

1948
NEW ZEALAND

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1948

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, 1948.

The Department continues to receive a satisfactory volume of new business, the total for the past year being valued at £7,702,601. Since 1939, the last normal working year prior to the war, estates under administration have increased by 1,620 in number and by £1,311,737 in value. In spite of the increase in volume and turnover of estates referred to later in the report, the number of the staff has shown no increase. As at the 31st March, 1939, 973 officers were employed, whereas at the same date this year the number actually engaged at Head Office and the various branches was 935.

Public confidence in the Department is reflected in the large number of wills made appointing the Public Trustee executor. Last year 6,820 wills were made, augmenting the total on deposit to 139,791.

The services of the Public Trust Office, as the report discloses, are employed in a wide variety of ways, and the Department efficiently performs a very useful function in the community.

H. G. R. MASON,

Minister in Charge of the Public Trust Office.

Wellington, 17th August, 1948.

REPORT OF THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31st MARCH, 1948

Public Trust Office, Wellington C. 1, 16th August, 1948.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1948.

ESTATES AND FUNDS

New estates and funds numbering 3,551 and valued at £7,702,601 were accepted for administration during the year. In addition, arrangements were made for collection by the Public Trustee of the rents from State houses, &c., in eleven towns where there is no branch of the State Advances Corporation of New Zealand.

The total estates and funds under administration as at 31st March, 1948, numbered 19,612, valued at £59,879,674. Assets and capital funds transferred or distributed during the year totalled £15,878,521.

It is one of the aims of the Public Trust Office to give prompt service and to use every reasonable effort to wind up the estates accepted for administration with efficiency and despatch. Favourable markets have enabled many hitherto unsaleable assets to be realized to advantage, with the result that in the last two years the numbers of estates wound up have exceeded the numbers accepted, with a consequent reduction in the total value of assets and funds under administration. The volume of new business and accelerated turnover, however, keep the staff fully employed.

WILLS OF LIVING TESTATORS

In the course of the year testators have freely availed themselves of the service provided by the Public Trustee's expert staff in drawing wills appointing the Public Trustee executor. New wills prepared during the year totalled 6,820, compared with 6,682 for the previous year. Many of the wills entrusted to the Public Trust Office are made by beneficiaries in estates and may be regarded as a measure of their appreciation of the services rendered in those estates.

Testators are encouraged to review their wills from time to time and to make such changes as may be deemed necessary by reason of alterations in their financial circumstances or family responsibilities. In all, 6,233 wills were redrafted during the year.

The total wills on deposit as at 31st March, 1948, were 139,791. The comparable figures were: for 1919, 24,237; 1928, 58,065; 1938, 90,474; and are indicative of the steady growth in the confidence reposed in the Public Trust Office by the people of New Zealand.

Particular care is taken in this branch of the Office work to ensure the testator's instructions are faithfully and accurately recorded in proper form. Strict precautions are taken to ensure secrecy and the safety of the executed wills, for which special accommodation is provided.

ADMINISTRATION OF ESTATES AND FUNDS

Wills Estates.—The large and increasing number of wills held on behalf of living testators has a counterpart in the volume of wills estates accepted for administration. In recent years this class of business comprised approximately one-half the new business accepted. For the year ended 31st March, 1948, 1,895 wills estates were accepted, valued at £4,275,077. The comparable figures for the year ended 31st March, 1938, were 1,453, valued at £3,234,442, illustrating the growth in both numbers and value in this class of business over the past decade.

Intestate Estates.—The number of intestate estates accepted for administration does not show very marked variation. For the year, 551 estates, valued at £413,662, were accepted. The figures for 1937–38 were 508 intestate estates, valued at £352,481. The Administration Amendment Act, 1944, which brought the law governing the distribution of intestate estates more into line with present-day needs, has been particularly beneficial in the administration of small intestate estates.

Estates of Persons under Disability.—Pursuant to the terms of the Mental Defectives Act, 1911, the estates of 738 persons were entrusted to the care of the Public Trustee during the year. The total value of this class of estate accepted for administration for the year ended 31st March, 1948, was £974,285. This branch of the work has been growing steadily for many years, as the following table will show :—

Year.				Number under administration.	Value. £
1925	..	..	..	1,170	1,363,635
1935	..	..	..	2,136	2,551,296
1945	..	..	..	3,105	3,664,246
1948	..	..	..	3,491	4,137,515

The policy adopted in these estates is to place the assets under proper protection and control, keeping the estate, as far as practicable, intact pending the recovery of the persons concerned. Incidental tasks involve arranging for the supply of clothing and extra comforts where necessary for the patients and the maintenance of their dependants.

The Supreme Court has power to appoint the Public Trustee manager of the estates of persons who do not need restraint but who for various reasons are unable to manage their own affairs. This power is frequently used, and a number of such estates are under administration.

Agencies.—Frequently persons going abroad or persons desiring relief from the responsibility of personally attending to their own affairs avail themselves of the facilities afforded by the Public Trust Office to act as their agent. The services rendered in this way are many and varied. It has been found that the principals appreciate the attention devoted to their affairs.

Other Estates.—Apart from the foregoing classes of business, the Public Trustee also acts in a fiduciary capacity in many ways, such as—

- (a) Sinking Fund Commissioner.
- (b) Trustee under settlement.
- (c) Trustee of funds awarded as damages under the Deaths by Accident Compensation Act, 1908, and compensation awarded under the Workers' Compensation Act, 1922.
- (d) Administrator of the estates of convicts and persons sentenced to terms of reformatory detention.
- (e) As representative of overseas executors and administrators in resealing and obtaining ancillary grants in New Zealand.
- (f) Administrator of unclaimed property.
- (g) Trustee for shares of minors in privately administered estates.
- (h) Trustee for benefit and relief funds derived from Public subscription.
- (i) Trustee for war-gratuity Post Office Savings-bank accounts held for minors.

While this list is not exhaustive, it illustrates the wide variety of useful activities in which the Public Trust Office is engaged. In many cases no other satisfactory guardian or custodian exists, and years of experience enable the Public Trust Office to give prompt and efficient service when the occasion arises.

ENEMY PROPERTY EMERGENCY REGULATIONS 1939

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 controlled, collected, or realized by the Public Trustee and now held amount to £95,999 18s. 9d. This sum is in addition to the £90,845 applied last year towards German reparations in terms of the Paris Agreement. 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. Provision for the disposal of the moneys held (other than for Germans, Austrians, and Japanese) is being made in pursuance of the peace treaties and by the negotiation of inter-governmental agreements.

INVESTMENTS FROM THE COMMON FUND

There has been no easing of the strong competition for investments over the past twelve months, and the large amount of money still available in the hands of lending institutions and private investors has made it most difficult to effect an increase in the flow of investments on first mortgage to the extent necessary to secure to beneficiaries an adequate return on their moneys in the Common Fund.

Having regard, however, to the position of the investment market, the Office continues to receive a fair share of the securities offering, and the amount invested on mortgage shows an increase over the figures for the preceding year. This is evidence that the office retains the confidence of mortgagors and that its terms are at least as favourable as can be obtained from other lending institutions.

Repayments during the year were again very substantial. The fact that mortgagors appreciate the opportunity of reducing their indebtedness whenever they have funds available has been reflected in increased requests for the inclusion of rights of interim repayment in mortgages being renewed and in mortgages securing new loans. These requests have been met, as far as possible.

Although a number of loans which were previously running on overdue have been renewed, there is still, notwithstanding the repeal of the Mortgages Extension Emergency Regulations, a large number of mortgagors who have not thought it necessary to stabilize their finances by obtaining renewals. No doubt this is due, in many cases, to the present buoyant conditions and to the knowledge that well-secured loans can be refinanced without difficulty should the necessity arise.

FINANCE

Investment of Funds.—The new investments completed during the year, excluding short-term deposits, totalled £2,827,416, compared with £2,260,826 for the year ended 31st March, 1947, an increase of £566,590. In last year's report reference was made to the increased activity in local bodies' loans work and to the expectation that additional loan-money would be required in the near future when building and development work was undertaken in increasing volume by local authorities. That expectation has been realized, as is evidenced by the fact that during the year under review almost £250,000 has been advanced to local authorities.

The total investments completed by the Office and still held at 31st March, 1948, inclusive of those held on behalf of certain estates and funds whose moneys are required to be specially invested, totalled £34,877,040, which represents a decline of £7,041,657 when compared with the total investments held at 31st March, 1947. The decline is more than accounted for by the withdrawal, pursuant to the provisions of the New Zealand Loans Amendment Act, 1947, of Government securities totalling £8,038,000 held by the Public Trustee on behalf of the Public Debt Redemption Fund and applied in reduction of the Public Debt.

Annual Accounts.—It was indicated in last year's report that the time had arrived when, owing to increased working-expenses, an adjustment to the scale of Office charges could no longer be avoided. On the 24th September, 1947, amending regulations were made, the main effect of which was to increase the respective rates of commission on realization and transfer of estate assets, while certain adjustments were also made in the rates for the collection of income. The new rates came into force on the 1st October, 1947—i.e., they applied for half of the year—and they account for the increase shown

in the gross earnings of the Office for the financial year under review. On the other hand, most items of expenditure were heavier, the main one being salaries, due to the general salary increase of £25 per annum to the Public Service from the 1st October, 1947. The final result of the year's working, after making provision for depreciation on Office property, &c., was a loss of £2,446, which, in view of the fact that the increased Office charges applied for only half of the year, can be regarded as satisfactory. The loss has, in accordance with the provisions of the Finance Act, 1929, been charged to the Office Assurance and Reserve Fund.

Advances to Estates and Beneficiaries.—Full advantage continues to be taken of the facilities whereby, under statutory provisions, the Public Trustee is able to advance money to estates and beneficiaries on the security of the assets of, or of a vested interest in, an estate administered by him. Subject to the security being adequate, this provision enables any immediate liability in an estate to be satisfied without making a hurried realization of assets which it may be desired to retain. Some of the benefits which accrue to estates and beneficiaries when this method of finance is adopted are the absence of legal costs, the low rate of interest, the promptness with which the advance is made, and the right of repayment without notice.

For land-tax purposes, an advance by the Public Trustee to an estate which owns land is treated in all respects as though it were secured by a registered mortgage, a certificate by the Public Trustee regarding the amount advanced being accepted by the Commissioner of Taxes as sufficient evidence of the advance.

On 31st March, 1948, the total amount of current advances by the Office to estates and beneficiaries was £505,710.

Local Bodies' Sinking Funds.—The Public Trustee is the Sinking Fund Commissioner for a large number of loans raised by various local bodies, the total amount held at credit of the sinking funds at 31st March, 1948, being £3,869,497. In many cases a consolidated sinking fund established under a conversion order made in terms of the Local Authorities Interest Reduction and Loans Conversion Act, 1932–33, is encroached upon each year in order to supplement the annual contribution by the local body concerned for the purpose of redeeming some of its debentures. In other cases the sinking fund is accumulated in order to provide a fund for the redemption of a loan the whole of which matures on one date. Under either of these, the advantages of investment in the Common Fund are most pronounced. The regular additions to the sinking fund are credited with interest from the date of receipt, the funds are available in liquid form on the date on which they are required to redeem debentures, and are credited with interest up to the date on which they are disbursed. In some instances, very large sums are required to be made available, necessitating careful planning in relation to the investment of the moneys in the Common Fund.

Safe-deposit Lockers.—Inquiries for the leasing of safe-deposit lockers, which are installed at the Head Office and at many of the branches of the Department, continued steadily during the year. The rental of these lockers is moderate and lessees may gain access at any time during business hours.

Every precaution is taken to afford clients a full measure of protection, and with the risk of fire and burglary in private houses and insecure premises, the safe-deposit-locker system for the storage of documents and other valuables possesses outstanding advantages.

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, 1948, the capital amount of deposits held under this Act on behalf of sixty-one companies was £1,701,660. The interest on this sum is paid at regular intervals to the companies concerned.

When the provisions of the Workers' Compensation Amendment Act, 1947, come into full operation in 1949, every insurance company which has a deposit with the Public Trustee in respect of employers' liability insurance business and which will no longer be engaged in that class of business will be entitled to withdraw that deposit upon satisfying the Public Trustee that all relevant liabilities have been liquidated or provided for.

STAFF

The nature of the work performed by the officers of the Department is varied and involves many difficulties and technicalities. A knowledge of the principles of law and accountancy relating to estates administration is essential, and officers are encouraged to qualify in these subjects. A staff-training scheme has been carried out for many years, and this ensures that officers obtain a sound grounding in their duties and enables junior officers to fill more senior positions as the occasion arises more readily than would be the case if no training was carried out. The high standard of education attained by the members of the staff is illustrated by the list hereunder setting out the professional qualifications held :—

Passed LL.M. Degree	..	..	..	..	..	13
Passed LL.B. Degree	..	..	..	..	..	33
Passed Law Professional Examination	..	..	..	..	..	47
Passed M.A. Degree	..	..	..	..	..	3
Passed B.A. Degree	..	..	..	..	..	3
Passed B.Com. Degree	..	..	..	..	..	26
Passed Accountants' Professional Examination	..	..	..	..	..	157

As a result of retirements on superannuation, of appointments to positions in other Departments, and of the resultant promotions within the Department, there has been a considerable movement of officers during the year. In view, however, of the cost involved in transferring officers and the difficulty of the housing situation, every endeavour is made to restrict transfers, so far as is practicable.

Although the volume of business accepted for administration has been steadily rising and the difficulties of administration have been added to as a result of war legislation, the staff has not been increased proportionately. On the contrary, there has been a reduction in the number employed. As at the 31st March, 1939, the last normal trading year prior to the war, the number of officers employed by the Department was 973, whereas at the same date this year the number actually engaged at Head Office and the various branches was 935, a reduction of 38.

It is pleasing to record the satisfactory way in which ex-servicemen have settled back into civilian life and after a comparatively short period of training have assumed responsible positions within the Department. In a remarkable degree, through their own keenness, they have made substantial headway in overtaking the loss of experience caused through their absence in the Armed Forces. So far as the officers of this Department are concerned, it can be said that their rehabilitation is complete. Most of these ex-servicemen, as in the case of other officers, have qualified either in accountancy or law or are pursuing studies to this end.

ORGANIZATION AND REPRESENTATION

Representation.—In pursuance of the policy of extending the operations of the Office to meet the demands of the public and Office clients, part-time offices have been opened at Ohura and Oxford under the control of the District Managers at Taumarunui and Rangiora respectively. Agencies under the control of non-permanent Agents have been opened at Morrinsville, Putaruru, and Wyndham.

Representation Overseas.—For many years the services of the offices of the High Commissioner for New Zealand in London have been employed in connection with the administration of assets in the United Kingdom and in tracing overseas beneficiaries. This service has recently been strengthened by the appointment of an experienced officer of the Department from New Zealand, with beneficial results.

Inspection and Audit.—A comprehensive system of inspection and supervision is maintained to ensure that the work of the many branches throughout the Dominion is kept at a high standard. The inspections cover all the main phases of the organization, systems and work of the Office, including accounting and cash arrangements, management and realization of assets, and the administration of agencies, businesses, farms, and all classes of estates. Systems are regularly reviewed and efforts are constantly directed towards securing the most efficient and economical methods of administration.

A comprehensive internal check of cash, securities, and valuables was maintained continuously at every branch by specially selected officers. This was supplemented by the audit of cash transactions by the Audit Department.

The steady expansion of business has increased the scope and importance of the inspection work. Opportunity was taken during the year to replace the officers who had been diverted to other duties during the war when there was an acute shortage of trained staff. The inspections made throughout the year show that, despite the staffing difficulties, the standard of work has been well maintained.

LEGAL DIVISION

An important part of the work of the legal staff is the preparation of wills, including revisions of existing wills to meet changes in the circumstances of the testators or in general economic conditions. With a few exceptions this work is done by legal officers stationed at the various district offices: but all save very simple wills are checked by the legal staff in Head Office. The district legal officers also carry out the greater part of the conveyancing work arising out of the legal administration of estates, prepare securities for mortgages, and deal with Magistrates' Court work and applications for approval by the Land Sales Court of sales of land and leases for terms of two years or more. Matters requiring research or questions which involve controversial issues and numerous matters of legal difficulty are referred to the Office Solicitor at Wellington.

Generally speaking, the Office Solicitor also is responsible for applications to the Court for probate of wills and orders to administer intestate estates, as well as applications for resealing in New Zealand of foreign grants of probates or administration, to permit of the administration by the Public Trustee of assets situated in New Zealand. Where assets of an estate administered by the Public Trustee are situated abroad, the Office Solicitor attends to the sealing of exemplification of the New Zealand grant of probate or administration, for use in the foreign Court. Where, however, a private solicitor is employed by the direction of a testator, or of the beneficiaries in an intestate estate, the applications for probate or letters of administration, and any incidental legal work, are entrusted to the solicitor. The Office Solicitor and his staff at Wellington also prepare the papers for and attend before the Court on the hearing of motions or petitions on matters arising in the course of administration of wills or trusts.

During the year, administration was obtained in 2,367 estates. Applications to the Court for leave to take necessary steps in the administration of estates or trusts, but not authorized by the will or trust instrument or by statute, numbered 84. In one case it was necessary to file a certificate under Part IV of the Administration Act, 1908, electing to administer the estate as insolvent. Forty-three exemplifications of foreign probates or letters of administration and 100 exemplifications of New Zealand grants were also sealed.

CONCLUSION

It gives me great pleasure to record my appreciation of the assistance and loyal services which have been rendered by the Assistant Public Trustees and the energy and zeal of the staff generally and of the Agents of the Office throughout the Dominion, who have not spared themselves to ensure that the work of the Department has been carried out efficiently and with despatch. Cordial thanks are also due to the members of the Investment Board for the assistance they have given in the consideration of applications for loans from Office funds during the year under review.

I have, &c.,

W. G. BAIRD,

Public Trustee.

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

Approximate Cost of Paper.—Preparation, not given; printing (1,163 copies), £18

By Authority: E. V. PAUL, Government Printer, Wellington.—1948.

Price 6d.]