenance, and cleaning of Office premises, &c., more than offset that saving. As a result of these factors, the year's Profit and Loss Account, after making provision for depreciation on Office property, &c., discloses a loss of £10,563. This loss has, in accordance with the provisions of the Finance Act, 1929, been charged to the Office Assurance and Reserve Fund.

24. The indications are that working-expenses generally will probably increase still further, and it has therefore been decided that the time has arrived when steps should be taken to bring the Office revenue into line with present-day costs. The scale of Office charges for its services in connection with the administration of estates has not been revised since 1925, and every endeavour has been made to avoid increasing that

scale. Increased operating-costs over recent years have been met without corresponding increases in charges to estates and clients, but it is felt that this course can no longer be followed and that a revision of the scale of charges will be necessary in the near future.

25. *Advances to Estates and Beneficiaries.*—The statutory power enabling the Public Trustee to advance moneys to estates or to beneficiaries on the security of their interests in estates has again been fully availed of during the year. This has been of particular advantage to new estates accepted for administration during the year which had insufficient liquid assets to meet debts, death duties, and other immediate liabilities. Similarly, many beneficiaries in need of financial assistance were enabled to obtain immediate benefit from their interests which were not in a form rendering distribution in the ordinary way possible. One advantage of this means of finance is that the expenses incidental to the arrangement of finance by way of mortgage are avoided. The Public Trustee has a statutory charge over the whole of the assets in any estate to which an advance is made, subject, of course, to any prior encumbrances; consequently, no documents of security are necessary. A further advantage is that immediately moneys become available for application in reduction of the advance, they are so applied and the interest charge falls accordingly.

26. Where the assets of an estate to which an advance is made include land, the Public Trustee may file with the Commissioner of Taxes a certificate regarding the amount of any advance so made, and such certificate has the same effect for land-tax purposes as has the registration of a mortgage against the title, thus ensuring that the allowance for land-tax purposes is not lost.

27. The amount advanced during the year totalled £114,560 and the total of current advances to estates and beneficiaries at 31st March, 1947, was £490,212.

28. *Local Bodies' Sinking Funds.*—The Public Trustee is Sinking Fund Commissioner of a considerable number of local bodies' sinking funds and is called upon each year to provide substantial sums from those funds to meet maturing debentures. During the past year, in addition to a large number of normal annual redemptions, one large loan matured and the Public Trustee, as Sinking Fund Commissioner, was called upon to provide in cash a sum of approximately £369,000 for the redemption of the loan.

29. *Deposits under the Life Insurance Act, 1908.*—Under the provisions of the Life Insurance Act, 1908, and its amendments, every company carrying on life-insurance business in New Zealand is required to deposit with the Public Trustee money or certain classes of securities commensurate with the total amount insured by its policies, but with a maximum of £50,000. The amount of cash and securities held by the Public Trustee on the 31st March, 1947, in accordance with this Act was £719,585 on behalf of sixteen companies.

30. *Deposits under the Insurance Companies' Deposits Act.*—In terms of the Insurance Companies' Deposits Act, 1921–22, and its amendments, deposits in cash or approved securities are required to be lodged with the Public Trustee by all insurance companies carrying on business in New Zealand (other than those incorporated under the Mutual Fire Insurance Act, 1908, or those concerned solely in life, earthquake, or marine insurance). The maximum amount of the deposit required by each company varies in accordance with the nature of the business conducted. On 31st March, 1947, the capital amount of deposits held under this Act on behalf of 61 companies was £1,674,160. The interest on this sum is paid at regular intervals to the companies concerned.

31. *Safe-deposit Lockers.*—At the Head Office and at many of the branches of the Department safe-deposit lockers, designed to guard against theft or fire, are installed in the Office vaults or strong-rooms for the convenience of clients. The rental of these lockers is moderate and access to them may be obtained by lessees at any time during ordinary business hours. The lockers system thus provides a means of safe keeping for negotiable securities and other valuables, and affords clients relief from the anxiety inseparable from the keeping of valuables in homes and insecure premises where there is a risk of loss through fire or by theft. That this service is appreciated is amply evidenced by the continued and increasing demand for such lockers.

STAFF

32. Retirements and resignations during the year have made transfers of a number of officers unavoidable, and in view of the difficult housing situation this has imposed a heavy financial burden on the Office by way of allowances to officers pending their obtaining houses in the cities and towns to which they have been transferred. Whenever possible, the transfer of married men has been avoided, but, as promotion is frequently involved, this cannot be done in all cases. The cost of transferring officers is very high at the present time and this is an additional reason for keeping the number of transfers as low as possible. The principal staff changes effected during the year were :—

- (a) The appointment of Mr. F. M. Whyte, District Public Trustee, Palmerston North, to the position of District Public Trustee, Wellington, *vice* Mr. A. R. Coad, retired on superannuation.
- (b) The appointment of Mr. C. E. White, District Public Trustee, Invercargill, to the position of District Public Trustee, Dunedin, *vice* Mr. G. H. Elliffe, retired on superannuation.
- (c) The appointment of Mr. A. Bell, District Public Trustee, Timaru, to the position of District Public Trustee, Invercargill.
- (d) The appointment of Mr. P. C. Dwyer, District Public Trustee, Gisborne, to the position of District Public Trustee, Palmerston North.
- (e) The appointment of Mr. R. S. Moloney, Assistant District Public Trustee, Dunedin, to the position of District Public Trustee, Gisborne.
- (f) The appointment of Mr. J. G. McGhie, Supervising Estates Clerk, Head Office, to the position of District Public Trustee, Napier, *vice* Mr. F. W. Browne, resigned.
- (g) The appointment of Mr. W. J. Forsyth, District Public Trustee, Wanganui, to the position of District Public Trustee, Hamilton, *vice* Mr. F. J. E. Moore, deceased.
- (h) The appointment of Mr. C. A. Hendry, Supervising Estates Clerk, Head Office, to the position of District Public Trustee, Wanganui.
- (i) The appointment of Mr. J. P. Joyce, Trust Officer, Hamilton, to the position of District Public Trustee, Tauranga.
- (j) The appointment of Mr. J. Stockman, Supervising Estates Clerk, Head Office, to the position of District Public Trustee, Ashburton.
- (k) The appointment of Mr. J. W. Hinchey, Assistant Accountant, Wellington, to the position of District Accountant, Christchurch, *vice* Mr. F. Williams, retired on superannuation.
- (l) The appointment of Mr. D. H. Smail to the position of District Manager, Te Awamutu.
- (m) The appointment of Mr. G. O. Wake to the position of District Manager, Hokitika.

33. *Rehabilitation.*—The scheme for the training of ex-servicemen referred to in my last report has proved most successful, and it is pleasing to record the very satisfactory progress that has been made by these officers since their return to duty. In addition to their efforts to make good the loss of experience due to service in the Forces, these officers have undertaken additional study to enable them to qualify in law or accountancy. During the past year 117 ex-servicemen of the Department passed one or more subjects in these examinations.

ORGANIZATION AND REPRESENTATION

34. *Representation.*—During the course of the year it has been found necessary, in order to meet the demands of the public and the Office clients and to deal more efficiently with the business of the Department, to extend the Office organization as follows : the District Manager offices at Tauranga, Ashburton, and Oamaru were converted into District Public Trustee offices. These branches were formerly under the control of the District Public Trustees at Te Aroha, Christchurch, and Dunedin respectively, but now deal direct with Head Office.

35. The part-time office at Te Awamutu has been made into a full-time office under a District Manager, and the Agency at Hokitika has been converted into a District Manager office under the control of a permanent officer of the Department. Part-time offices were opened at Inglewood, Kaikohe, and Opunake under the control of District Public Trustees at New Plymouth, Whangarei, and Hawera respectively. New Agencies of the Office under the control of non-permanent Agents have been opened at Waitara and Picton.

36. *Inspections and Audit.*—Inspections of branch offices are carried out by officers thoroughly conversant with estates administration and accounting work. These inspections materially assist in attaining uniformity of practice and maintaining a satisfactory standard in dealing with the many complex problems that arise in handling the varied types of estates which come under the control of the Public Trustee.

37. During the year it was again found necessary, owing to staff shortage of experienced officers, to divert the activities of some of the Inspectors to other work, but comprehensive inspections of a number of branches, including some of the larger ones, were carried out.

38. Consequent upon the release from the Armed Forces of a considerable number of officers with varied experience and their return to duty in the Department, full surveys were made of the organization and staffing requirements at the branches inspected with the object of enabling the services of these officers being utilized to the best advantage and the rehabilitation of the officers themselves being facilitated.

39. At all branches specially selected officers continued to carry out a system of internal audit in connection with the custody and handling of cash, securities, and other valuables. A supplementary audit of the cash transactions was performed by the Government Audit Department.

LEGAL DIVISION

40. The legal staff in Head Office now includes the Office Solicitor, the Assistant Office Solicitor, and four Assistant Solicitors. There are also stationed at the District Public Trustee offices solicitors who, in general, carry out the conveyancing work arising out of the administration of local estates, prepare wills and securities for mortgages, and deal with Magistrate's Court work. An increasingly important part of their duties is to obtain the approval of the Land Sales Court, under the Servicemen's Settlement and Land Sales Act, 1943, to sales of land and leases for terms of two years and upwards.

41. Matters of difficulty involving controversial issues or matters requiring research are, however, referred to the Office Solicitor for his opinion and direction. Except where a private solicitor is employed by the direction of a testator or the beneficiaries in an intestate estate, applications to the Court for probate of wills and orders to administer intestate estates are dealt with in Head Office, as are applications for the resealing in the Dominion of foreign grants of probate or administration to enable the administration by the Public Trustee of assets situated in New Zealand, and the sealing of exemplifications of New Zealand grants where assets of an estate administered by the Public Trustee are situated overseas. Motions or petitions to the Court on other matters arising in the course of administration of estates and trusts are also prepared by the Office Solicitor and his staff at Wellington; and all wills prepared at the branches, with the exception of those of a simple nature, are perused and checked by him.

42. During the year administration was obtained in 2,731 estates. Other Court applications for leave to take necessary steps in the administration, but not authorized by the will or other trust instrument or by statute, numbered 67. In addition, 62 exemplifications of foreign probates or letters of administration and 130 exemplifications of New Zealand grants were sealed.

43. Another part of the work of the Legal Division arises from the operation of the Workers' Compensation Act, 1922, and the Deaths by Accident Compensation Act, 1908. Not only has the Office Solicitor to represent the Public Trustee in the prosecution or defence of claims under these Acts in his capacity of executor or administrator of estates, but where compensation-moneys are recovered by private executors or administrators

or dependants under the Workers' Compensation Act in respect of claims arising out of the death of a worker, the Public Trustee is called upon to report to the Compensation Court upon the apportionment of the compensation-moneys. It is also commonly the practice of Judges of the Supreme Court to request the Public Trustee to make similar reports in respect of damages awarded under the Deaths by Accidents Compensation Act, 1908.

CONCLUSION

44. Once again I have to express my thanks for the loyal and devoted way in which my colleagues, the Assistant Public Trustees, the controlling officers of the Department, the whole of the Office staff, and the Office Agents throughout the Dominion have worked during the year. I should like to mention specially the eagerness shown by ex-servicemen and the junior members of the staff to fit themselves by education and training for a useful career in the service of the Office.

45. My cordial thanks are also due to the members of the Investment Board for their assistance in matters relating to the investment of moneys in the Common Fund.

I have, &c.,

W. G. BAIRD,

Public Trustee.

The Hon the Minister in Charge of the Public Trust Office.

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