

SESSION II.
1921.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1921.

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, 1921.

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

- (1.) The death of Mr. R. Triggs and the appointment in his place of Mr. J. W. Macdonald as Public Trustee.
- (2.) The increased rates of interest allowed to beneficiaries' estates and funds. Notwithstanding this increase and a large addition to the salary vote to meet the increased cost of living, a profit of £10,691 has been made.
- (3.) The increase in cash balances held at credit of estates and funds, from £8,058,886 in 1917 to £13,918,906 in 1921.
- (4.) The increase of £1,503,633 in the value of assets and funds administered by the Office, making the total value as at the 31st March, 1921, £22,364,319.
- (5.) The measures taken to deal with the exceptional conditions created by the existing financial stringency.
- (6.) The accumulation of Office reserves to a total value of £437,414.
- (7.) The increase of £1,980,766 in the amount invested from the Common Fund.
- (8.) The satisfactory condition of the Office staff.
- (9.) The large number of wills held on deposit on behalf of living persons; the total number of such wills at the 31st March, 1921, being 28,356.
- (10.) The completion of the scheme of decentralization by the delegation of the remaining estates and accounts from Head Office to the District Offices.
- (11.) The rapid growth of the Office organization throughout the Dominion by the opening of ten full-time and eight part-time offices.
- (12.) The proposed establishment of a further thirteen part-time offices.
- (13.) The appointment of a Public Trustee for Samoa.
- (14.) The acceptance of 2,803 new estates during the year for administration by the Public Trustee.
- (15.) The success of the system adopted to secure a continuous review of the administration of estates.
- (16.) The erection of new office buildings at New Plymouth, Palmerston North, and Invercargill, and the proposed erection of buildings at Christchurch, Napier, and Masterton.
- (17.) The arrangements made for constant and rigorous inspection of all District Offices and Agencies.

- (18.) The reference of the duties of the Public Trustee as Custodian of Enemy Property, Controller of Enemy Firms, and Controller of the New Zealand Clearing-house established in accordance with the provisions of the Treaty of Versailles.
- (19.) The intention to further develop a liberal policy with regard to the rates of interest to be allowed on amounts held in the Common Fund on behalf of estates and beneficiaries.
- (20.) The action taken by the new Public Trustee to effect economies in the administration, the full result of which will properly form part of the report for the next financial year.
- (21.) The arrangements made to close certain offices and curtail the attendance at others where in the opinion of the Public Trustee the business did not justify maintaining the offices at their previous status.

J. G. COATES,

Minister in Charge of the Public Trust Office.

Wellington, 29th September, 1921.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1921.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the year ended 31st March, 1921.

The report as a whole, and particularly that portion which relates to the financial operations of the Office, reflects the exceptional conditions existing throughout the Dominion. Nevertheless there is evidence of real and solid progress in the affairs of the Office, and when the present abnormal position in the commercial world has improved a marked advance in the business transacted by the Office may reasonably be anticipated.

1. It is gratifying to record that, as a result of the special steps taken during the past four years, the staff of the Office is now fully adequate to cope with the work which is being performed. This result is specially pleasing as, during the war period and for many years prior thereto, the staff had been hopelessly overburdened by the volume of work to be dealt with.

2. It is with regret that I have to record the death of the late Public Trustee, Mr. R. Triggs, following a brief illness. Mr. Triggs, who was formerly Assistant Public Service Commissioner, was appointed to the position of Public Trustee on the 10th October, 1917, and from that date up to the time of his death devoted himself with characteristic energy to the work of the Office.

To fill the vacancy resulting from the death of Mr. Triggs, Mr. J. W. Macdonald, Assistant Public Trustee, and formerly Solicitor to the Office, was appointed to the position of Public Trustee on the 1st March, 1921.

Mr. M. C. Barnett, Chief Inspector, has succeeded to the position of Assistant Public Trustee rendered vacant by the retirement of Mr. T. S. Ronaldson, which was referred to in last year's report.

3. A definite attempt has been made by the management of the Office to keep in touch with the district organizations throughout the Dominion. A visit of inspection to practically every office and agency in the South Island has been made by the Assistant Public Trustee, accompanied by the Secretary of the Office. A commencement has now been made by the Public Trustee with a series of visits to offices in the North Island. The visits enabled branch officers to come into direct contact with the Head Office management, and have also enabled the directing heads of the Department to become personally acquainted with the special conditions prevailing in the various districts of the Dominion.

Prior notification of each visit has been made through the public Press, and clients and other persons interested in the working of the Office have been afforded an opportunity of discussing their affairs with the Public Trustee or the Assistant Public Trustee. In many cases appreciation has been expressed of the opportunity thus given.

On the completion of the decentralization of the work of the Office it has become more than ever imperative that frequent visits of inspection to districts should be paid by the Public Trustee or his personal representative.

FINANCE.

4. An examination of the accounts for the year ended 31st March, 1921, shows that several causes of an exceptional nature have operated to reduce the amount of profit earned. The rate of interest allowed on amounts held in the Common Fund on behalf of beneficiaries and estates has been increased, the additional sum requiring to be provided under this heading being £40,000. In previous years since 1916 a bonus of one-tenth of the interest credited was allowed to each estate and beneficiary out of the profits of the year's working, but this amount was not appropriated until the profits had been definitely ascertained and fixed. Thus, for the present year, the real profits on the year's working are artificially reduced as compared with previous years by the sum of approximately £40,000.

5. Certain items of expenditure of an exceptional character have also been incurred. The members of the staff, in common with other officers of the Civil Service, received substantial increases to their salaries to compensate for the increased cost of living. The additional expenditure under this heading, which amounted to £30,000, was met by the Department out of the ordinary revenue, without any general increase in the charges made for the administration of estates. These causes have served to reduce the profits to the sum of £10,691; but it will be seen that apart from them the profit would have reached a total in excess of £80,000, which is a higher amount than that earned in any year since the Office was established.

Although in the difficult circumstances now existing it is impossible to forecast with any certainty what the result of next year's working will be, it may reasonably be anticipated that an improvement in the financial position will be manifested.

6. The increase in the rates of interest charged to borrowers from the Office, together with the correction of certain anomalies in the Office scale of charges, will have the effect of materially increasing the revenue during the coming year.

The additional burden in the salary bill of the Office, and the increase in the amount required for interest allowed to estates and beneficiaries, will be more easily borne than in the year now under review.

7. The cash balances held at credit of estates and funds now amount to £13,918,906, an increase of £2,007,616 over the amounts held on the 31st March, 1920.

For the past five years the amounts at credit have been—

	£
1917	8,058,886
1918	9,004,057
1919	10,065,027
1920	11,911,290
1921	13,918,906

8. The total value of the assets (realized and unrealized) under the control of the Office on the 31st March, 1921, was £22,364,319, an increase of £1,503,633 over the value of those held on the 31st March of the previous year.

OFFICE RESERVES.

9. The Office reserves, which have been built up out of the profits made by the Office in successive years, amounted on the 31st March, 1921, to the considerable sum of £437,414. They consist of—

	£
Amounts held in the Assurance and Reserves Fund ..	142,148
Amount held in the Investment Fluctuation Fund to provide against any possible depreciation in the Office securities	43,395
(NOTE.—Both these amounts are invested in the same mode as are moneys held in the Common Fund of the Office.)	
Office premises, plant, equipment, &c.	251,871
Total	<u>£437,414</u>

The possession of these large reserves places the Office in the position of undoubted stability, and practically relieves the Government from any liability under the State guarantee.

NEW ZEALAND SHEEPOWNERS' DEBT TO BRITISH SEAMEN FUND.

10. In September, 1920, at the request of the Trustees, the Public Trustee consented to hold the moneys contributed to the above fund for investment in the Common Fund

It was arranged that these moneys should be held available for making payments in accordance with the objects of the fund, and that interest should be allowed on the daily balance, keeping the fund liquid for administration purposes.

The articles of association of the fund, *inter alia*, provide for incorporation under the War Funds Act, 1915, the appointment of a Board of Trustees and Advisory Committees, and the making of grants or allowances for the relief of disabled sailors of the Royal Navy or mercantile marine, and for dependants of sailors who died as the result of wounds or injuries sustained or illness contracted whilst engaged in service during the late war, as determined by the Board of Trustees.

The total amount lodged by the Trustees to the credit of the fund up to the 31st March was £178,507. After crediting interest to the fund and deducting amounts remitted to London at the direction of the Trustees for the relief of necessitous cases, the amount remaining at credit on the 31st March, 1921, was £182,869.

LAND SETTLEMENT FINANCE ASSOCIATIONS.

11. A statement explaining the system under which these associations were formed appeared in the annual report for the year ended 31st March, 1919. It was then indicated that some of the associations were experiencing considerable difficulty in maintaining the instalments of principal and interest due under the Act. As the result of the special attention which has been given to this portion of the work during the past year, I am pleased to report that a great improvement has been made in the management of the associations. The members of the various settlements have reaped the benefit of the prosperous conditions which prevailed throughout the Dominion until the latter part of 1920, and it is gratifying to note that in most cases the prosperity is reflected in the substantial improvements made on the numerous holdings. Almost without exception, the Office rangers have been able to report favourably on the satisfactory appearance and general conditions of the many farms which were inspected during the past twelve months. In addition, the members of most of the associations have been in the position to pay their instalments regularly, and the arrears have been reduced to a minimum. As a result the funds of the associations increased to an appreciable extent, and the Public Trustee, as agent for the associations, has been enabled to redeem debentures to the face value of £64,924.

The occupiers of the land-settlement holdings are sharing with the farming community generally the adverse conditions now existing, their positions being analogous to that of many of the mortgagors of the Common Fund of the Office. The same principles in dealing with cases of hardship are being adopted in both cases.

NATIVE ESTATES AND NATIVE RESERVES: TRANSFER TO THE NATIVE TRUSTEE.

12. From the 1st April, 1921, the administration of Native funds and Native reserves, which has hitherto been conducted by the Public Trustee, will be transferred to the Native Trustee, in accordance with the provisions of the Native Trustee Act, 1920.

It will be possible to transfer to the Native Trust Office practically all of the members of the staff previously engaged on the Native Division of the Public Trust Office, thereby eliminating to a large extent a break in the continuity of the work.

The total amount at credit of Native estates and Native reserves (including sums held on behalf of Maori Land Boards) was, at the 31st March, 1921, £844,345.

The transfer of this amount will be effected by the payment of £45,868 in cash, and by the transfer of Common Fund investments to the extent of £798,477. The investments allocated carry interest at varying rates, the amount of investments at each rate bearing the same proportion to the total amount allocated as the amount invested in the Common Fund at each rate bears to the total Common Fund investments.

At the request of the Native Trustee, the Local Deputy Public Trustees at Greymouth and Nelson will in the meantime act as his agents in the administration of Native reserves, but in all other districts the work will be attended to by representatives of the Native Trustee.

GOVERNMENT FIRE-INSURANCE FUND.

13. The amount held by the Public Trustee at credit of this fund amounted on the 31st March, 1921, to £74,394.

SUPERANNUATION FUNDS.

14. The total of Government Railway Superannuation Funds held in the Common Fund of the Public Trust Office on the 31st March, 1921, was £446,570.

NATIONAL PROVIDENT FUND.

15. The total amount of funds held on behalf of the National Provident Fund on the 31st March, 1921, was £471,650.

With the object of obtaining a larger return for the moneys invested, it has been arranged that all moneys lodged with the Office on behalf of the National Provident Fund shall in future be specially invested in securities at the rate of interest prevailing at the time of receipt in respect of Common Fund investments. It has also been arranged that, in order to secure the special investment of the accumulated funds already held on behalf of the National Provident Fund, an allocation shall be made of existing mortgages and other securities bearing interest at varying rates, in the ratio in which such securities are held as Common Fund investments, so that the National Provident Fund will stand on exactly the same footing as the Common Fund of the Public Trust Office so far as the proportion of securities bearing interest at the various rates is concerned. Regulations to give effect to the arrangement have been made and gazetted under the National Provident Fund Act, 1910.

The whole management of the investments remains with the Public Trustee, who charges for his services commission at the rate of 4 per cent. on all interest collected under mortgages, and at the rate of $2\frac{1}{2}$ per cent. on all interest collected under debentures. All moneys are invested as from the 1st of the month following the date of receipt by the Public Trustee.

The arrangement represents a substantial concession to the National Provident Fund.

COLLECTION OF INTEREST ON MORTGAGES.

16. With the fall in the value of wool and other staple products the farmers have found great difficulty in many cases in finding money for the payment of the interest due under their mortgages, and a great deal of additional work has been cast upon the Office in dealing with these cases.

The Public Trustee is in a peculiar position in this matter. On the one hand, mortgagors ask for time in which to pay their interest, and, on the other, clients require the prompt payment of their interest. It has not always been possible to grant the concessions which mortgagors require. Nevertheless, the Office has endeavoured to deal with each individual case in as liberal a manner as is consistent with its duties as a trustee.

Recognizing the difficulties of the time, the Office has endeavoured to avoid any action which would serve to accentuate the existing stringency. It will be

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.

19. During the year a further investment of £147,800 was made in the New Zealand Discharged Soldiers Settlement Loan. Including this amount, the total subscription by the Office in New Zealand Government war loans to the 31st March, 1921, amounts to £936,121.

20. The policy of investing a large portion of the available funds on the security of rural properties has been continued during the past year, the sum of £1,837,226 having been lent to private borrowers.

ADVANCES TO HOSPITAL BOARDS.

21. In order to enable the Public Trustee to make advances to Hospital Boards with repayment guaranteed by the State, special legislation was passed during the 1920 session of Parliament.

By subsection (1) of section 10 of the Hospital and Charitable Institutions Amendment Act (No. 2), 1920, Hospital Boards were, for the purpose of raising moneys for capital expenditure, empowered, with the precedent approval of the Minister of Health, to borrow money, whether by way of bank overdraft or in any other manner, and to issue debentures or mortgage or charge any land vested in it by way of security for such advances.

By subsection (3) of the said section 10 a Hospital Board, for the purpose of the issue of debentures, was declared to be a local authority within the meaning of the Local Bodies' Loans Act, 1913, and it was declared that portion of the latter Act relating to the State-guaranteeing of loans can, with the necessary modifications, apply to the issue of debentures by Hospital Boards under the authority of the Hospital and Charitable Institutions Amendment Act, 1920.

By subsection (4) of section 10 of the said Act the Public Trustee was deemed to be authorized to invest moneys belonging to the Common Fund of the Public Trust Office, notwithstanding anything to the contrary in the Public Trust Office Act, 1908.

SINKING FUNDS.

22. The Public Trustee has been appointed Commissioner of Local Bodies' Sinking Funds in a total of 955 cases. The funds held at the 31st March, 1921, amounted to £475,535.

Under Part IV of the Local Bodies' Loans Act, 1913, a local authority proposing to raise a special loan may, before obtaining the consent of the ratepayers, apply for a State guarantee, and the Governor-General may, if he thinks fit, at any time before the loan or any part thereof has been raised, make and cause to be gazetted an Order in Council guaranteeing the loan. In such circumstances it is mandatory that the Public Trustee be appointed Sinking Fund Commissioner of the loans.

This method of raising money is at the present time being freely availed of by local bodies; consequently the number of cases in which the Public Trustee is being appointed Commissioner is largely increasing.

RATES OF INTEREST CHARGED TO BORROWERS.

23. At the beginning of the year the rate of interest charged to private borrowers from the Common Fund was $5\frac{1}{2}$ per cent. per annum, and that charged to local bodies $5\frac{1}{4}$ per cent. per annum. As these rates were considered to be unduly low, having in view the rates charged by banks and other commercial and lending institutions, representations were made to the Government, and as a result the rates of interest charged on loan-moneys obtained from the Common Fund of the Office were raised to $5\frac{3}{4}$ per cent. per annum. The rates must again be revised at an early date.

ADVANCES TO ESTATES AND BENEFICIARIES.

24. The statutory power conferred on the Public Trustee of making advances from the Common Fund to estates for the liquidation of urgent liabilities has proved especially useful. During the present period of financial difficulty, when assets

are practically unsaleable except at a great sacrifice, the office has been able to find funds for payment of estate and succession duty and for urgent purposes in necessitous cases. Advances have also been made in certain cases to beneficiaries against their interests in estates. The extent to which this provision has been availed of is indicated by the fact that at the 31st March, 1921, the total amount on loan from the Common Fund to estates and beneficiaries was £374,071. The rate of interest at present current on such advances is 6 per cent. The advantage of obtaining money on such favourable terms for the liquidation of indebtedness cannot be exaggerated, and the system has proved one of the most attractive features of the administration of estates by the Public Trustee.

COMPARATIVE TABLE INDICATING THE PROGRESS MADE BY THE PUBLIC TRUST OFFICE DURING THE DECENNIAL PERIOD 1912-21.

Year ended 31st March.	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.	Net Profits.	Office Reserves.
	£	£	£	£	£	£	£
1912	9,493,959	5,070,305	172,907	..	64,873	25,919	120,243
1913	11,268,311	5,799,446	202,439	..	72,067	27,551	151,011
1914	12,282,883	6,366,707	230,062	..	82,517	29,222	212,901
1915	13,580,936	7,096,420	256,806	..	88,296	32,508	250,213
1916	13,598,744	7,082,288	281,700	25,000	103,763	46,108	302,369
1917	15,065,583	8,058,886	287,818	27,000	129,008	58,862	295,234
1918	17,153,031	9,004,057	317,633	30,000	162,614	68,602	345,871
1919	19,242,347	10,065,027	352,783	33,100	194,452	70,156	393,377
1920	20,860,686	11,911,290	420,526	38,000	240,463	78,246	418,640
1921	22,364,319	13,918,906	537,890	..	244,090	10,691	437,414
Increase in preceding 12 months	1,503,633	2,007,616	117,364	..	3,621	*67,555	18,774

* Decrease.

STAFF.

25. The following statement indicates the number of staff engaged in the work of the Department on the 31st March, 1920 and 1921, at the Head Office and at the District Offices :—

HEAD OFFICE.

On 31st March, 1920.				On 31st March, 1921.			
	Male.	Female.	Total.		Male.	Female.	Total.
Permanent ..	167	65	232	Permanent ..	152	61	213
Temporary ..	30	22	52	Temporary ..	27	9	36
			— 284				— 249

DISTRICT OFFICES.

On 31st March, 1920.				On 31st March, 1921.			
	Male.	Female.	Total.		Male.	Female.	Total.
Permanent ..	254	77	331	Permanent ..	323	75	398
Temporary ..	21	17	38	Temporary ..	13	18	31
			— 369				— 429
			653				678

PRINCIPAL STAFF CHANGES.

26. On the 28th February Mr. P. D. N. Verschaffelt relinquished his duties as Chief Accountant in order to take up the position of Assistant Public Service Commissioner. The vacancy occasioned by his transfer has been filled by the appoint-

ment of Mr. H. Turner. Mr. M. C. Barnett, who has been appointed Assistant Public Trustee, has been succeeded as Chief Inspector by Mr. W. M. Barr.

After forty-two years' service Mr. W. Fordham retired on superannuation on the 28th February, 1921. The position of the Controller of the Mortgage Division is now occupied by Mr. A. Esam.

27. A further substantial reduction has been made in the amount of overtime worked by officers. An examination of the annual accounts for the past three years will show that there has been a continuous improvement in this respect.

Amount paid for year ended 31st March—

						£
1919	..	..	..	..	..	2,693
1920	..	..	..	..	..	1,740
1921	..	..	..	..	..	1,430

The position at present is in marked contrast to the conditions which prevailed during the war period and for many years prior thereto. Not only has there been a very considerable saving of expenditure under this heading, but the reduction of overtime has removed a great strain upon the health and efficiency of the staff, and has enabled officers to perform their work better during the appointed hours of business.

Every endeavour will be made to eliminate all overtime, except for special work such as the periodical balancing of the accounts.

28. At the last University examinations many officers completed their course in either law or accountancy. The results are particularly creditable in view of the exacting nature of the work on which many of the officers are engaged.

The Office now numbers on its staff thirty-six qualified solicitors and fifty-eight qualified accountants. The possession of so large a qualified staff is an assurance that the technical side of the Department's work will receive satisfactory attention.

TRAINING OF OFFICERS.

29. In the annual report for the year ended 31st March, 1918, the following remarks appeared under this heading :—

"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 inauguration of the scheme of training was delayed owing to the difficulty of releasing officers competent to give the necessary instruction. A definite commencement has now been made with the work in the Head Office. Instruction in law, accountancy, the administration of estates, and office routine is given to a selected number of officers during the mornings, the remainder of the day being employed in teaching the officers the practical work of the divisions to which they are attached.

Each course of instruction covers a period of two months, and examinations are held at suitable intervals to test the progress made. The handwriting of the officers receives special attention, and where necessary instruction in handwriting is given for an hour each afternoon.

In order that the benefit of the scheme may be shared by junior officers throughout the Dominion, the lectures delivered are being reported, and at the conclusion of the course they will be revised, printed, and distributed for the information of all officers.

At some of the District Offices instructional classes have been formed, and it is hoped to extend the system gradually. It is probable that before long it will be necessary to consider the establishment of a standard course of training for new entrants to the Office, to provide for their being properly grounded in the elements of administration, law, and accounting. The expenditure involved in such a scheme will be more than recouped to the Office by the improved efficiency and the usefulness of its officers.

STAFF CHANGES.

30. The transfers and removals of staff which have been so marked a feature for some time past are now rapidly diminishing. During the recent period of change it was inevitable that a large number of adjustments of staff should become necessary. The effect of the return to more settled conditions is now being felt, and each of the District Offices possesses an efficient staff. Where possible, officers are being trained as understudies for the higher positions.

The frequent transfers of officers which have taken place in the past were not only a source of considerable expense, but also had an effect which was not beneficial on the work of the Office. In the future it is intended that as few transfers as possible shall take place.

DECENTRALIZATION.

31. The concluding stages of the scheme of decentralization contemplated by the Public Trust Office Amendment Act, 1912, and temporarily suspended during the war period have now been reached.

The Local Deputy for the North Auckland District took up duty on the 5th June, 1920.

On the 31st March, 1921, the only branch offices controlled from the Head Office were Blenheim, Greymouth, Masterton, Taihape, and the agencies at Pahiatua, Carterton, Hokitika, and Westport.

Arrangements are now practically complete for the establishment of Local Deputy Public Trustee offices at Blenheim, Greymouth, and Masterton. The agency at Westport and a part-time office which is being established at Hokitika will be controlled by the Local Deputy Public Trustee, Greymouth, and the whole of the agencies in the Masterton district will be controlled by the Local Deputy Public Trustee, Masterton. The work of the District Manager, Taihape, will be supervised by the Local Deputy Public Trustee, Palmerston North. The establishment of these additional Local Deputy Public Trustee offices will make it possible to transfer the administration of the remaining estates from the Head Office to the District Offices concerned. When this is completed the administration of all estates will be conducted by the office nearest to the principal assets, and the functions of the Head Office will be confined to general policy matters and to important matters of administration which are referred for the decision of the Public Trustee or the Public Trust Office Board.

32. A new system of regulating the relations between District Manager offices and the controlling Local Deputy Public Trustee offices has been established, so that the work may as far as possible be conducted at the office where it properly belongs. The system has had the effect of reducing to a minimum any duplication of the work. The modifications made in the system have been in the direction of giving to the District Managers a more active part in the administration of estates in their districts, and allowing of a more direct method of approach to the Head Office in matters requiring the decision of the Board. Certain groups of offices are already working satisfactorily under the system, which will be extended as opportunity offers.

EXTENSION OF ORGANIZATION.

33. There has been a marked expansion of the organization throughout the Dominion during the year. Full-time offices in charge of permanent officers of the Department have been opened at Feilding, Gore, Levin, Otautau, Rangiora, Stratford, Te Kuiti, Waipukurau, Wairoa, and Whakatane, and arrangements are in hand for the opening of an office at Marton. The Hastings office has been raised to the status of a District Manager's office.

Part-time offices in districts where there are good prospects, but where the present business does not warrant the appointment of a full-time officer, have been opened at Pukekohe, Inglewood, Eltham, Patea, Waipawa, Rakaia, Tuatapere, and Wyndham. Further offices will shortly be opened at Rotorua, Te Aroha, Te

Awamutu, Piopio, Otorohanga, Waitara, Otaki, Leeston, Oxford, Methven, Hokitika, Milton, and Palmerston.

New agencies of the Office under the control of non-permanent agents have been opened at Matamata, Waimate, and Temuka, and arrangements are in hand for the opening of agencies at Cambridge, Eketahuna, and Martinborough.

CONTROL OF ENEMY PROPERTY.

34. Important duties have been imposed on the Public Trustee since the outbreak of the Great War in his capacity as Custodian of Enemy Property, Controller of Enemy Firms, and later as Controller of the New Zealand Clearing-house established to work in co-operation with the Central Clearing-office in London under the terms of the Treaty of Versailles and other peace treaties concluded with the late enemy States.

A full account of this portion of the Public Trustee's work will be found in a separate report, which will be presented to Parliament during the present session.

PUBLIC TRUST OFFICE, SAMOA.

35. In the report for the year ended 31st March, 1920, reference was made to the proposed appointment of a Local Deputy Public Trustee at Samoa, to work under the direction and control of the Public Trustee of New Zealand, in terms of the Samoan Constitution Order. On further consideration it appeared that the proposed appointment was impracticable owing to the difficulty of exercising adequate control over an officer at such a distance from headquarters. It was therefore suggested to the Department of External Affairs that an amended Order should be made to permit of the appointment of an independent Public Trustee for Samoa, directly responsible to the Samoan Administrator. The suggestion was adopted, and the necessary amending Order was made and gazetted.

In connection with the preliminary arrangements for the establishment of the Office, the Department of External Affairs was given the advice of qualified legal, administration, and accounting officers of the New Zealand Public Trust Office.

INSTRUCTIONS TO OFFICERS.

36. Pending the issue of a general series of instruction-books, circular instructions have been issued to keep officers informed on many points of Office practice and procedure. These instructions will ultimately form a valuable basis for the preparation of instruction-books.

Included in the instructions issued was a concise and comprehensive outline of the principal steps to be taken in the administration of an estate. These instructions were drafted by experienced officers in the Head Office, and were later considered by a conference of reviewing Inspectors, who were unanimously of the opinion that the instructions would prove a most useful aid to officers engaged in estates-administration work. This opinion has been fully justified.

As a supplement to the instructions, special means have been adopted to check the occurrence of minor omissions and errors in the administration of estates.

LEGAL DIVISION.

37. The probate and administration work has reflected the volume of the business transacted by the Office. For the twelve months ended the 31st March last the figures are:—

Applications for grant of probate	..	..	369
Applications for grant of order to administer	..	..	254
			<hr/>
			623
Other applications for Supreme Court orders	..	..	142
			<hr/>
Total	..	..	765

Full advantage has been taken of the provisions of the Public Trust Office Act under which the Public Trustee by filing an “election to administer” is enabled to administer estates not exceeding £400 in value without incurring the cost of obtaining probate or administration in the ordinary way. The total number of “elections” filed in the Supreme Court during the year was 873.

PAYMENT TO THE PUBLIC TRUSTEE OF COMPENSATION-MONEYS IN RESPECT OF THE DEATH OF A WORKER.

38. It is provided by section 9 of the Workers’ Compensation Amendment Act, 1913, that where the amount of the compensation-money due in respect of the death of a worker has been arrived at, the person liable to pay the same shall, unless the Court otherwise orders, pay the same to the Public Trustee. The moneys so paid are held by the Public Trustee until the Court directs the method of apportionment among the dependants.

The application for apportionment is usually made by the Public Trustee. In cases where it is made by a dependant a report is furnished by the Public Trustee for the guidance of the Court in directing the method of apportionment. A responsibility is cast upon the Public Trustee in making careful inquiries into the circumstances of each individual case, and in recommending what share of the moneys should be given to each dependant, and how each share or shares should be applied—*e.g.*, towards the purchase of a home, or advanced upon mortgage, or held upon trust for maintenance, or paid out in a lump sum. The Court places considerable reliance upon the Public Trustee’s recommendations in these matters.

During the past twelve months more than seventy such applications were dealt with by the Public Trustee.

WILLS DEPOSITED.

39. During the year additional wills numbering 3,136 were deposited by testators with the Public Trustee for safe custody. The following table gives detailed figures for the year:—

Wills on hand on 31st March, 1920	25,792
Add new wills deposited from 1st April, 1920, to 31st March, 1921	3,136
Deduct wills withdrawn from 1st April, 1920, to 31st March, 1921, through death of testator or otherwise	572
Net increase in number of wills on deposit	2,564
Total number of wills on deposit at 31st March, 1921	28,356

There has been a remarkable increase in the number since 1914, when the total was 6,427 only.

One gratifying feature is that in many cases the wills are prepared and held in the Office as the result of acquaintance with the work of the Department in connection with estates already under administration.

The rapid increase in the number of wills deposited is perhaps the most outstanding feature of the Office work at the present time, and affords convincing evidence of the growing confidence on the part of testators of the appointment of the Public Trustee as executor and trustee of their estates. Although no estimate can, of course, be given of the value of estates of testators whose wills are deposited, it can be stated in a general way that the Office has no reason to be dissatisfied with the class of testators who are now availing themselves of its services. The flow of wills from new branches which have been established throughout the Dominion is especially marked.

ADVISORY TRUSTEES.

40. It is found that the provisions of section 4 of the Public Trust Office Amendment Act, 1913, permitting of the appointment of advisory trustees to co-operate with the Public Trustee, are becoming increasingly availed of by testators in cases where they desire the special knowledge of a solicitor, kinsman, or business friend to be at the disposal of the estate. The appointment of such trustees in suitable cases is welcomed by the Public Trustee, and the system has worked well in those instances where it has been adopted.

SOLDIERS' WILLS.

41. Many wills were prepared by the Public Trustee during the war for soldiers about to leave on active service, and some thousands of such wills are still deposited in the Public Trust Office. As many returned soldiers were under the impression that the wills were cancelled on the termination of the war, the following information was circulated to branches of the Returned Soldiers' Association. The information was also notified through the public Press :—

- (1.) That wills made by soldiers prior to going on active service and deposited with the Public Trustee remain valid for all time, unless revoked by a subsequent will or by the marriage of the testator.
- (2.) That the termination of the war did not render the wills so made inoperative.
- (3.) That soldiers who made such wills should communicate with the Public Trustee if they wished to revoke or alter the existing wills, and that any returned soldiers who married subsequently to the date of any such will should immediately notify the Public Trustee of the fact.

ADMINISTRATION OF ESTATES.

42. There has been a satisfactory number of new estates entrusted to the Public Trustee for administration. During the year a total of 2,803 new estates came into the Office. The estates are of the following classification :—

Wills estates	..	..	..	..	..	652
Trusts	..	..	..	..	..	232
Intestate estates	..	..	..	..	..	755
Mental patients' estates	..	..	..	..	..	480
Soldiers' estates	..	..	..	..	..	154
Miscellaneous	..	..	..	..	..	530

2,803

43. As the year proceeded the financial depression, largely due to the fall in the price of staple products, adversely affected many of the estates, particularly those in which farming operations were being carried on and those instances where farm properties were sold at highly inflated prices with but a small deposit and with a large amount of purchase-money outstanding. The position has called for the most watchful care in order that the interests of beneficiaries and other interested parties may be fully safeguarded.

44. The administration work of the Office has hitherto been carried out both at Head Office and at District Offices in divisions corresponding to the nature of the estates administered—*e.g.*, Wills Estates, Intestate Estates, Mental Patients' Estates, &c. During the year a rearrangement of the work on a new basis has been carried out. The whole of the work is now organized alphabetically irrespective of the nature of the estate under administration.

The new arrangement possesses advantages both for the public and for the staff. It enables any inquirer to be directed without difficulty to the officer who is dealing with the estate concerned, and it also permits of each officer being trained in the administration of estates of all classes, instead of his experience being confined to one class of estate. The amalgamation has been carried out without any dislocation of work, and savings in staff and other economies have resulted from the change.

45. Owing to the delegation of estates to the District Offices it has been found possible to group the whole of the administration staff in the Head Office on one floor of the building. This has made for economy and for effectiveness of control.

REVIEW OF SHARES HELD IN ESTATES.

46. An important task which has been undertaken and carried out to completion during the year is the review of all company shares held in estates under administration. Complete lists of such shares were obtained from District Offices, and were first reviewed by the Office Solicitor to ensure that in every case where shares were held under a will or trust their retention was sanctioned by the trust instrument. The lists were subsequently submitted to the Financial Adviser of the Office, who carefully reviewed each holding and furnished a recommendation as to the sale or retention of the shares in each case. Instructions in accordance with his recommendations have been issued to all District Officers.

Returns are now rendered periodically of all new share-holdings coming into the Office, and these are reviewed in each case by the Office Solicitor and by the Financial Adviser.

REVIEW OF ESTATES UNDER ADMINISTRATION.

47. A system of reviewing estates under administration, which was adopted in 1919, and which was referred to in the report of 1920 as being "probably the most important and far-reaching development introduced by the Board," has been further extended, and has proved to be a most valuable factor in the general improvement which has taken place in the standard of the administration work throughout the Office. The whole of the District Offices have been suitably grouped, and the Reviewing Inspectors, who are experienced in both administration and accounting work, have been appointed to review the estates at each office in the groups. By this means what is practically a continuous audit of the administration work of the estates has been secured.

The results have been excellent in every way. The system has imposed a valuable check on the details of the administration in every estate which the Inspectors have reviewed. The whole of the outstanding matters requiring attention have been brought together in a comprehensive report, and it is then a comparatively simple matter for the local officers to see that the necessary action is taken to dispose of such matters.

A copy of each review is sent to the Head Office, and is submitted to the Board if necessary.

Generally speaking, the results revealed by the reviews have been most satisfactory, the omissions and errors which have occurred in the course of administration being for the most part of a minor character. In the few instances in which an unsatisfactory position has been revealed special attention has been given to the outstanding matters, which are being followed up by the local officers under the direction of the Public Trustee.

48. Two typical expressions of opinion by local officers as to the value of the system may be quoted :—

Local Deputy Public Trustee, Invercargill :—

The value of the reviewing system cannot be overestimated, and it is of considerable assistance to the Controlling Officer in carrying out his duties. It is also valuable for the purpose of rendering a uniform system possible in the administration of estates, and comprises a system which gives a close watch on the administration work.

Local Deputy Public Trustee, Auckland :—

I am convinced that the system will be most beneficial to the administration of estates. In the cases of larger estates or those presenting difficulty, it has enabled particulars of all outstanding matters to be collected and set out in such a manner that the whole position can be gathered at a glance. It thus forms a basis for successful administration. The new system should undoubtedly prove of immense value to administration.

The following remarks of the Head Office Reviewing Inspector may also be quoted :—

I have frequently noticed that in cases where reviews have been called for, matters which have been overlooked or delayed have received attention as a result of the perusal of the files preparatory to the preparation of the reviews, and matters which the Reviewing

Inspector might have found it necessary to mention have been detected by Estates and Accounts Clerks and Controlling Officers before the files have reached him. This is a very satisfactory feature, and it proves that the reviews are being prepared in a thorough manner, and that the officers take the opportunity to put the administration on a proper footing.

Most of the files which have been referred to the Board relate to estates which have been under administration for some considerable time, and I find that the new estates which are now coming forward for their first review have received close and prompt attention, and I feel sure that the fact that every new file must come under the review of the Controllers and the Inspector has contributed to this result, and that it will continue to ensure a careful attention by officers to the estates in their charge.

For many years past it has been recognized that a summary of the position of estates of any importance would be a valuable addition to their files, and an aid to the more easy administration of the estates, particularly when it becomes necessary to transfer them from the charge of one officer to another. The review provides this summary, and ensures that it is correct.

I feel confident, too, that the gradual reviewing of all estates in their charge must be welcomed by the Controllers. It affords them the opportunity of seeing the condition of the estates in their charge, of clearing up outstanding matters requiring attention, of closing administrations in many cases, of judging the work of their assistants, and generally it gives them a view of their charge that would not otherwise occur.

ACCOUNTS.

DELEGATION OF ACCOUNTING WORK.

49. Practically the whole of the estate ledger accounts, together with the subsidiary books and cards, have been transferred from the Head Office to the District Offices as part of the scheme of decentralization. Within a short period no estate accounts will remain to be dealt with in Head Office.

The new system has worked satisfactorily. At each Local Deputy Public Trustee office a qualified accountant is in charge of the accounts work as District Accountant. The beneficiaries' accounts have been issued with regularity and promptitude, and this has been a great source of satisfaction to the clients of the Office.

ESTABLISHMENT OF CREDIT IN LONDON.

50. In view of the fact that the Office is often called on to disburse moneys in London, the Treasury has been asked to consent to the establishment of a Public Trustee Account with the London Branch of the Bank of New Zealand. Besides the saving of a considerable amount in exchanges, the step proposed will solve a difficulty which has arisen owing to the present high rate of exchange in providing sufficient funds to meet estate liabilities in Great Britain and Europe.

It is proposed that all moneys due to the Public Trustee from realizations in Great Britain, America, and Europe shall be credited to the Public Trustee's Account in the Bank of New Zealand, London, and that payments shall be made by cheque signed by the High Commissioner for New Zealand, acting under authority from this Office.

DELEGATION OF LOCAL BODIES' SINKING FUNDS.

51. The administration of local bodies' sinking funds will shortly be delegated to Local Deputy Public Trustees. The transfer will prove a very great convenience to the local-body clients of the Office.

AUDIT OF ESTATE SECURITIES.

52. The audit of estate liquid securities, and also those held for safe custody on behalf of clients, has recently been completed by two senior accounting officers. It is gratifying to report that no discrepancies were discovered, and that all documents were accounted for.

SPECIAL INVESTMENT AGENCIES.

53. Under the powers conferred by the Public Trust Office Amendment Act, 1912, the Public Trustee is authorized to act as agent for the investment of money. Many investment agencies have been created in accordance with the provisions of the Act, and the total sums held under this heading amounted on the 31st March last to £577,308.

Hitherto all such moneys have been regarded as forming part of the Common Fund of the Office, and have received the Common Fund rates of interest. In view of the exceptional opportunities existing at present for advantageous investment of money, it has been decided to accept sums from clients for special investment in mortgages or in local-body debentures bearing interest at $5\frac{3}{4}$ per cent., a charge of 5 per cent. on the amount of interest collected being made by the Office for its services. Such investments do not, of course, enjoy the benefits of the State guarantee.

The administration of all investment agencies will shortly be delegated to the Local Deputy Public Trustees.

INSPECTION OF DISTRICT OFFICES.

54. Throughout the year a close and rigorous inspection of all District Offices has been maintained, and has had a valuable effect in keeping the standard of the work at a high level of efficiency.

55. In a report furnished recently by two of the principal Inspecting Officers of the Department, it is stated that a decided improvement has taken place in the manner in which estates are administered and in the time taken to wind them up. This improvement is displayed with respect to both accounting and administration work, and is considered to be due largely to the following reasons:—

- (a.) The introduction of more system and better method ;
- (b.) The issue of detailed instructions to officers for the conduct of each phase of the work ;
- (c.) The decentralization of the work ;
- (d.) The standardizing of the work in all offices ;
- (e.) The provision of a regular system of inspection ;
- (f.) The strengthening of the staff, and the encouragement given to all officers to become efficient ;
- (g.) The improvement in the accommodation.

56. Special arrangements have been made for the periodical inspection of agencies in charge of non-permanent officers of the Department. Each agency is visited monthly by a permanent officer from the nearest District Office. At least one visit annually is paid by the Controlling Local Deputy Public Trustee.

SITES, BUILDINGS, AND PREMISES.

57. No new office-sites have been acquired during the year.

58. The reduction of the Head Office staff as the result of decentralization will shortly permit of the staff of the Local Deputy Public Trustee, Wellington, being brought into the main office building. It is proposed to allot the ground floor for the use of the Wellington staff. The arrangement will be a most convenient one from the point of view of both the public and of the Office.

59. More extensive premises have been acquired by lease at Hamilton and Gore. There is urgent need for the erection of permanent office-accommodation at Feilding, Hamilton, Gisborne, Masterton, and Christchurch.

60. The new buildings at Invercargill, New Plymouth, and Palmerston North which are in course of erection are well advanced towards completion, and will be ready for occupation before the 31st December next. These offices will provide suitable and much-needed accommodation for the work of the Office in the towns named, where the success of the Department's work has hitherto been largely impeded by the absence of proper accommodation.

SAFE-DEPOSIT LOCKERS.

61. In each of the new buildings which is now under construction or is being planned provision will be made for the installation of lockers for the safe deposit of valuables by the public. The lockers have proved very successful at Wellington and Dunedin, where they have been installed for some years past.

REDUCTION OF EXPENDITURE.

62. In view of the difficult financial conditions now prevailing I have borne constantly in mind the necessity of reducing expenditure wherever possible. Considerable savings are being made without the efficiency of the Office being impaired.

The principal economies fall under the following headings :—

	£
(a.) Reduction of staff	27,264 p.a.
(b.) Closing of certain branches where the volume of business did not warrant their being kept open, and the conversion of branches from full-time to part-time offices	1,768 p.a.
(c.) Reduction in the amount of overtime paid ..	550 p.a.
(d.) Reduction in removal expenses through transfers of officers (especially married men) being reduced to a minimum	1,200 p.a.
(e.) The stabilizing of the staff, thus eliminating acting positions which involve the payment of allowances ..	300 p.a.
(f.) Certain savings of a miscellaneous nature, such as discontinuance of telephone subscriptions, saving of cleaning, &c., alteration in system of keeping A. and C. Registers, saving in exchanges on moneys remitted to Great Britain and rearrangement of office insurances	2,578 p.a.
Total annual saving	<u>£33,660</u>

Further economies are being effected and the whole question of reduction of expenditure is being carefully gone into, and wherever possible the systems of the Office are being simplified to enable the cost of the Office work to be reduced ; but the whole matter in its ultimate effect will be one properly for review in the operations of the financial year ending 31st March, 1922, by which time the process of reduction will be completed.

CONCLUSION.

63. Taking into account the exceptionally difficult conditions which have prevailed throughout a large portion of the year now under review, I am of opinion that the result of the year's working must be regarded as very satisfactory. The Office is now well established in the life of the community as a great and successful public institution, and its influence is becoming more widely spread every year. During the coming year it is hoped to maintain the efficiency and progressiveness of the Office, and to effect further changes which will make for even greater economy and expedition in the transaction of its business. It is also hoped, as soon as the financial position improves, to pursue a liberal policy towards beneficiaries and other clients of the Office by raising the rates of interest allowed to estate moneys held in the Common Fund.

64. I desire in conclusion to pay a special tribute to the diligence and devotion of the staff, which has worked cheerfully and well during a period of considerable anxiety and strain.

I have, &c.,

J. W. MACDONALD,
Public Trustee.

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

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