

SESSION II.
1918.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1918.

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, 1918.

The chief matters appearing in the report to which attention may be directed are,—

1. The profit of £68,602 on the year's working of the Office, after making due provision for depreciation of buildings, equipment, &c.
 2. The increase of 2,981 in the number and £2,087,448 in the value of the estates, agencies, &c., under administration.
 3. The increase of £1,184,931 in the investments controlled.
 4. The excellent position of the finances generally.
 5. The growing confidence reposed in the Office by the public, as evidenced by the large increase in the number of estates reported for administration and of wills deposited for custody.
 6. The improvements in the Office organization and practice which have been effected by the Public Trust Office Board.
 7. The abnormal expansion of the work in connection with soldiers' estates and agencies.
 8. The difficulty of maintaining an adequate staff of skilled officers.
 9. The reorganization of (a) the accounting work, (b) the correspondence work.
 10. The progress made in the inspection of the District and Branch Offices of the Department.
 11. The purchase of new premises to meet the growing demands of the Office.
- 1—B. 9.

12. The extension of the principle of decentralization by the appointment of—
 - (a.) Assistant Local Deputy Public Trustees :
 - (b.) District Accountants at Auckland, Wellington, Christchurch, and Dunedin :
 - (c.) District Solicitors at Auckland and Christchurch.
13. The establishment of six new agencies of the Office.
14. Reference to improved methods to be adopted in the accountancy work by the further application of machine processes.
15. The necessity for the introduction of further improvements in the organization by—
 - (a.) The establishment of a Chief Inspector's Division to control the inspection of the Branch Offices and to secure a regular review of the administration of all estates :
 - (b.) The establishment of a statistical section of the Chief Accountant's Division :
 - (c.) The further extension of decentralization as soon as the necessary legislative sanction is obtained.
16. Encouraging outlook for the future.

J. G. WARD,
Minister of Finance.

Wellington, 31st October, 1918.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31st MARCH, 1918.

SIR,—

I have the honour to submit a report covering the operations of the Public Trust Office during the year ended 31st March, 1918.

It is gratifying to record that notwithstanding the abnormal conditions which have prevailed during the year as the result of the continued state of war, the progress of the Office has been well maintained.

The transactions of the year have constituted a record so far as the profits earned are concerned, and it has also been possible to avoid any curtailment of the services rendered to the public, notwithstanding the depletion of the staff through enlistments and by the operation of the Military Service Act.

The business of the Department is of an exceedingly varied and complicated character, and the assets it is called upon to manage and to realize comprise the whole range of the community's activity.

The war has added further responsibility in the management of soldiers' estates and enemy subjects' affairs, and it is pleasing to be able to report that the Department has fully met that responsibility and has carried out its duties in a successful manner.

The expansion of business, of which this report affords evidence, together with the constant withdrawal of trained men from the service of the Office, has imposed very serious strain and anxiety on those officers who have remained to carry on the work, and it affords the Board great pleasure to testify to the loyal and unremitting exertions of the staff.

FINANCIAL.

Since the previous annual report was published the assets have increased by more than £2,000,000.

The figures for the past five years are as follows :—

Year.				Amount.
1914	..	..	..	£12,282,883
1915	..	..	..	£13,580,936
1916	..	..	..	£13,598,744
1917	..	..	..	£15,065,583
1918	..	..	..	£17,153,031

The small increase shown in 1916 is due to the fact that the Public Service Superannuation Fund, totalling £769,695, was withdrawn on the 1st January, 1916, and placed under the separate management of the Public Service Superannuation Board.

It is worthy of note that the value has been more than trebled in ten years.

The balances at credit of estates and accounts on the 31st March, 1918, amounted to **£9,004,057**, an increase of nearly a million pounds on the preceding year's figures.

For the past five years the amounts are,—

1914 ..	..	..	..	£6,366,707
1915 ..	..	..	..	£7,096,420
1916 ..	..	..	..	£7,082,888
1917 ..	..	..	..	£8,058,886
1918 ..	..	..	..	£9,004,057

PROFITS.

The profits on the past year's business amounted to £68,602—a record; and it is anticipated that the business for the year 1918–19 will be equally profitable.

The figures for the past five years are,—

1914	..	..	..	..	£29,222
1915	..	..	..	..	£32,508
1916	..	..	..	..	£46,108
1917	..	..	..	..	£58,862
1918	..	..	..	..	£68,602

The interest credited to estates during the past five years is,—

1914	..	..	..	..	£230,062
1915	..	..	..	..	£256,806
1916	..	..	..	..	£281,700
1917	..	..	..	..	£287,818
1918	..	..	..	..	£317,633

BONUS.

Since 1915 the Department has shared the profits with its clients, and after making provision for an adequate addition to the Reserve Funds and the proper maintenance of the buildings and plant a bonus of £30,000 has been paid for the year under review. This is the third bonus—the total amount credited to the estates amounting to £82,000.

INVESTMENT OF FUNDS.

The total of the funds invested by the Office rose from £7,651,978 on the 31st March, 1917, to £8,836,909 on the 31st March, 1918, representing an increase of £1,184,931 for the year.

£8,694,066 were investments of amounts from the Common Fund of the Office—an increase of £1,162,572 over the amount for the previous year.

£142,843 were special investments of amounts on behalf of estates under administration—an increase of £22,359 over the amount for the previous year.

The following table will indicate the classes of securities upon which the amounts have been advanced :—

	£
Investments in Government securities	690,270
Advances to local bodies	1,161,101
Advances on mortgages of freehold properties ..	6,500,334
Advances against the vested shares of beneficiaries in estates	295,154
Land-settlement finance debentures	77,194
Fixed deposits at banks	3,048
Freehold property, office furniture and equipment ..	109,808
	<hr/>
	£8,836,909

The total interest earned on investments from the Common Fund was £431,041, as compared with £369,311 earned in 1916–17. This satisfactory result is attributable partly to the ordinary increase in the amounts falling into the Common Fund, and partly to the close investment of the funds during the year.

The applications for loans have greatly exceeded the funds available for investment, and the Board has thus been able to ensure that moneys shall be advanced only on first-class securities.

The sum of £450,000 was contributed to the War Loan during 1917–18.

The Public Trust Office has continued to act as agent of the Public Service Superannuation Board in the collection of interest on mortgages granted by that Board. The total of the amounts collected under this heading was £52,793.

ASSURANCE AND RESERVE FUND.

The Public Trust Office Acts provide for the transfer of profits to the Assurance and Reserve Fund, which was established for the purpose of meeting any deficiency that might arise in the working of the Office.

The balance-sheet shows an amount at credit of this fund of **£194,727**, and this will be increased by over £21,000 by the transfer of the balance at credit of Profit and Loss Account after the payment of £30,000 by way of bonus to the estates under administration.

The growth of this fund has been rapid, as the figures for the past five years will show :—

1914	..	..	..	..	£112,209
1915	..	..	..	..	£139,721
1916	..	..	..	..	£177,416
1917	..	..	..	..	£186,554
1918	..	..	..	..	£216,090

The total amount at credit is invested in the ordinary securities of the Office.

INVESTMENT FLUCTUATION RESERVE FUND.

This fund now has the sum of £24,373 at credit to meet any possible losses the Department may be called upon to face by reason of depreciation in its securities. Since the fund was created no call has been made on it, and the amount at credit has been steadily increasing.

The figures for the past five years are,—

1914	..	..	..	..	£7,915
1915	..	..	..	..	£11,439
1916	..	..	..	..	£15,047
1917	..	..	..	..	£19,344
1918	..	..	..	..	£24,373

The total amount at credit is invested in the ordinary securities of the Office.

INVESTED PROFITS.

The whole of the premises, furniture, and equipment of the Department, of a total value of over £100,000, has been paid for out of profits earned in past years, and these assets, combined with the amount at credit of the Reserve Funds, place the Department in a position of financial soundness.

SINKING FUNDS.

The Public Trustee acts as Commissioner in the case of 685 sinking funds of various local bodies. The total value of such funds as at the 31st March, 1918, was £305,558 16s. 5d. There are also fifteen Government sinking funds, totalling £3,020,976 9s.

SUPERANNUATION FUNDS.

On the 31st March, 1918, the value of the Government superannuation funds invested in the Common Fund of the Office was as follows: Government Railways Superannuation Fund, £362,701 8s. 10d.; Teachers' Superannuation Fund, £439,378 12s. 8d.

The Office also holds funds paid in under the Civil Service Act, 1908, and Post and Telegraph Act, 1908, totalling £13,466 17s. 5d., and the sum of £1,091 6s. 11d., being deferred pay from ratings of the New Zealand Naval Forces.

The balance at credit of the National Provident Fund was £171,953 2s. 9d.

Three superannuation funds have been constituted under the Local Authorities Superannuation Act, 1908, the total amount at credit being £37,683.

SETTLEMENT UNDER THE LAND SETTLEMENT FINANCE ACT, 1909.

The Act was passed to promote closer settlement by enabling groups of not less than five persons to buy freehold property for subdivision among them, and to raise the purchase-money by the issue of debentures guaranteed by the Government. On the 31st March, 1918, there were forty-four such associations, the total value of their holdings being £568,555 3s. 6d.

Experience of the working of the Act has demonstrated that certain amendments are desirable, and these will be formulated at the first suitable opportunity.

CHANGE OF CONTROL.

During the year the position of Public Trustee became vacant through the retirement of Dr. F. Fitchett, C.M.G., who had held the position since 1910.

Upon his resignation an important change in the control of the Department took place through the passing of the Public Trust Office Amendment Act, 1917. The Act provided for the appointment of two Assistant Public Trustees to be associated with the Public Trustee in the administration of the Office. In pursuance of these provisions the following appointments were made by the Governor-General in Council:—

Public Trustee: Robert Triggs (formerly Assistant Public Service Commissioner).

Assistant Public Trustees—

T. S. Ronaldson (formerly Deputy Public Trustee).

J. W. Macdonald (formerly Solicitor to Public Trust Office).

It was further enacted that the Public Trustee and the Assistant Public Trustees should together constitute the Public Trust Office Board, with the Public Trustee as Chairman.

POWERS OF THE BOARD.

This Board replaced the Public Trust Office Board which had existed prior to the passing of the Act, and which consisted of the Minister of Finance, certain officers of the Public Service, and two non-service members.

The two main classes of business dealt with by that Board were,—

(a.) The consent to the acceptance by the Public Trustee of any administration, agency, or other appointment under the Public Trust Office Act.

(b.) The approval of investments of moneys held by the Public Trustee in the Common Fund of the Office.

In addition, the Board determined questions relating to sales of property and complaints, and considered such general matters affecting the Office as were referred to it by the Public Trustee.

The new Public Trust Office Board enters much more largely into the administration of the Office than was possible in the case of the old Board, meeting as it did at weekly intervals only. With the exception of the matters referred to under (b) above, the new Board performs all the functions of the old Board, and also acts in an advisory capacity with respect to all such matters relating to the administration of the Office as may be referred to it by the Public Trustee or the Minister of Finance.

THE PUBLIC TRUST OFFICE INVESTMENT BOARD.

The control of the investment of moneys from the Common Fund, as referred to under (b) above, is exercised by a Board known as the Public Trust Office Investment Board, the constitution of which conforms closely to that of the former Public Trust Office Board, with the important exception that no non-service member now sits on the Board. This Board also was created by the Act of 1917.

ACTIVITIES OF THE PUBLIC TRUST OFFICE BOARD.

The Public Trust Office Board assumed office on the 10th October, 1917. Since that date the administration of the Office has demanded the close and constant attention of the Public Trustee and the Assistant Public Trustees.

The Board has met at almost daily intervals, and has thus been able to deal promptly with the matters requiring attention. It has been found that the prompt consideration and despatch of business by the Board has had an excellent effect on the work of the Office.

Shortly after the Board took office action was taken to define the matters which should be referred by Divisional Heads and District Officers for decision, and as a result the volume of the business transacted by the Board has shown a constant increase. It is felt that close association of the Board with the administration of estates and with the conduct of the Office work generally has resulted in increased efficiency and in the adoption of improved and economical methods of administration.

APPORTIONMENT OF CONTROL.

An apportionment of control as between the Public Trustee and the Assistant Public Trustees was decided upon shortly after the Board took office.

The Public Trustee retains general control of the staff and organization of the Office, including all matters affecting the District Offices, the work of the Accounting and Inspectorial Staffs, and the purchase and maintenance of Office premises. The Assistant Public Trustees exercise supervision and control over the several administrative divisions of the Head Office. The Controllers of Divisions have been made directly responsible to the administrative heads for the conduct and discipline of their staffs and the efficient performance of the work.

ABOLITION OF POSITION OF SECRETARY.

Direct access of heads of divisions to the administrative officers having been established, the position of Secretary to the Public Trust Office became unnecessary, and the officer who had hitherto occupied that position was transferred to the position of Inspector.

CO-OPERATION OF OFFICERS.

The Board has met collective groups of officers with regularity for the purpose of fully discussing different phases of the administration, and it is specially pleased to acknowledge the interest displayed by the staff in these gatherings and the good effects which have resulted therefrom.

STAFF.

On the 31st March, 1918, 130 officers out of the total permanent male staff of 275 had been accepted for military service. The Board records with deep regret that thirteen of these officers have been killed in action or have died of wounds.

Many important staff changes have been effected as a result of the re-organization of the work of the Department.

On the appointment of Mr. J. W. Macdonald as Assistant Public Trustee Mr. E. P. Hay was promoted to the vacant position of Office Solicitor.

The transfer of Mr. A. Purdie from the position of Secretary to that of Inspector has been referred to above.

Mr. W. M. Barr, formerly Accountant to the Department, has been transferred to the position of Inspector.

A new position of Chief Accountant was created, and has been filled by the appointment of Mr. M. C. Barnett.

Mr. Charles Zachariah, District Manager at Wellington, has been raised to the status of Local Deputy Public Trustee, Wellington.

The Head Office Branches formerly known as Wills I and Wills II have been amalgamated, and Mr. G. P. Purnell has been placed in charge of the combined Division with the title of Controller.

Mr. E. O. Hales, who held the position of Officer in Charge of Wills I Branch, has been transferred to the staff of Inspectors.

It became necessary during the year to sever the Intestacy Division from the Soldiers' Division. Mr. A. C. Bretherton has been placed in charge of the former Division, and Mr. T. E. Roberts retains control of the latter Division.

The following statement shows particulars of the staff employed on the 31st March, 1917 and 1918 respectively:—

				31st March, 1917.	31st March, 1918.
Permanent—					
Public Trustee	..	..	..	1	1
Assistant Public Trustees	..	..	..	1	2
Professional Division	..	..	..	11	10
Clerical Division	..	..	..	254	283
General Division	..	..	..	55	86
				322*	382†
Temporary	..	..	..	76	151
Totals	..	..	..	398	533

* Including 70 on active service.

† Including 107 on active service.

The principal factors which have contributed to the increase in the number of the staff employed are,—

- (a.) The marked expansion in the Department's business during the year:
- (b.) The rapid growth in the work of administering estates of deceased soldiers, and the agency work performed for soldiers on active service:
- (c.) The depletion of the skilled staff of the Office, involving the appointment of temporary officers who are less familiar with the details of the work.

APPEALS FOR EXEMPTION FROM MILITARY SERVICE.

The Board regretfully found itself compelled to appeal for the exemption of some of its staff from military service, but appeals were lodged only in the case of those officers who were regarded as essential for the conduct of the Department's work.

The process of substituting temporary officers for permanent officers called up for military service was carried as far as possible, but in a Department which administers assets to the value of over £17,000,000, controls the investment of funds of a total value of nearly £9,000,000, and stands in a fiduciary relation to all classes of the community, it is clear that there is a limit to the possibility of such substitution.

Before the war the shortage of skilled staff had become apparent.

In the report of the Commission which investigated the working of the Office in 1912 the Commissioners, Messrs. Alexander Macintosh and J. H. Hosking (now His Honour Mr. Justice Hosking) referred to the matter in the following terms:—

The staff is insufficient in numbers in the skilled departments and is greatly overworked. The extent of overtime worked indicates the inadequacy of staff, and also renders it impossible to get the best work out of it during the day. The undermanning particularly applies to the skilled staff.

The difficulty to which reference was made by the Commissioners has been experienced in an aggravated form by the Board during its year of office, and has rendered the staff problem extremely difficult of solution.

OPERATION OF THE PUBLIC SERVICE ACT.

Those who entrust their affairs to the Public Trustee have a right to expect safety, efficiency, and expedition in the conduct of their business. To ensure this the staff must be maintained at a high standard.

The Public Trust Office is a unique institution. Its work is highly skilled and technical, and the number and complexity of the problems which daily arise for solution make it essential that a staff adequate in numbers, possessing ability and aptitude in a marked degree, and thoroughly equipped with special knowledge of law, accountancy, or business practice should be provided to cope with the work. These requirements—(a) The provision of a skilled technical staff for the more professional portions of the Department's work; (b) the recruiting of special talent and experience for the business side of the Department's activity—render it imperative that those responsible for the Department should possess complete freedom in its administration, and particularly the power to properly remunerate those in its employ, and to take measures to recruit the staff whenever necessary.

Accretions to the staff have never kept pace with the expansion of the business. Five years ago it was reported, as referred to above, that the skilled staff was insufficient, and the position then disclosed still exists.

The Board reports that its experience of the working of the Department over a period of several months has demonstrated that the conditions essential to its well-being cannot be realized whilst the provisions of the Public Service Act control the employment of officers of the Public Trust Office. However suited the Act may be to the needs of those general Departments of the Public Service where the work is more or less routine in character and stationary in volume, its operation in such a Department as the Public Trust Office, where the work is highly specialized and complex in character, and manifests a rapid and continuous expansion in volume, impedes the safe and efficient conduct of the Department.

The delays which in many cases have arisen in making appointments to the staff have been vexatious and discouraging, and have hindered the development and added to the cost of working the Department through the Board having been constrained to make temporary arrangements to carry on the work.

TRAINING OF STAFF.

It has become evident that before long some comprehensive and organized scheme for the training of officers must be embarked upon. The demand for skilled and qualified officers is rapidly outrunning the supply, and, as the Office cannot fairly expect to be permitted to deplete other Government Departments of their qualified men, it must face the question of training the junior officers now in its employ to fill the more technical positions in the future. The definite lines on which such training should proceed have not yet been determined, but the Board has given some preliminary consideration to the matter, and hopes to prepare a detailed scheme, and bring it into operation as soon as circumstances will permit. This will involve the expenditure of a considerable sum of money, but owing to the growth of the Office and the scarcity of trained men there seems no other course to adopt.

OVERTIME.

For many years past an inordinate amount of overtime has been worked by officers of the Department. The Board has been able to effect a substantial reduction in the overtime without interfering with the efficiency or despatch of the work. The reduction is in excess of £100 per month.

WOMEN OFFICERS.

One outstanding feature of the war period has been the extent to which women officers have been employed to carry out work hitherto performed by men. The women officers employed in the Head Office and District Offices of the Department on the 31st March numbered 163.

In order that the women officers on the staff might have a regularly constituted channel of communication with the Board a "Women's Welfare Committee," consisting of ten members, elected by clerical officers and by shorthand-writers and typists in equal proportions, has been set up to make any necessary representations from time to time regarding the welfare of the women staff.

REVIEW OF SALARIES OF TEMPORARY OFFICERS.

A review of the salaries of all temporary officers, both in the Head Office and at District Offices, has been carried out, and such officers are now paid the value of the work performed by them. The subsequent increases which they will receive subject to their work and conduct proving satisfactory, and the maximum amounts which will be paid to them whilst in their present positions, have been finally determined.

CREATION OF NEW AGENCIES.

During the year additional Agents of the Office have been appointed at Marton, Taumarunui, Te Aroha, Te Kuiti, Thames, and Whakatane.

The Agency at Gisborne has been terminated, and a District Office under the charge of a permanent District Manager has been opened.

SITES, BUILDINGS, AND PREMISES.

Sites for the erection of office premises have been acquired at Napier and Palmerston North.

NEW PREMISES REQUIRED.

New office premises are urgently required at Christchurch, Palmerston North, Masterton, Hamilton, Napier, and Gisborne.

Draft plans for the Masterton and Palmerston North offices have been prepared by the Government Architect, but it is probable that the erection of the buildings must be deferred until conditions are more favourable.

The Board has endeavoured to determine the general requirements of District Offices in order to evolve a plan which will serve in its general features as a standard for all buildings erected by the Department in future.

ALTERATIONS TO EXISTING OFFICES.

Alterations to existing offices have been carried out at Auckland, Christchurch, New Plymouth, and Nelson. The work was in each case necessary to afford the staff proper accommodation and facilities for the performance of their work.

The alterations have enabled the staffs to be grouped and the controlling officers to take their places in positions where supervision can be properly exercised.

Alterations at Dunedin and Wanganui are also contemplated.

ALTERATIONS TO HEAD OFFICE BUILDING.

Alterations of an important and far-reaching character have been carried out in the Head Office building at Wellington. The marked expansion in the business of the Department had rendered the existing accommodation inadequate, and outside premises had been leased to accommodate the Wellington District Office staff. Some relief was afforded through the vacation of the top floor of the main building by the Government Statistician. As the Board felt that a considerable economy of space could be secured by a rearrangement of the accommodation, conferences were held with the principal officers of the various divisions, and the requirements were fully discussed. It was recognized that any scheme of internal alterations should include the provision of a large and speedy elevator. Plans of the alterations finally decided upon were prepared, and a contract for the work was let.

The top floor of the building has been converted into a tea and luncheon room for the use of officers generally and a rest-room for the use of the women staff. Extensive alterations were made on the first and third floors, and have enabled the staff of the Department to be much more suitably arranged. The new elevator has proved of very great assistance in reducing the traffic on the stairways of the building. A fire-escape has been constructed at the eastern end of the building.

In carrying out these alterations the Board has recognized that the comfort and convenience of the staff must proceed hand in hand with the discipline and organization. The work was carried out with a minimum of inconvenience to the staff and with very little disorganization of the work of the Department.

ACQUISITION OF ADDITIONAL PREMISES.

It was found that the improved accommodation was still inadequate to contain the whole of the Department's staff. To provide accommodation for the Intestacy Division on its severance from the Soldiers' Division it was found necessary to lease additional premises. The necessity of consolidating the record system also involved the provision of additional accommodation. It was therefore decided to purchase the building at the corner of Stout and Ballance Streets, in order to afford the necessary additional space. The ground floor, on completion of the necessary alterations, was occupied by the Local Deputy Public Trustee, Wellington, and his staff.

When the existing tenancies on the first and second floors of the new building have been terminated the premises will be remodelled. It is proposed to locate the Soldiers' Division on the first floor and to allot the second floor to the Records Staff of the Office. A large room for the typewriting staff and another for the machinists' staff will also be provided. This rearrangement will enable the Intestacy Division to be brought into the main building.

INTERNAL TELEPHONE SYSTEM.

An internal telephone system has been installed in the Head Office building by the Post and Telegraph Department. The exchange has worked satisfactorily, and has proved of great assistance in providing rapid communication between the various divisions of the Office and the public. Arrangements have been made for the extension of the system as soon as the newly acquired premises are brought into use.

OFFICE ORGANIZATION.

The stress under which the Department had worked for a considerable time past was reflected in the organization and in the conduct of the business when the Board took office. Comparatively little progress had been made in the introduction of modern commercial methods.

The current work of administration has been so heavy that little opportunity has existed for officers to keep themselves posted in the latest developments of office practice and the wider aspects of office organization.

The absence of proper instruction-books, such as one finds in well-organized Departments, has seriously retarded the progress of new appointees. This defect has also reacted upon the senior officers, who, through the inexperience of junior officers, have been largely occupied with routine duties, leaving them no time for general supervision. Heads of Divisions and other controlling officers have now been encouraged to divest themselves of routine duties and to concentrate on the work of supervision and instruction. The Board has pleasure in recording a marked improvement in this respect.

Both in the Head Office and at District Offices a general elasticity of control has been introduced so far as the character of the business of the Office will permit. Officers have been encouraged in every way possible to develop initiative, subject in every case to the exercise of a wise discretion as to the matters which should properly become the subject of a direction.

A commencement has been made with the work of preparing instruction-books, but in view of the magnitude of the task it will prove a long and difficult process. It is proposed that the instructions relating to the different divisions of the work shall be prepared separately, and that each section shall be made available for the use of officers as it is completed.

As a result of the inquiries made I ascertained that no proper instructions were in existence governing the transfer of duties from one officer to another. Controlling officers have now been directed to see that before any position is vacated the incoming officer is made conversant with all instructions relative to the duties, that a list of files requiring attention is supplied him, and that the transfer of keys is recorded.

A form of Transfer Balance Statement has been provided for use when cash is transferred.

ELIMINATION OF UNNECESSARY WORK.

It became apparent that work of an unnecessary character was being performed and that obsolete and uneconomical methods were in force. The Board has devoted as much time and attention to this matter as circumstances will permit, and has been able to effect many important and far-reaching changes which have in most cases produced an immediate effect on the work. Unnecessary work possessing no value comparable with the time and labour bestowed upon it has been discontinued, and the introduction of improved methods, and especially the employment of machine processes wherever possible, have effected much-needed improvement, besides producing in many cases valuable economies. These are referred to more particularly under the heading "Accounts."

ECONOMIES IN TYPEWRITING.

The improvements have been specially noticeable in the typewriting work of the Department. The Board appointed a committee of three women officers, who were skilled shorthand-writers and typists, to conduct a thorough investigation with a view to the elimination of all unnecessary work. The committee, after exhaustive inquiry into the work, submitted a valuable report which contained many excellent suggestions for the more economical performance of the typewriting work.

This report was submitted to Controllers of Divisions, and as the outcome all the recommendations made were given effect to.

Following on the introduction of new and improved methods in the Head Office the Board arranged for experienced women officers to visit the District Offices at Auckland, Christchurch, Dunedin, and Wanganui for the purpose of examining the work of the shorthand-writers and typists, and suggesting improvements where possible.

ISSUE OF NEW OFFICE HANDBOOK.

A new handbook containing full information regarding the Public Trust Office will shortly be issued.

Opportunity has been taken to bring under the notice of the public the facilities which exist for the appointment of Advisory Trustees to co-operate with the Public Trustee in the administration of estates. The Board is of opinion that these facilities when more widely known will be greatly appreciated by the business and farming communities.

DELAYS IN ADMINISTRATION.

A disturbing feature which occasioned grave anxiety to the Board was the existence of delays in connection with the administration of estates. This defect was especially apparent in connection with—

- (a.) Replies to correspondence from the public and from the Branch Officers of the Department:
- (b.) The rendering of statements of account to beneficiaries in estates.

These delays have existed for many years past, and were remarked upon in the following terms by the Commission which reported upon the working of the Office in 1913:—

Both as between Head Office and its agencies and as regards third parties, delay in answering correspondence and in rendering accounts are serious and existing defects which cannot be continued. These are due largely to the insufficient manning of the skilled departments, as will be apparent from our subsequent remarks on the Office organization. These defects are, we are assured, in the course of removal, but while they exist they cannot but impair efficient administration. [Report of the Macintosh-Hosking Commission, page 8.]

Some account of the delays which took place in the rendering of statements of account to beneficiaries, and the steps taken by the Board to deal with the matter, will be found under the heading of "Accounts."

Careful and searching investigation by the Board into the correspondence work of the Office showed that the serious delays which existed were largely attributable to three causes, viz.:—

- (a.) The unsatisfactory condition of the record system in the Head Office and at District Offices.
- (b.) The absence of an effective system of check in the Head Office divisions.
- (c.) The constant cross-correspondence and traffic in documents, resulting from the necessity of referring matters from Head Office to District Offices and *vice versa*.

The following paragraphs will indicate the steps taken to remedy these defects.

IMPROVEMENT OF RECORD SYSTEM.

In the past there has been a tendency to make each of the divisions in the Head Office self-contained. One effect has been to institute separate systems of records for the various divisions. Up to the year 1909 the Office possessed a centralized system of records, but in that year the records were placed in the separate divisions. This action may have resulted in some temporary advantage, but with the large increase in the volume of business it has produced some very unsatisfactory consequences.

Through the courtesy of the Secretary of the General Post Office a thorough investigation of the record work was undertaken by an experienced Record Clerk, and a report was furnished in which alternative schemes were submitted for (1), the improvement of the divisional system of records as it then existed: (2) the institution of a complete centralized system.

It was found that the scheme of centralization in its entirety could not be at once adopted through lack of adequate space to accommodate the consolidated staff. Some measure of centralization was effected by the appointment of a Supervisor of Records, to whom the Record Staff in the various divisions has been made directly responsible. The effect of the change has been beneficial to a marked degree. The full effect of the consolidation will become apparent when the segregation of the records on one floor of the building is complete.

It is proposed to amalgamate the various card indexes in one complete departmental alphabetical index.

By the adoption of the visible-card system it is anticipated there will be a considerable saving in salaries, greater convenience in handling, and increased efficiency.

REVIEW OF UNANSWERED CORRESPONDENCE.

Information which reached the Board left no doubt that unfortunate delays prevailed in connection with the correspondence between Head Office, Branch Offices, and members of the public. The Board gave early consideration to the matter, and decided that it was desirable to institute a review of unanswered correspondence, in order to locate and remove the causes of delay. The scheme which was introduced may briefly be described as follows:—

- (a.) All correspondence received in the Office is sorted into alphabetical sections corresponding with the administration sections on the various Divisions. The correspondence relating to each section is scheduled separately, one copy of the schedule being despatched to the Correspondence Clerk concerned and the other to the Controller of the Division.
- (b.) As each letter is replied to the relative entry on the schedule is marked off by the Correspondence Clerk.
- (c.) On the seventh day from the date of issue the schedule is returned to the Supervisor of Records who extracts particulars of all letters not disposed of and enters them on an "unanswered correspondence" schedule, copies of which are sent to the Correspondence Clerk and the Controller of the Division as before.
- (d.) At the expiration of a further period of one week the "unanswered correspondence" schedules are returned, and all letters still undisposed of are recorded on a "delayed correspondence" schedule, which receives the attention of the Board.

The introduction of the system has had a marked effect on the correspondence. The number of letters which find their way to the delayed correspondence schedule is exceedingly small in comparison with the total volume of correspondence received and dealt with. The Board has reason to believe that the improvement is much appreciated by clients and beneficiaries and by local officers.

In addition to the foregoing the Board instituted a system by which all incoming letters were reviewed as opened, and wherever there was any indication of delay in administration or correspondence having taken place an inquiry-slip was prepared in triplicate, one copy being forwarded to the Controller of the Division concerned, one copy to the Assistant Public Trustee responsible for the management of the particular Division, and one copy to the Public Trustee. The introduction of this system has enabled the management to take immediate action wherever required.

DECENTRALIZATION.

The Board's experience has demonstrated that a means of effectively checking the constant traffic in documents between the Head Office and District Offices and *vice versa* is to extend the principle of decentralization.

By the Public Trust Office Amendment Act, 1912, power was given to create the position of Local Deputy Public Trustee at Auckland, Christchurch, Dunedin, and some place to be selected in the Provincial District of Wellington. In pursuance of these powers officers were appointed at Auckland, Christchurch, and Dunedin in 1912; and in 1917 the fourth appointment was made by raising the status of the officer in charge of the Wellington District Office from District Manager to Local Deputy Public Trustee.

The benefits which were contemplated by the Act have not been fully realized. Delegation has hitherto been subject to several important limitations: (a) Delegation was restricted to estates of not more than £1,000 in value, except in special cases; (b) in every case statements of beneficiaries' accounts were sent to the Head Office for examination before despatch; (c) the legal work of the Office was all performed at the Head Office.

The Board has done everything possible within the limits of existing statutory powers to make the four principal District Offices self-contained. District Solicitors have been appointed at Auckland and Christchurch. District Accountants have been appointed at Auckland, Christchurch, Dunedin, and Wellington. In future the whole of the accounting work at those offices will be under the control of the District Accountants, and the necessity for rendering statements of account to the Head Office will completely disappear. Reference to this change will be found under the heading of "Accounts."

The Board has abolished the arbitrary limit of £1,000 hitherto imposed in the case of delegation of estates. In addition to delegating the administration of all new estates reported in the four principal districts, the Board has directed that many of the estates hitherto administered in the Head Office shall in future be administered by Local Deputy Public Trustees. In anticipation of the transfer of the greater portion of the administration work to the local offices it has also appointed Assistant Local Deputy Public Trustees at the four principal offices, to relieve the Local Deputy Public Trustees as far as possible of the work of office-supervision and the discipline of the staff.

The importance of having administration work performed by officers in close touch with the beneficiaries and others connected with estates cannot be over-emphasized. The Board is of opinion that decentralization should be extended at the earliest opportunity to include the more important of the remaining District Offices, but before this can be done legislative sanction will be required.

CONTROL OF ENEMY PROPERTY.

Special duties in connection with enemy property have been cast upon the Public Trustee from time to time by War Regulations. These duties have involved the creation of a branch known as the "Enemy Property Branch."

The principal functions discharged by the Public Trustee in this connection are the following:—

(a.) CUSTODIAN OF ENEMY PROPERTY.

This position is held in virtue of the War Regulations made by Order in Council dated the 3rd April, 1916, under which all property, real or personal, belonging to any enemy person, firm, or company vests in the Public Trustee as Custodian. This has involved the collection of all moneys due on goods imported from enemy countries into New Zealand and not paid for prior to the date of the regulations. Enemy goods held on consignment have been sold, and the balances remaining after the deduction of expenses have been lodged to credit of the Common Fund.

All rents, dividends, and interest payable to enemies in respect of any shares, stock, or debentures of any company incorporated in New Zealand, and all profits from any business owned by enemies, and all interest on moneys lent by enemies, are payable to the Public Trustee as Custodian.

(b.) CONTROLLER OF ENEMY FIRMS.

By regulations dated the 11th May, 1916, the control of enemy firms trading in New Zealand is vested in the Public Trustee.

Under the powers conferred by the regulations two businesses owned by enemies have been finally wound up, and the winding-up of two additional companies is practically complete. One company has been refloated as a British company.

In some instances difficulty has been experienced in collecting amounts due to such companies, the debtors displaying an evident reluctance to pay over any amounts which they consider might possibly benefit an enemy firm or company.

(c.) CUSTODIAN OF PROPERTY OF PRISONERS OF WAR.

Under regulations made by Order in Council on the 24th July, 1916, the Public Trustee may be appointed as Custodian of Property of a prisoner of war, either by the prisoner of war or by the Attorney-General.

The Public Trustee has charge at present of the estates of twenty prisoners. An officer of the Department visits the internment camp at Somes Island whenever it is necessary to confer with prisoners regarding their affairs.

(d.) REGISTRAR OF CLAIMS AGAINST THE ENEMY.

By War Regulations dated the 27th February, 1918, it is provided that every British subject resident in New Zealand, and every company or other corporation incorporated in New Zealand, shall furnish the Public Trustee with particulars of all property owned by such subject or company in enemy territory, or in territory in enemy occupation, and also particulars of pecuniary claims against enemy Governments or persons or companies resident or carrying on business in enemy territories or in territories occupied by the enemy.

Notices containing particulars of these requirements have been exhibited at railway-stations, post-offices, and other public places. Claims amounting to £45,000 have been received.

SALE OF LIQUOR RESTRICTION ACT.

The Public Trustee controls numerous hotel properties, which were considerably affected by the legislation of 1917, providing for the early closing of licensed premises and the consequent readjustment of the rentals. Many notices under the Act were served on the Public Trustee requiring him as owner of licensed premises to reduce the rental to a specified sum or accept a surrender of the lease. In most cases the lessees demanded heavy reductions in the rent.

It was decided that as a general rule the taking of a surrender on the terms imposed by the Act would be an imprudent act on the part of a trustee, having regard to the fact that in most cases a substantial sum of money would require to be found for payment to the lessee, and that the prospect of recouping the estate by a new and advantageous lease was entirely uncertain. Every case was considered on its merits, but in no single instance was it considered desirable to exercise the option to take a surrender.

With a few exceptions negotiations between the Office and the lessees resulted in satisfactory settlements being arrived at without the necessity of incurring the expense of formal arbitrations. In the few cases where formal arbitrations became necessary the results have been satisfactory from the point of view of the Office.

Generally speaking, the Act has been a difficult one to deal with, and has occasioned the Office no little anxiety in view of the very large interests involved.

WILLS DEPOSITED.

During the period of the war there has been a phenomenal increase in the number of wills of living persons deposited in the Office for safe custody. On the 1st April, 1914, the number of such wills on deposit was 6,427. On the 31st March, 1918, the number had increased to 21,050. Of these, 5,680 were received during the year under review, or at the rate of 110 per week.

The majority of the wills deposited during the war period are those of members of the Expeditionary Force. That the civilian side has nevertheless had its full share in the general result is demonstrated by the following figures :—

SOLDIERS' WILLS.

Number of wills deposited from the 1st April, 1914, to	
the 31st March, 1918	8,867
Less number withdrawn by reason of death ..	840
	<hr/>
Leaving on deposit at 31st March, 1918	8,027

CIVILIANS' WILLS.

Number of wills deposited from the 1st April, 1914, to	
the 31st March, 1918	7,342
Less number withdrawn by reason of death or	
otherwise	746
	<hr/>
Leaving on deposit at 31st March, 1918	6,596

The great bulk of the civilian wills are prepared within the office, which undertakes the preparation of wills free of charge for testators who desire to appoint the Public Trustee executor.

The wills of soldiers come to the office in a variety of ways. Large numbers are prepared by the Chaplains in the camps. At Trentham the Office maintains an office which is attended on two days a week by a member of the legal staff for the purpose of preparing wills. Many soldiers come direct to the Head Office or Branch Offices to prepare their wills before entering camp or during their final leave.

LEGAL DIVISION.

The staff (including the typing staff) numbered thirty-five at the end of the year.

The Office has been fortunate in obtaining several very capable men, most of them qualified solicitors, who have accommodated themselves to the requirements of the work and ably carried it on. The number of temporary officers is nineteen.

The rearrangement of the accommodation has enabled the staff to be disposed in a compact and convenient manner, whereas formerly it was scattered throughout different rooms unconnected with one another. The general result has been to make for greater efficiency and a better standard of discipline.

There has already been a marked benefit from the appointment of District Solicitors at Auckland and Christchurch. As the policy of decentralization develops legal officers will be stationed at other offices where the volume of business transacted warrants their appointment.

Extensive use has been made of standardized forms, the object of which is to reduce the volume of typing. The very large number of probate and administration applications dealt with by the Division affords great scope for this economy, and numerous forms have been introduced and utilized with gratifying results.

The work performed by the Legal Division is of a varied character. There is a very large conveyancing business in connection with the sale and leasing of properties and the completion of beneficiaries' titles. Applications for probate and administration are necessarily an important feature. For the year under review the number of applications to the Supreme Court for probate or orders to administer was 496, and the number of elections to administer filed (in wills estates only, and excluding those in intestacy cases) 805.

The provisions of the Public Trust Office Act, enabling the Public Trustee to deal with estates not exceeding £400 in value by filing an election to administer in lieu of obtaining probate or administration in the ordinary way, have proved of the greatest value in connection with the estates of deceased soldiers. The great bulk of such estates are of small value, and an inexpensive method of obtaining administration is therefore highly desirable.

The Legal Division has continued to advise on legal matters in connection with the administration of estates. Questions dealing with the construction of wills, and with all branches of trustee and mercantile law, are referred to the Office Solicitor by the various administration Divisions, and the number of such references is very large.

WILLS, TRUSTS, AND AGENCIES DIVISION.

The work of this Division was formerly performed by two independent Branches, known as Wills I and Wills II Branches, which were located on different floors of the building. The Branches were amalgamated on the 19th November, 1917, and the staff of the combined Divisions was concentrated on one floor.

The working-conditions of this important Division have been very considerably improved as the result of reorganization and the provision of better accommodation and equipment.

The staff of the Division has been subject to constant change as the result of the war. Out of a staff of seventy-two as at the 31st March last there were only twenty-five permanent officers, and of these only sixteen were on the staff of the Wills I or Wills II Branches on the 1st April, 1917. Of the twenty-five officers referred to, only five were senior officers, the remainder comprising cadets and typists. In spite of staff difficulties, a very large volume of work has been handled with a minimum of inconvenience to Office clients.

During the year the number of estates reported for administration was 508, and the number closed was 388. The total number of estates under administration by this Division as at the close of the year was 7,704, and the total value £7,002,691. The estates chiefly comprise those administered under wills of deceased persons (except soldiers), those administered under marriage settlements or other trust instruments, estates managed on behalf of absentees or other persons or institutions requiring the services of an agent, and estates or property of enemy persons administered under the War Regulations.

The Division also handles the Investment Agency Branch, under which, as at the 31st March last, a total sum of £476,400 was held on behalf of clients and invested in the Common Fund.

SOLDIERS' ESTATES DIVISION.

This Division undertakes—(1) The administration of the estates of deceased soldiers either under will or in case of intestacy; (2) the control of affairs of soldiers on active service.

The work has shown a large increase during the year, as the following table will indicate :—

Under administration on—	Soldiers' Estates.	Soldiers' Agencies.
31st March, 1917	1,434	364
31st March, 1918	2,698	588

Since the beginning of the war the Department has administered the estates of 4,724 deceased soldiers.

In the earlier years of the war no special organization was created to deal with soldiers' estates. The administration was conducted in the usual way by the Wills Division if the soldier left a will, or by the Intestacy Division if he died intestate. With the gradual increase in the casualties suffered by the Expeditionary Force and the consequent expansion in the work it became necessary to constitute a special division. This was effected on the 31st March, 1917, the staff then consisting of five officers.

Up to the 1st March, 1918, the Controller of the Division was also in charge of the Intestate Estates Division, but the growth of the soldiers' work made it desirable to effect a severance of the two Divisions, and this was carried out on the date quoted.

Important concessions to beneficiaries have been made in connection with the administration of soldiers' estates. A uniform commission rate of 1 per cent. on the assets realized was fixed in September, 1915. This rate is extremely low, as compared with the rates in force for other classes of estates. A further concession

was made on the 21st October, 1915, from which date all military pay of a deceased soldier, whether recovered from the Defence Department or collected from Post Office Savings-bank accounts, has been exempt from commission charges.

The fees charged in connection with soldiers' agencies vary with the duties to be performed. In every case they are purely nominal.

As an indication of the importance of the concessions made in the administration of soldiers' estates it may be mentioned that the interest credited on the surplus moneys in such estates for the year ended 31st March, 1918, amounted to £1,659, while the total commission collected by the Office for the administration of the estates during the same period did not exceed £1,073. The cost of the Soldiers' Estates Division exceeds the revenue by a considerable sum per annum.

The Board has evidence that the economical administration has proved of great benefit to the soldiers' dependants, who are often left in straitened circumstances.

Unfortunately, the administration is often unduly prolonged without any fault on the part of the Office, and this is sometimes the subject of complaint or misunderstanding on the part of beneficiaries in estates. Every soldier's pay-book contains a form of will, and it is essential that the form should be accounted for before distribution of an estate is made. The Public Trustee cannot safely proceed with the distribution until he knows whether the deceased soldier did or did not exercise the power of testamentary disposition. As a period of twelve or fifteen months, or even longer, frequently elapses between the death of the soldier and the receipt of his pay-book in the Dominion, protracted and irritating delays occur in securing final distribution of the estate.

The Public Trustee is largely powerless in the matter, but wherever possible the period of delay has been reduced. In any case where the soldier left a will in New Zealand the possibility of a subsequent disposition having been made by means of the form in the pay-book is disregarded, and an interim payment to the beneficiaries is made as soon as any of the assets are realized and the debts discharged. Moreover, under the special powers possessed by the Public Trustee certain preliminary steps, such as advertising for claims, obtaining proofs of kin, &c., can be proceeded with before it is established whether or not a will has been left.

INTESTATE AND MENTAL-PATIENTS DIVISIONS.

On the 31st March, 1918, the estates being administered by these Divisions were as follows :—

	Number.	£
Intestate	2,339	1,265,522
Mental patients	2,739	689,855
Convicts	32	8,791
Personal acts	122	25,226
Unclaimed lands and property	373	21,826
	<u>5,605</u>	<u>£2,011,220</u>

The severance of the Intestate Division from the Soldiers' Estates Division is referred to elsewhere.

Additional premises have been leased for the accommodation of this Division, as indicated on page 10.

The work of the Division has proceeded smoothly and expeditiously throughout the year.

NATIVE DIVISION.

This Division deals with the administration of the West Coast Settlement Reserves, Native Reserves, and other reserves vested in the Public Trustee under the authority of special Acts.

The Public Trustee, as statutory trustee of such reserves, undertakes the leasing of the lands, the collection of rents, and their distribution to the Native beneficial owners.

The Public Trustee is also frequently appointed by the Native Land Court as trustee of the estates of Natives under disability and Native minors, and in discharge of the duties so imposed arranges for the leasing of lands, the general management

of the estates, and the application of the income if necessary for the maintenance or advancement of the Natives concerned.

A matter of interest to the Native Division which occurred during the past year was the passing of section 24 of the Native Land Amendment and Native Land Claims Adjustment Act, 1917, by which the Public Trustee was declared a leasing authority within the meaning of the Public Bodies' Leases Act, 1908, in respect of the Auckland and Wellington Native reserves. The more favourable conditions of the leases which the Public Trustee can now offer in respect of these reserves is a decided advance, and should benefit the lessees and the beneficial owners.

The distribution to Native beneficiaries in the Taranaki District of rentals derived from the West Coast Settlement Reserves has been performed by the District Manager of the Office at Hawera.

ACCOUNTS.

As indicated under the heading "Apportionment of Control," on page 7, the accounting work of the Office has been under the direction and control of the Public Trustee.

EXAMINATION OF ACCOUNTS.

When the Board took office on the 10th October, 1917, it found a large accumulation of statements of beneficiaries' accounts awaiting review by the Examiners before despatch. Settlements in estates were greatly in arrear owing to the lack of an adequate staff of Examiners. As the position was regarded as serious, and likely to incur unfavourable comment from beneficiaries, special steps were taken to have the work immediately brought up to date. The examination staff was reinforced, and arrangements were made for the services of eight qualified accountants from other Departments of the Public Service to be placed at the disposal of the Office during the evenings over a period of eleven weeks. Before these officers relinquished the work they furnished a valuable report embodying certain suggestions for the more efficient and economical conduct of the accounting-work of the Office, and these suggestions were considered by the Department's staff of Examiners and given effect to wherever possible.

It was decided to attach to the Examination Branch certain officers of good clerical attainments but not technically trained as accountants, the object being to relieve the Examiners of the more routine portions of the work. The Board met the Examiners regularly each week and discussed with them all available measures for the overtaking of the arrears of work. At the request of the Board the Examiners prepared an exhaustive report containing suggestions for the improvement of the Office practice. Amongst the improvements which were introduced may be mentioned the following:—

- (a.) The number of handlings to which the statements of account were subjected from preparation to despatch was largely reduced.
- (b.) Full and complete instructions for the preparation of accounts were prepared, and copies were printed, and distributed to all Accounts Clerks. Attached to the instructions were *pro forma* accounts containing specimens of all classes of entries.
- (c.) An experienced Accounts Clerk was appointed to act as instructional officer.

As a result of these measures the examination work has been brought up to date.

REORGANIZATION OF ACCOUNTING-WORK.

The Board discovered certain fundamental weaknesses and anomalies in the accounting system. This important branch of the Department existed in separate sections instead of in one combined Division. The Chief Accountant, who was nominally in charge of the accounting-work, exercised no control over the officers engaged in the preparation of the estate accounts. The accounts work occupied a subordinate and unsatisfactory position. There was little opportunity for interchange of officers between Division and Division to cope with sudden fluctuations in the work. To remedy these defects the Board has centralized the control of the whole of the accounting work and staff, which is now under the direction of the Chief Accountant.

A further weakness existed owing to the place occupied by the Examiners in the organization. The Examiners were officers qualified in the law and practice of accountancy. To them all statements of account were submitted for examination before despatch. These officers exercised no control over the preparation of the account in its initial stages, although by their special knowledge and training they were eminently fitted to do so. Their function was confined to the detection of errors and omissions in the completed accounts.

It was found by the Board that the system of divorcing the Examiners from all contact with the general work of preparation produced two serious results :—

- (1.) The accounts clerks were deprived of the assistance and advice which the Examiners were in a position to afford.
- (2.) No opportunity was afforded to the Examiners to detect and remedy errors or omissions at the proper point—viz., in the initial stages of the preparation of the accounts.

The Board decided to bring the examination staff into much more intimate contact with the general accounts work of the Department, and the responsible officers were freely consulted as to the best means to give effect to the decision. As the outcome of these consultations the Board prepared a comprehensive scheme to provide for the appointment of Accountants and Assistant Accountants to the various Accounting Divisions of the Head Office and of District Accountants at Auckland, Christchurch, Dunedin, and Wellington.

The positions were advertised and appointments made by the Public Service Commissioner. All the appointees are qualified accountants by examination.

The full benefits of the reorganization will shortly become apparent, and the Board is confident that the Office has now in sight an accounting organization which, with minor alterations to accommodate the system to changing circumstances, will successfully meet any strain imposed upon it.

SEGREGATION OF ACCOUNTS STAFF.

The inadequacy of the accommodation has not permitted the complete segregation of the accounting staff, but the acquisition of additional premises and the consequent rearrangement of accommodation will enable the whole of the ground floor of the present Head Office building to be devoted to the accommodation of the consolidated staff.

COMMITTEE OF ACCOUNTANTS.

In order that a body of expert opinion might be available, the Accountants and Assistant Accountants have been constituted a "Committee of Accountants," to act in an advisory capacity on all matters relating to accounts. The Committee meets at regular intervals and reports to the Board, through the Chief Accountant, on all matters referred to it for consideration. The ready co-operation of the Accountants and the interest they have displayed in the matters submitted to them are gratefully acknowledged by the Board.

NEW CASH-BOOK SYSTEM.

When the Board took office the statements of receipts and lodgments were prepared simultaneously with the cash-book sheets by mechanical process. It was found that the work could be further reduced and better performed by a different mechanical process. The adoption of the amended system has afforded an illuminating instance of economy resulting from the introduction of machine processes.

When the new system was introduced three women officers were employed on the work, and it was reported that the services of a fourth officer were necessary to enable the work to be coped with. As a result of the change the necessity of appointing a fourth officer was obviated, and it was found that the services of one of the three already engaged on the work could be made available for other employment. Further experience of the system has demonstrated that one of the two remaining officers can be released from the work. The whole of the work is now satisfactorily performed by one woman officer.

The total effect of the introduction of the system in the Head Office shows a saving in salaries of approximately £300 per annum.

ABOLITION OF FINAL RECEIPTS.

The practice of sending out final receipts from the Head Office, in addition to the provisional receipts issued by the Post Office or the Branch Offices of the Public Trust Office, as the case might be, has been discontinued, with the concurrence of the Controller and Auditor-General.

No statutory requirement exists for the despatch of the receipts, and it can only be surmised that the system was adopted as a safeguard against misappropriation of moneys after lodgment at the Branch Offices.

Practical experience of the working of the system showed that it was ineffective. Misappropriations have occurred from time to time, but in no single case did the final-receipt system serve to detect the offender. The system had grown to large proportions, the number of receipts issued annually being between 60,000 and 70,000. The work occupied a portion of the time of a large number of officers on the various Divisions of the Head Office, and there was a large expenditure for stationery and postage.

The saving resulting from the abolition of the receipts is estimated at £720 per annum.

LEDGER-POSTING MACHINE.

During the year the Board has taken the opportunity of introducing modern methods with regard to the posting of the ledgers, and in future all the ledgers of the Office, both in the Head Office and at District Offices, will be posted by means of machines.

The first of the machines has become available, and a commencement has been made with the new system on the accounts of the Soldiers' Division. The transfer from the old to the new ledgers was effected without difficulty.

The new system will be extended to the remaining Divisions of the Head Office and to the District Offices as additional machines become available.

The cumbersome and expensive ledger-covers at present in use will be discarded. The ledger-leaves will be kept in locked cabinets.

So far as can be determined at this early stage, the economies resulting from the machines will greatly exceed those originally anticipated.

Upon the complete installation of the system the whole of the ledger-posting work in the Head Office, which now occupies the time of a large staff of male and female officers, will be performed with two, or at the most three, women officers provided with machines. Corresponding savings will be effected at the District Offices.

RECURRING CLAIMS AND PAYMENTS.

For some time the Board has felt some concern regarding the large amount of work involved in the preparation of the debit and credit notices, many thousands of which have to be prepared periodically throughout the year. Arrangements have now been made by the Board for the introduction of a machine by which such notices and vouchers can be prepared with the greatest ease, speed, and accuracy.

The total number of notices to be dealt with is 75,000 to 100,000 per annum.

Sample forms for use in connection with the machine have already been drafted. No difficulty will be experienced in bringing the system into use forthwith.

The introduction of the machine will enable the checking of the notices after preparation to be safely dispensed with.

Large economies will be effected by the new system, and it is anticipated that the machine may be available for the work of other Government Departments if it is so desired.

The uses to which the machine can be put are almost unlimited.

STATISTICAL SECTION.

The Board is of opinion that a Statistical Section should be established at the earliest opportunity, in order that reliable data may be available for the Board's information when required. It has frequently happened during the Board's term of office that the absence of such data has been a source of embarrassment.

INSPECTION OF DISTRICT OFFICES.

During the past few years the inspection of the District Offices and agencies of the Department has fallen seriously into arrear, such important offices as New Plymouth and Hawera having been last inspected in July, 1916; Nelson, in March, 1916; Napier, in September, 1916; and Invercargill, so long ago as December, 1915. Some of the agencies of the Department had not been inspected since 1913.

An inspectorial staff was constituted at an early stage of the Board's period of control. Benefiting by my experience in Western Australia and in the Commonwealth service, comprehensive and detailed forms of inspection for the various classes of offices were prepared for the use of the Inspectors, thus ensuring that their reports would be furnished in a uniform manner, and would contain similar information for offices of the same class. The provision of these forms marks a distinct advance on the methods previously adopted. During the Board's term of control the following offices have been inspected :—

Local Deputies' Offices : Christchurch, Dunedin.

District Managers' Offices : Hawera, New Plymouth, Napier, Wanganui, Invercargill, Nelson, Masterton.

Agencies : Dannevirke, Waipawa, Motueka, Blenheim, Gore.

All matters which require attention or action are extracted from Inspectors' reports, and in every case the matter is followed to finality.

The Board is satisfied that the methods of inspection now adopted are as rigid and satisfactory as can reasonably be expected. As a result of the institution of a proper system a considerable advance has been made in the direction of securing the efficient and businesslike conduct of the work at District Offices, and an opportunity will be afforded of making the Office practice uniform throughout the Dominion.

SPECIAL REVIEW OF ESTATES UNDER ADMINISTRATION.

Amongst the matters which must shortly engage the attention of the Board is the establishment of a Chief Inspector's or Reviewing Division. The Board's policy of making the larger District Offices self-contained, together with the delegation of an increasing number of estates to Local Deputy Public Trustees for administration, renders it imperative that the work of inspecting the Branch Offices shall be regularly and systematically carried out and properly controlled and supervised.

It also became evident to the Board shortly after it took office that steps should be taken to secure a periodical and searching review of all estates under administration. The Board, recognizing the urgent necessity of the work, has done what it could to review the administration, and has directed, in the case of all new estates submitted for acceptance, that periodical reports of the progress of the administration shall be furnished for the Board's information.

The Board is of opinion that a special Reviewing Branch must be constituted with the least possible delay.

AUDIT OF BRANCHES.

Under an arrangement made with the Controller and Auditor-General the Office has been conducting an audit of its accounts so far as the staff will admit. The officers who conduct the audit report direct to the Controller and Auditor-General.

This arrangement is not regarded as satisfactory, or as being sufficiently independent in character, and as soon as more fortunate conditions exist in respect to staff the practice which has been adopted as a war measure should cease.

MISCELLANEOUS.

The following matters in addition to those referred to elsewhere in this report are worthy of note :—

Motor-cars have been supplied to five local Deputies and District Managers for use on Office business, and have proved of great benefit.

A forms-revision committee has been appointed.

The granting of maintenance allowances has been carefully regulated, and the maintenance of minors properly supervised.

The use of standard paragraphs in correspondence as an aid to the elimination of dictation has been recommended to officers.

Standard Board papers have been introduced in connection with the work of the Public Trust Office Investment Board.

The relations existing between the Office and the legal profession have been improved.

Limited authority for the expenditure of amounts for current expenses has been granted to Local Deputy Public Trustees and District Managers.

Improved methods of preparing vouchers and claims have been introduced, and considerable savings of labour and stationery have resulted.

The duties of many classes of officers have been defined in detail, and further classes of duties will be mapped out as time permits.

War-loan certificates to the value of £965 are being purchased by the staff on the instalment system under a scheme sanctioned and financed by the Office.

The Local Deputy Public Trustees and District Managers at Christchurch, Dunedin, Wanganui, and Masterton have been relieved of bankruptcy duties.

The Local Deputy Public Trustee, Auckland, has visited the Tongan Group on matters connected with estates under administration by the Office.

Regulations governing the custody of jewellery and other valuables have been prepared and issued.

Improvements have been effected to the safe-deposit vault at Wellington.

Women officers who are skilled typists have been appointed to type simple statements of accounts direct from the ledgers.

Monthly reports on the conduct of the work have been obtained from all Divisional Heads.

The work of preparing all land- and income-tax returns has been undertaken by one officer.

Women officers have been largely employed on record work, thus enabling male cadets to be released for other duties.

The Post and Telegraph Department has acted as purchasing agent for all stores and supplies required by the Public Trust Office, and the scheme has worked with great smoothness.

Additions to the office furniture and equipment have been provided, and standard tables have been supplied to clerks and typists.

One hundred and fifty standard forms have been introduced and others are in course of introduction.

Arrangements are being made to obtain the services of a competent man to conduct the whole of the insurance work of the Office.

An improved system for the custody of deeds has been introduced.

The following table contains interesting information indicating the progress of the Office during the past decade :—

Year.	Total Value of Estates in Office, including Unrealized Assets.	Funds at Credit of Estates and Accounts.	Interest credited to Estates.	Bonus granted to Estates.	Gross Income.	Expenditure.	Net Profits.	Assurance and Reserve Fund.	Investment Fluctuation Reserve Fund.
	£	£	£	£	£	£	£	£	£
1909 ..	6,399,567	2,850,111	78,937	..	36,804	25,954	10,850	30,499	..
1910 ..	7,358,947	3,414,168	85,716	..	41,433	29,695	11,738	35,162	..
1911 ..	8,112,342	4,287,195	104,098	..	46,069	34,828	11,241	39,621	562
1912 ..	9,493,959	5,070,305	172,907	..	64,873	38,954	25,919	50,832	2,595
1913 ..	11,268,311	5,799,446	202,439	..	72,067	44,156	27,551	59,753	4,765
1914 ..	12,282,883	6,366,707	230,062	..	82,517	53,295	29,222	112,209	7,915
1915 ..	13,580,936	7,096,420	256,806	..	88,296	55,788	32,508	139,721	11,439
1916 ..	13,598,744	7,082,288	281,700	25,000	103,763	57,655	46,108	177,416	15,047
1917 ..	15,065,583	8,058,886	287,818	27,000	129,008	70,146	58,862	186,554	19,344
1918 ..	17,153,031	9,004,057	317,633	30,000	162,614	94,012	68,602	216,090	24,373
Increase in preceding 12 months)	2,087,448	945,171	29,815	3,000	33,606	23,866	9,740	29,536	5,029

CONCLUSION.

It will be gathered that, apart from the ordinary everyday work of the Department, the Board has devoted much time and thought to introducing, developing, and perfecting those features of the organization which were found to require special attention.

During its term of office there has been a general overhaul of the methods adopted in the conduct of business both at Head Office and at District Offices. In some cases the benefits have already become apparent, but in others the full effect has not yet materialized. The changes have been of a far-reaching character, and have made for safety, efficiency, and expedition.

Apart from this aspect, considerable economies have resulted which in some cases have rendered officers available for other duties, and in other cases have obviated additional appointments to the staff.

The Board is of opinion that the savings already effected amount to not less than £5,000 per annum, and that when certain improved methods now in course of introduction are brought into effect the economies will be largely increased. It will be recognized that to introduce important changes of organization and practice in an extensive Department like the Public Trust Office would impose a severe strain upon the staff even in normal times, and this has been accentuated as the result of a long period of war.

The Board takes this opportunity of expressing its thanks to the officers of all grades for the loyal and cheerful service rendered to the Board and to the clients and beneficiaries of the Office throughout the year.

I have, &c.,

ROBERT TRIGGS,
Public Trustee.

T. S. RONALDSON, } Assistant Public Trustees.
J. W. MACDONALD, }

The Right Hon. Sir J. G. Ward, Bart.,
Minister of Finance.

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