

realized that with investments totalling thirteen million pounds in value this matter has required very careful attention, and a failure to deal with it firmly might easily create an exceedingly dangerous condition. While the Office has very great liabilities to its clients, which it is bound to meet, it has nevertheless carefully refrained from any harsh action against mortgagors.

ADVANCES TO LOCAL BODIES.

17. Substantial aid has been given to local bodies by advancing money to enable them to carry out important works. During the year a total sum of £979,721, made up as under, was advanced to such bodies:—

	£
Borough Councils and Town Boards	376,221
County Councils and Road Boards.. ..	176,850
Harbour Boards	240,500
Hospital and Charitable Aid Boards	38,400
Electric-power Boards	147,750
Total	£979,721

In common with other financial institutions, the Office has experienced considerable difficulty in providing sufficient funds to meet the commitments to which it is pledged. This position arose principally through the shrinkage of revenue owing to the difficulty of disposing of assets in estates. Fortunately, many of the loans which were entertained by the Office were subject to the express condition that advances should be made to meet the Office convenience. In this connection use has been made of the provisions of section 30 of the Local Bodies' Loans Act, 1913, which has enabled local bodies to temporarily meet their engagements by hypothecating their debentures with the banks on the understanding that the money will ultimately be made available by the Office. Obviously there are definite limits to the extent to which the Public Trustee can commit his funds in advance in this manner.

Every endeavour has been made to meet the most pressing cases, and special consideration has been given to local bodies and Electric-power Boards requiring moneys urgently to pay for material arriving in the Dominion and to avoid displacing large numbers of workers engaged in the operation of the Boards.

The demand for money has continued to be exceptionally keen, and the Office could with ease have placed on satisfactory security double the amount of the funds which became available for investment during the year.

INVESTMENT OF FUNDS.

18. The surplus moneys derived from the Common Fund of the Office have been kept closely invested during the year.

The total investments of the Office now amount to £13,638,715, showing an increase in twelve months of £1,980,766. Particulars of the investments are—

	£
Government securities	1,049,130
Local bodies' debentures	2,809,358
Mortgages	9,136,602
Advances against the vested share of beneficiaries in estates	374,072
Land Settlement Finance Act debentures.. ..	52,071
Fixed deposits at banks	600
Freehold property, office furniture and equipment.. ..	216,882
£13,638,715	

From the foregoing statement it will be seen that the bulk of the moneys held in the Common Fund are invested on mortgage securities.

The total interest collected during the year from investments amounted to £681,946.