

The increase for last year as compared with the previous year is accounted for very largely by the increase in salaries of the staff resulting from the general regrading of the Public Service.

During the past five-yearly period the value of estates and funds under administration by the Public Trustee has increased by nearly £15,000,000, whilst the expenditure has decreased by nearly £30,000, notwithstanding the fact that owing to statutory increases each year and the general regrading of the staff last year the salaries vote has very considerably increased during the period named. This excellent result has been achieved only by the exercise of the strictest economy in every department of the Office work.

3. The total revenue for the year amounted to £299,439, as compared with £257,623 for the preceding year. The considerable rise in revenue, accompanied by a comparatively small increase in expenditure, has resulted in a profit of £90,522 on the year's working, as compared with a profit of £65,542 earned in the previous year. It is to be noted that this profit has been made after providing for all the expenditure which an ordinary commercial undertaking would have to meet, including the payment of income-tax and allowance for depreciation of plant and buildings. The following table showing the profit earned in each of the past five years is interesting :—

					£
1921	..	..	..	..	10,691
1922	..	..	..	..	11,053
1923	..	..	..	..	58,700
1924	..	..	..	..	65,542
1925	..	..	..	..	90,522

4. From a commercial standpoint the Public Trustee is at a considerable disadvantage in many respects compared with the trustee companies transacting business in New Zealand. The Public Trustee is called upon to administer many estates of small value, such as the estates of persons who have died intestate leaving no relatives in New Zealand, and the estates of mental patients. Many insolvent estates are also entrusted to the Public Trustee for administration, and these are frequently so involved that the services of the Office are far from adequately remunerated. Again, the Office performs many statutory duties of a miscellaneous nature for which little, if any, remuneration is received.

That the Public Trustee in England is at a similar disadvantage is evidenced by the report of a special committee appointed in 1919 by the Lord Chancellor to inquire into the organization of the Office of the Public Trustee in England. The following extracts from the report of the committee clearly indicate this fact :—

It is clear, therefore, that the cost of all "small estates" is greatly in excess of the fees earned by them; and their administration could not be rendered remunerative except by the imposition of fees which would in effect be prohibitive . . . but in any case we fear that the administration of such estates could not be made remunerative to the Department under any scale of fees that could be contemplated in practice . . . If as a matter of policy it is considered desirable to give special facilities for smaller estates there would appear to be some ground for a subsidy from public funds to make good the deficit. It should be borne in mind that, under the Act, the Public Trustee is not allowed to reject any case merely on the ground of its small value.

The above remarks applied to estates which fell into three categories, and the Public Trustee in New Zealand is called upon to act in unremunerative capacities of a much wider range.

5. The important part played by the Public Trust Office in providing finance for the development of the country generally has been specially exemplified during the past year, when, owing to the removal of the restrictions imposed by the moratorium, there has been considerable difficulty in obtaining requisite finance. The effect of the Mortgages Extension Acts was to render "broad-acre" security unacceptable to a large number of private lenders, who sought other avenues of investment for their moneys. The passing of the Mortgages Final Extension Act, 1924, led to a great demand for money on the part of those who desired to adjust their finances, and the assistance given by the Public Trust Office has proved most valuable