

1925.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1925.

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 work of the Public Trust Office for the year ended 31st March, 1925.

1. The business of the Office has again shown a large and gratifying increase. The number of new estates accepted was 3,023, valued at £4,621,869, as compared with 2,739 estates, valued at £3,781,155, which were accepted during the previous year. It will be seen that the new business obtained during the year just closed exceeded that of the previous year by almost £1,000,000. The value of the estates and funds under administration on the 31st March, 1925, was £35,570,642, an increase for the fourth consecutive year of over £3,000,000. The following brief table shows clearly the remarkable growth of the Office business since 1890 :—

Year.	Value of Estates and Funds under Administration.			
	£			
1890	1,240,098
1895	1,562,269
1900	2,192,594
1905	3,577,355
1910	7,358,947
1915	13,580,936
1920	20,860,686
1925	35,570,642

It will be seen from the table that since the year 1910 the business has increased almost fivefold.

2. Although during the past four years the value of estates and funds under administration has increased at a rate exceeding £3,000,000 per annum, the expenditure for the year 1924–25 was considerably less than it was four years previously. For the years 1920–21 to 1924–25 the expenditure, excluding depreciation, was as follows :—

	£			
1920–21 .. .. .	..	..	..	226,103
1921–22 .. .. .	..	..	..	202,137
1922–23 .. .. .	..	..	..	178,707
1923–24 .. .. .	..	..	..	180,643
1924–25 .. .. .	..	..	..	197,687

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

to the farming community generally. During the year the new money advanced to borrowers was £3,180,533, of which £1,880,978 was advanced on mortgage of freehold lands—chiefly country properties—and £791,287 was lent to local bodies for the carrying-out of works of public utility. The balance of the total amount advanced was invested in securities of a miscellaneous nature, such as Government debentures, &c.

6. The total amount of funds invested at the 31st March, 1925, was £22,106,190, including £14,255,120 advanced to private borrowers and £5,832,542 lent to public bodies.

7. Large as is the present business of the Office, there is abundant evidence that it will be still further increased in the near future. The liberal policy which has been pursued by the Office in making concessions to clients by way of reduction of fees, and the providing of additional services without charge, has resulted in attracting a large amount of prospective business in the form of wills held on deposit on behalf of living testators. The growth in this department of the Office work has been remarkable. The number of wills held for safe custody on the 31st March last was 44,102, the new wills deposited during the year having amounted to 4,420. At the present time new wills are being received for deposit at the rate of from four hundred to five hundred per month, and in addition it is known that many wills in which the Public Trustee is nominated as executor are held by banks and solicitors. It is therefore evident that within the next few years a large amount of lucrative business must come to the Office for administration. One feature which has added to the popularity of the Office and has been a factor in the large growth of the wills-for-deposit business is the provision which was incorporated in the Public Trust Office Amendment Act, 1913, permitting of the appointment of advisory trustees to co-operate with the Public Trustee in the administration of an estate. This provision has been largely availed of by farmers and by business men who have desired to obtain the benefit of administration by the Public Trustee, but who have at the same time wished to associate with him in the management of the estate a person possessing intimate knowledge of its details, such as a business or farming associate, family solicitor, or banker.

8. I desire to draw special attention to the reply of the Public Trustee to certain criticism which has been levelled against the Common Fund of the Public Trust Office. Much of the criticism has been based on misconception of the true nature of the fund, and the Public Trustee's statement is a vindication of the principles on which the fund is established, and a demonstration of the security which it has afforded to estates during the recent difficult times through which the country has been passing.

9. The principle of State trusteeship for the administration of estates continues to attract attention in many countries. During the year just closed several inquiries have been received by the Public Trustee, who has in each case furnished full and detailed information on the constitution and work of the New Zealand Public Trust Office. Amongst the inquiries was one from the Federated Malay States, where a Public Trust enactment has been in force for some years.

The value of the principle is being demonstrated by the constant and steady progress which is being made in countries where Public Trustees have been appointed. In particular the Public Trust Office in England shows constant growth in the number and value of trusts committed to the charge of the Public Trustee. His report for the year ended 31st March, 1924, shows that in that year the aggregate value of new business amounted to £15,463,118, and that the total value of assets under administration at the end of the year reached a sum of £175,760,000, apart from large quantities of settled land which had not been valued.

10. As evidence of the wide spread of information regarding the Public Trust Office of New Zealand, it is interesting to note that during the year just closed an inquiry was received from a gentleman residing in Kirin, Manchuria, China, who desired the Public Trustee to undertake some agency work in New Zealand on his behalf. The inquiry resulted from the receipt by the person interested of a copy of the Public Trust Office handbook giving particulars of the work performed by the Public Trustee.

11. As is well known, special facilities have from time to time been granted by statute to the Public Trustee which have enabled him to exercise many powers which cannot be exercised by private trustees. It has been assumed by some persons that the object of granting these powers is merely to strengthen the position of the Public Trustee as compared with private trustees. It may be pointed out, however, that the real object in granting such powers is ultimately to benefit the beneficiaries in estates under administration by the Public Trustee, by enabling him to perform expeditiously and at small expense certain functions which, in the case of private trustees, would necessarily be the subject of a Court order, involving the loss of time and also considerable expense. The powers which the Public Trustee now possesses under the statutes governing the work of the Office enable him to carry out his work with a minimum of delay and expense to the clients, and the benefit of this falls finally to the clients and beneficiaries of the Office.

It has sometimes been urged that the special powers enjoyed by the Public Trustee should be made applicable to all trustees; but it may be pointed out that, as the Public Trustee is a public official, whose actions are open to public criticism, and the conduct of whose work is subject to special safeguards, he can be granted exceptional powers which it would not be wise to entrust to trustees in general.

12. In view of the wide powers which have been conferred upon the Public Trustee, it has been thought well to provide a ready and inexpensive mode by which beneficiaries who are aggrieved or dissatisfied with any action of the Public Trustee in the administration of any estate or trust in which they are interested may apply to the Court for redress. The Public Trust Office Acts provide that, in the case of any trust estate administered by the Public Trustee, any beneficiary aggrieved by any act, omission, or decision of the Public Trustee relating to that estate may apply in a summary way to a Judge in Chambers, who may make such order in the premises as he thinks just. Although this provision has been in force for a considerable number of years, it is gratifying to state that not a single application has been made. This is a direct testimony to the satisfaction which has been afforded beneficiaries by the Public Trustee and by his officers in the administration of the estates entrusted to them.

13. During the last session of Parliament a petition was presented by a beneficiary in an estate which had been administered by the Public Trustee praying for an investigation of the administration of her husband's will, with a view to redress. The petition was heard by the Public Petitions M to Z Committee, which, after hearing both the petitioner and the representatives of the Public Trustee, recommended that a thorough and independent investigation into the accounts and administration of the estate concerned be held, the petitioner to have full powers of representation at such inquiry. Pursuant to this recommendation, A. T. Clarke, Esq., A.C.A., a well-known public accountant of Wellington, was nominated by the Government to conduct the inquiry. The matter was fully investigated by Mr. Clarke, who reported that there were no grounds for complaint against the administration of the Public Trustee. It may be added that the whole of the expense of the investigation was borne by the Public Trust Office.

14. Apart from the foregoing matters, attention may be directed to the following features appearing in the Public Trustee's report :—

- (1.) The increase in the balance at credit of estates and funds from £19,215,388 to £20,864,356.
- (2.) The increase of the Office reserves to a total of £605,274.
- (3.) The increasing number of cases in which the Public Trustee is being appointed as Sinking Fund Commissioner for local-body loans, the amount of local-body sinking funds having increased during the year from £968,063 to £1,260,504.
- (4.) The striking development of the system of permanent charity trusts in the United States of America.
- (5.) The thorough and effective system in force in the Office for the training of junior officers to equip them for the highly technical and specialized work of the Office. Attention may also be called to the exceptional nature of the qualifications of the present staff.

- (6.) The difficulties which have been experienced by the Office in common with all other financial institutions as the result of the recent depression.
- (7.) The operation of the Mortgages (Final Extension Act in so far as it affects the operations of the Office, either as the lender of moneys from the Common Fund or as trustee of estates.
- (8.) The contemplated change in the distribution of intestate estates in England consequent upon the passing of the Law of Property Act, 1922 (Imperial).
- (9.) The progress made in the disposal of enemy property and the settlement of pre-war debts between British and German nationals. These duties are discharged by the Public Trustee in his capacity as Custodian of Enemy Property and Controller of the New Zealand Clearing Office, and will form the subject of a special report to Parliament.
- (10.) The excellent results which have been obtained from the introduction of the system providing for the continuous review of the administration of all estates managed by the Office.
- (11.) The occupation of new office buildings designed on the most modern lines at Whangarei, Stratford, Dannevirke, and Waipukurau. The office at Whangarei serves to accommodate the whole of the Government Departments located in that town.
- (12.) The uniformly favourable reports received from District Officers, which are printed as an appendix to the Public Trustee's report.

15. Generally it may be stated with confidence that the Office is thoroughly and efficiently equipped for the transaction of the work connected with the administration of estates and trusts. The system of decentralization has been fully developed, making for promptitude of administration, and all adequate safeguards have been introduced to see that the control of the Public Trustee is fully maintained and the interests of clients and beneficiaries safeguarded. The new business in view is very large, and the future of the Office business is assured.

Wellington, 12th August, 1925.

J. G. COATES,
Prime Minister.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1925.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the year ended 31st March, 1925.

1. The figures for the year again reveal a most satisfactory state of affairs. The year has been the most successful one in the Department's history. The work has proceeded smoothly and efficiently, and there has been practically a total absence of any serious grounds for complaint on the part of beneficiaries.

THE COMMON FUND OF THE PUBLIC TRUST OFFICE.

2. During the year under review the Office came under a great deal of criticism in the newspapers, partly editorially, but chiefly by contributors, some of whom, there is reason to believe, were not actuated by purely disinterested motives, and who in several instances based their criticism on insufficient knowledge and misconceptions of the true position.

The Office does not expect freedom from criticism, and it is exceedingly pleasing to find that in such comments as have been made it has been freely admitted that the Office has served a great purpose and done splendid work, and that there has been an entire absence of any suggestion that the administration of estates has been other than entirely satisfactory.

The business of the Office is to administer estates, and from the evidence it possesses, and the fact that unfriendly critics have not touched on that point, it is felt that the Office is carrying out its important functions with a great deal of success.

No business can progress unless it satisfies its clients. The Public Trust Office does satisfy its clients. It administers the estates of succeeding generations; it supplies such proof of its ability to manage them advantageously that it attracts the attention and engages the good will of an ever-increasing circle, until now it holds the wills of over forty-four thousand living testators, and these include men who have made a success of their affairs in every class of business life. Yearly another five thousand testators are placing their wills in the Office, while others appoint the Public Trustee their executor without his knowledge until such time as their estates fall in for administration. In these circumstances it is felt that the Office is making a success of its business and that it has the confidence of the public.

The chief—in fact, the only—point of attack was the Common Fund; and it may be desirable at this stage to give some account of the fund for the information of those who are not fully acquainted with its history, its administration, and its advantages.

Purpose and Advantages of the Fund.—When the foundation of the Public Trust Office was originally proposed, one of the chief considerations was to ensure that persons desiring to make provision for their dependants should have at their disposal the means of doing so with the certain knowledge that the security of the funds set aside for the purpose would be beyond doubt—without any possibility of loss through theft, fraud, or misuse, or wrongful investment. It was not until the year 1891, however, that this idea was carried into such complete effect as to fulfil entirely the original intention, when by an Act of Parliament dealing with the reconstitution of the Office the present Common Fund of the Public Trust Office was established.

Fixed Rate of Interest.—The purpose was to provide the capital funds of estates under administration in the Public Trust Office with a fixed rate of interest—to be fixed from time to time by the Governor in Council according to the prevailing conditions—by falling into one common fund to be invested by the Public Trustee and *guaranteed by the State.*

This gave the complete security which the Public Trust Office was founded to provide. Testators now have the sure and certain knowledge that when they appoint the Public Trustee their executor and direct investment in the Common Fund the money they leave at their death will be absolutely secure for the benefit of their dependants and beneficiaries.

Freedom from Worry.—The chief considerations of most testators are security of their capital and a regular income to their dependants. The Common Fund provides both. Clients interested in estates under administration in the Public Trust Office and invested in the Common Fund are freed entirely from the worry so frequently attendant on the investment of their funds.

They are not concerned with the investments from the Common Fund, and any loss made by the Public Trustee must be borne by him and, if necessary, by the State. They have no cause to worry about the safety of their investments; “slumps” in value and periods of depression do not depreciate their investment or lessen the amount of their capital.

Complete Security assured.—Difficulties encountered by the Public Trustee are not communicated to his clients: they have no cause for anxiety—they know that, happen what may, their money is secure. To those dependent on their existing capital this must be an important consideration.

During recent years great difficulties have been experienced in the management of mortgage securities, and, following upon the depression through which the country has passed, private trustees have been given legislative power to write off principal and interest due to estates in their charge, *but there has been no writing off in estates invested in the Common Fund.*

Interest runs continuously, and is paid regularly free of all deductions, including exchange, anywhere in New Zealand.

No Loss of Interest.—Once money becomes part of the Common Fund, interest accrues immediately, and continues until the funds are withdrawn. There is no break with loss of interest such as occurs when old investments are repaid and new ones have to be found. The Common Fund offers a continuing investment, and the interest is allowed on the daily balance.

The interest can be made payable at any time—weekly, monthly, quarterly, or half-yearly—as may be desired, whereas interest from special investments is usually payable quarterly or half-yearly, and is available only after it has been paid by the borrower. Investment in the Common Fund ensures payment to beneficiaries on the appointed dates *whether the borrowers have paid their interest or not.*

When money is held on behalf of minors, or for the redemption of debentures or for other special purposes, the interest is compounded and becomes interest-earning too.

Capital moneys invested in the Common Fund are always available when they are required—the money is always liquid. This feature of the Common Fund is of special value to estates held for immediate distribution where it would be impossible to find separate investments for the short periods the money is held pending the completion of administration. As it is, the money falls into the Common Fund and becomes interest-bearing. In such cases it frequently happens that the interest earned exceeds the charge for administering the estate.

The funds of an estate may fluctuate in amount, but the addition or withdrawal of money does not affect the investment. A withdrawal is made, and interest continues on the balance; an addition is made, and it becomes interest-bearing at once.

Capital immediately available.—On the termination of life interests, too, this advantage of investment in the Common Fund enables the Public Trustee to distribute the capital funds immediately the interests cease. An example of this advantage is provided in a case of frequent occurrence where a testator by his will leaves the income of his estate to his widow during her life, with a direction that the estate is to be distributed among his children on her death. If the capital of the estate were specially invested—say, in mortgages—it would be necessary after the widow's death to wait until the mortgages were repaid before the children could get their shares.

During the past ten years, with the moratorium in operation, it has been almost impossible to obtain repayment of money lent on mortgage. In any event the mortgages may have many years to run before the loans fall due. On the other hand, if the capital of the estate were invested in the Common Fund the money would become available for payment to the children immediately on the death of the widow.

Sinking Funds.—It is also of great value in the case of local bodies' sinking funds. On the maturity of the loans for which the sinking funds were established the money is available for the redemption of the debentures. Without the Common Fund only securities would be held, and there would be difficulty in realizing them. There might be loss of capital; there certainly would be loss of interest. With investment in the Common Fund there is no loss of either. Whether the money is required in one, ten, twenty, or fifty years, it will be ready when it is required—and it will be intact.

Special Requirements.—A testator frequently desires that part of the capital of his estate shall be available after his death to meet the special requirements of his dependants. He may wish to make special provision for the education and maintenance of his children; he may wish part of the capital, in addition to the income, to be made available to his widow in case of sickness or other misfortune. If his money is invested in the Common Fund the portion required can be obtained at any moment without disturbing the investment of the remainder, and without any loss of interest. If the money were specially invested this would not be practicable.

When advances are required to be made to beneficiaries in estates under administration in the Public Trust Office, or when in the interests of the estate the capital has to be broken into, investment in the Common Fund makes the transaction one of the utmost simplicity, and the investment of the balance is not affected.

No Amount is too Small for Investment in the Common Fund.—In many estates there are small sums of money for which it would be impossible to find separate investments, but no amounts are too small for the Common Fund, and they earn the same rate of interest as the larger sums. There may be a direction, for instance, to capitalize the income of an estate, and investment in the Common Fund enables the smallest amount of income to become interest-bearing.

In the same way, many of the instalments of local bodies' sinking funds are so small as to preclude the possibility of separate investment, but falling into the Common Fund they become interest-bearing from the date of their receipt, and the interest itself becomes interest-bearing too.

The above particulars of the Common Fund will enable a judgment to be formed on the advantages it affords; and it may be mentioned here that it is the practice to make full explanation to testators making their wills in the Public Trust Office, and to point out that they are at full liberty to direct the investment of their funds specially outside the Common Fund. It has been found that the great majority desire the Common Fund system—many of them shrewd, competent men of business.

It has been stated that the Office retains too great a portion of the interest earned by the Common Fund; but several points of importance have been overlooked or withheld.

One critic, in detailing the amount of interest retained by the Office, failed to point out that during the years 1918, 1919, and 1920 the Office paid bonuses to estates amounting to £92,404 in addition to the interest credited in the ordinary course, and so giving an entirely misleading impression to his readers. Since the year 1920 the rate of interest allowed to estates held for a term of years or during interests for life has been 5 per cent. In that year the average rate of interest earned was £5 6s. 7d. per cent., so that the Office was retaining as remuneration for its services and provision for its guarantee the sum of 6s. 7d. per cent. In later years the average rate increased, but up to 1924 it had not exceeded 5½ per cent., except in 1923, when it was £5 10s. 4d. The explanation of an average rate lower than the current rate of interest lies in the fact that investments for a period of years at a lower rate of interest had not yet matured, and only the new money was available for investments at the high rates ruling in later years.

Considering the absolute guarantee given of both capital and interest, it can hardly be said that the Office was dealing unfairly with the estates in its charge.

In considering the amount of interest retained by the Office some critics have assumed that the whole of the interest earned by the Common Fund belongs to estates, entirely overlooking the fact that the Office reserve funds and balances in the Profit and Loss Account form part of the Common Fund and earn interest too.

In addition, the Office holds large sums of money for clients on trusts for a definite term of years at a fixed rate of interest, and the difference in the amount earned from the investment of these funds and the amount paid to clients in terms of their contracts is a legitimate profit accruing to the Office, and not to the estates with money in the Common Fund.

In a great many of the estates administered by the Public Trustee the testators or beneficiaries have directed prompt realization of assets and the immediate distribution of funds. As distributions are required, further similar amounts are coming in, so that there is always a considerable floating balance, which can be invested in the usual way, and as the interest allowed on such money is at a lower rate than in the case of money held for years or during life interests a surplus accrues to the Office, which cannot be regarded as belonging to the remaining estates. As the moneys referred to are payable on demand they cannot expect to receive as high a rate of interest as those that are available for investment for definite periods. In fact, but for the Common Fund system of investment, in many of such cases no interest could be earned at all.

Then, too, the interest earned by the Common Fund flows into the Office regularly throughout the year, and as most of it is payable to beneficiaries quarterly there is always a considerable sum available for new investments until it is required for payment as income to clients on due dates.

There is also the question of the Office remuneration for its services in collecting the interest from borrowers ; and in accounting to clients the interest credited to estates is not subject to any charge by way of commission. The Office is, however, clearly entitled to some remuneration, and such remuneration is included in the balance of interest remaining after the estates have been credited at the fixed rate.

Then, too, there is the important matter of making reserves to meet any losses that may be incurred through the failure of investments to realize their full value—such losses as are inevitable to all lending institutions. Were no such reserves built up it would be a serious reflection on the Office management. An absolute guarantee is given in respect of money in the Common Fund, and provision must be made to substantiate the guarantee. It would surely not be contended that whenever a loss was made recourse should be had to the Consolidated Fund of the General Government. During the last few years all financial institutions have been faced with a serious depreciation in the value of their securities, and, notwithstanding the fact that the Public Trust Office has always lent on a conservative basis, it has found the need of the provision made in previous years to meet such a contingency.

In the course of criticism reference was made to superannuation funds forming part of the Common Fund, but this is not the case. All the Government superannuation funds are specially invested outside the Common Fund, and the only ones in it are a few belonging to local bodies who have elected voluntarily to take the advantages which the Common Fund affords.

One critic in his efforts to make a point against the Office stated that it paid no mortgage-tax—whereas, of course, the mortgage-tax was abolished years ago. But the Public Trust Office does pay income-tax at the highest rate.

This matter has been dealt with at considerable length, but it remains to be said that whether the funds of estates fall into the Common Fund or not is a matter of free choice with the Office clients : the advantages have been made clear. But when it is desired that the full current rates of interest should be obtained by separate investments outside the Common Fund the Public Trustee is in the position to offer a selection of the best securities. Testators and others placing their affairs in the hands of the Public Trustee have the full right and privilege to direct whether their money shall be invested in the Common Fund or separately outside the Common Fund. The Public Trustee will faithfully follow such directions.

It should be noted, too, that where a testator directs investment in the Common Fund he may except from such direction any particular investments he has made in his lifetime, and direct their continuance by his executor. The Public Trustee will follow the direction faithfully. A discretionary power of sale may be given by the testator, and in this case the Public Trustee will not proceed immediately to a sale, but will exercise the discretion given to him so as to realize the assets at the most favourable times, and in such a way as to secure the best results to the estate.

CHARITABLE TRUSTS.

3. The trust carried out by the Public Trustee under the will of the late Thomas George Macarthy, of Wellington, continues to be the most important charitable trust administered in the Dominion. Under the will of the late Mr. Macarthy the Public Trustee of the Dominion of New Zealand was appointed sole executor and trustee, and probate was granted to him on the 22nd August, 1912, the estate then being valued at approximately £379,000.

An extract from the will reads as follows :—

As to the other moiety of the annual rents income and profits of the same or the investments for the time being representing the same I declare that my trustee shall . . . pay and apply the same to and for such charitable and educational purposes or institutions in the Provincial District of Wellington and in such manner and in such shares or to such extent as the Board of Trustees hereinafter mentioned shall from time to time by resolution direct and appoint.

It will be observed that the late Mr. Macarthy did not specify any particular objects of his bounty, but indicated his general intentions, and permitted the distribution to remain entirely at the discretion of the authority nominated by him under

his will. The trustees named under the will were incorporated under the title of "The Board of Governors of the Thomas George Macarthy Trust" by the Thomas George Macarthy Act, 1912, the Board consisting of His Excellency the Governor-General of the Dominion, the Prime Minister of the Dominion, the Roman Catholic Archbishop of the Arch-diocese of Wellington, and the Mayor of Wellington. The whole of the administration of the estate remains under the control of the Public Trustee, and he notifies to the Board of Governors annually the amount available from the income of the estate for distribution for charitable and educational purposes or institutions in the Provincial District of Wellington in accordance with the terms of the will.

It will be seen that the discretion reposed in the Board of Governors is an important one, and that their responsibility in allocating the income available in accordance with the intention of the benefactor is a heavy one. The Board is most representative, and its work is carried out on a system which ensures that the merits and claims of each particular institution which is entitled to benefit receive full and fair consideration. Applications are invited from all eligible institutions by the Public Trustee, and full particulars of the work performed, the financial position of the institution, and the extent to which it serves a useful public purpose are required to be fully set out. The applications are reviewed by an advisory committee, and the recommendations of the committee serve as a guide to the Board of Governors in determining the annual allocation of moneys.

The following table will show the growth in the number of applications for assistance and the amount distributed during the period of the administration of the estate by the Public Trustee :—

Year.	Number of Institutions.	Amount distributed. £
1913	19	2,530
1914	28	7,325
1915	39	7,070
1916	50	6,880
1917	52	5,790
1918	60	5,132
1919	64	6,545
1920	66	6,765
1921	73	6,860
1922	80	9,015
1923	80	9,350
1924	111	10,175

It may be added that on the termination of certain life interests granted under the will the amount of income available for distribution will be very substantially increased, and the work done in assisting charitable and educational institutions will correspondingly increase in importance. If the example set by the late Mr. Macarthy is followed by other wealthy testators there will in time grow up a very large sum which will be available for the assistance of deserving objects, and if the distribution of income under such trusts is assigned to boards of governors constituted on the lines of the T. G. Macarthy Board of Governors such boards will be able to exercise an important and beneficial influence on the organization and conduct of charitable works throughout the Dominion.

4. In my last report I made reference to the rapid growth of community trusts or permanent charity organizations in the United States of America. These developments are closely bound up with the question of corporate trusteeship for the administration of the charitable funds concerned.

In recent issues of a magazine devoted to trust work the following interesting information appears regarding the extent to which the community-trust plan has been developed in America :—

The fifty-one community trusts operating to-day show a remarkable record of accomplishment for the advancement of mankind and the betterment of humanity. Their activities cover a wide field, as diversified and inclusive as any contributor could wish. These include surveys and studies of charities, education, recreation, and crime. In Cleveland over a million and a quarter dollars have been devoted to actual community and welfare work

In Buffalo studies were made of public health and child-caring agencies ; in Chicago was conducted an Americanization survey of housing and prenatal care, and a study of the physically handicapped ex-service men ; in Rhode Island charitable agencies were surveyed, and in St. Louis the Children's Code Commission was financed ; in Boston \$215,000 were distributed last year to 103 charitable, social, and welfare organizations. The work has not been limited to helping established organizations in the various communities ; new lines of endeavour have been developed, and charity has been modernized and made financially effective.

As a corollary and supplemental to this co-operative effort is the community fund or chest plan, through a co-operative campaign of raising money for operating expenses of charitable and welfare agencies. This has been the natural outgrowth of the community-trust idea.

—*Trust Companies*, October, 1924.

The potential possibilities for service in the community-trust plan are very great. If the trustor in his agreement, executed by trust deed in his lifetime or by bequest in his will, has named a particular institution to receive the income from his fund, as long as the institution is needed and continues to operate in a successful and creditable manner then the board of the community trust is under a moral obligation not merely to permit the income to be paid year after year, or suddenly to withhold it if the institution goes on the rocks, but it should exercise continuous watchfulness—should aid the institution, if needed, to continue to operate in a successful and creditable manner. If the institution becomes backward in its methods, if directors lose interest or the board seems to be degenerating into inefficiency, then the community trust should point out these defects to the directors, or may well call upon the council of social agencies or other representative body of specialists to assist in rejuvenating or reorganizing it. If the institution suffers some catastrophe or is faced with some unusual financial emergency the community trust may come to its aid by using capital funds, as permitted in the agreement, or by using undesignated funds for the time being for that purpose. This feature of the community-trust plan, this obligation or limitation as to the use of its designated funds, need only be mentioned.

It follows that the distributing board or committee which has the responsibility of determining such matters, so important often to the life of a particular institution and to the social-service programme of the community as a whole, should be a board well qualified for such judicial service. The board should consist of men and women eminently qualified for the duties they are expected to fulfil—citizens of high character and intelligence, well known and respected in the community, and of broad knowledge and experience in charitable affairs. That is a requirement usually placed in the trust agreement or charter of community trusts, but it cannot be too strongly emphasized. The executive secretary employed by this board should likewise be a person well qualified by training and experience for judicial work of this character. The policies of the board with regard to the use of funds should be both conservative and constructive, such as will command the respect of people in the community who have knowledge and good judgment in such matters.

The question may well be raised at this point whether the tendency of community-trust gifts is towards less restriction than under the old plan. The very fact that a gift is given for a particular institution through the community trust is in itself the removal of a limitation that the funds may be used only for this institution regardless of its future character. But the experience in community trusts thus far indicates that the great bulk of community-trust funds will be given without limitations other than the limitations of the general trust agreement itself. Our experience would indicate that, while there is a tendency on the part of the relatively small giver to give designated gifts, the man who gives millions is likely to give for the most part without limitation.

It is in the use of undesignated funds that the charitable trust has its greatest responsibility and opportunity. Here the trustees must not only guard the effective use of the fund, but they must initiate its use—they must exercise the function of choice. This use of the trust is a modern invention. It has developed from an experience of the administration of trust funds which has demonstrated that it is quite impossible for any individual to foresee very far in advance the detailed social needs of the future. We need not review here the reasons in favour of such undesignated trust funds for charitable purposes. It is pertinent only to remark that if the funds have been established as undesignated funds there is a very definite moral obligation upon the trustees to keep them so.

In the use of undesignated funds the community trust may aid existing institutions ; it may assist in the establishment of new institutions ; or it may institute and maintain enterprises of its own. In most communities the existing institutions will doubtless come in for a large share of community-trust benefits. These benefits should be distributed in such a way as will prove of real benefit to the institutions concerned. Gifts should be used to encourage productive and intelligent effort on the part of the boards of directors ; good business methods and progressive management ; increased interest and financial support upon the part of the public generally. Certainly an institution may be definitely and permanently injured if it is permitted to depend upon gifts from trust funds when it ought to be and could be enlisting and educating new individual contributors. Community-trust benefits likewise must be applied in the interests of the community as a whole. They should encourage and strengthen institutions in fields of social service which are weak ; they should discourage development of new institutions in fields already overcrowded ; they may in some

cases encourage consolidations ; they should certainly encourage measures for the prevention of duplication and for harmonious and intelligent co-operation among particular kinds of institutions and among all the social institutions of the community generally.

These obligations or limitations upon the use of community-trust funds necessitate upon the part of the community-trust board not only a continuous, intimate, up-to-date, friendly, but critical knowledge of each institution applying for aid, but of all the accredited institutions in the community ; of their relative merits ; of the relationships which exist between them ; of the standards which should apply in the various fields of service—a broad and at the same time an intensive knowledge of the needs of the community and the relative importance of various kinds of service.

— *Trust Companies*, August, 1924.

SETTLEMENT IN TRUST OF LIFE-INSURANCE MONEYS.

5. A recent authority on insurance, writing in the *Research and Review News*, published in America, points out that there are two types of values in existence—

- (a.) Human-life values : These values consist of the character, industry, technical and managerial ability of the individuals.
- (b.) Property values : These comprise land, buildings, machinery, raw materials, finished goods, and business goodwill.

He adds that personal values are the real source of all other economic values, and that the current earning-power of the adult population has a value six or eight times the aggregate of the nation's material wealth.

This is only a statement in another form of the well-known fact that the potential earning-capacity of the average individual in the community greatly exceeds the amount of property which he has succeeded in accumulating ; but, although the personal values usually greatly exceed the property values, they are of a less permanent character, and are always open to sudden and abrupt termination by the chances to which human life is always exposed.

It is the object of life insurance to guard against the disastrous results which might follow from the sudden or inopportune death of the wage-earner of the family ; and the extent to which insurance has been availed of is evidenced by the fact that according to figures published in the National Association of Life Underwriters of America 81 per cent. of the property handed down from one generation to the next consists of life-insurance moneys. In the association's report it is stated that in the single year 1923 the new insurance written exceeded the total which was in force in 1904, and that the year 1924 shows an increase of 15 per cent. in the amount of insurance taken out over the total of the previous year. Notwithstanding the extent to which insurance has progressed, there is still a very large field which remains untouched.

Hitherto the great bulk of insurance-moneys becoming payable on the death of the insured have been paid over in cash to the widow or next-of-kin of the deceased person. It is stated in the report of the association that "of the 400,000,000 dollars which were paid out on life-insurance claims last year 90 per cent. was paid in cash—the most fluid form of capital." As a result of this fluidity and the inexperience of many of the persons to whom the funds are paid there is a great tendency for life-insurance moneys to be dissipated either by extravagant expenditure or through ill-advised investment. The greater number of persons to whom such moneys are paid have had little experience in the handling of funds, and have a most limited acquaintance with the possibilities of profitable investment. The moneys are thus exposed to a constant and grave risk of being lost.

It is to meet this difficulty that there has grown up in the United States of America a special form of trust known as the "life-insurance trust." This development is being encouraged by the life-insurance companies working in conjunction with corporate trustees, and aims at securing that insurance-moneys paid over by the insurance companies shall be wisely conserved and protected in the interests of those who are beneficially entitled to them.

In some cases the trust provides for the payment of premiums becoming due under the policy from funds made available to the trustee by the settlor of the trust. In other cases the insured person himself arranges for the payment of premiums and the keeping of the policy in force, and the function of the trustee

commences only on the death of the insured person and the payment of the moneys due under the policy. Upon payment being made, the provisions of the trust come into operation, and the funds are then held and distributed for the benefit of the dependants in accordance with the expressed intentions of the settlor.

Little has been done so far in New Zealand to develop this special form of trust, and by far the greater part of the insurance-moneys becoming due under policies of life insurance are paid over direct to the widow or next-of-kin of a deceased person. As the community grows in numbers and the system of life insurance is extended it is probable that the plan which is working so satisfactorily in America will be adopted in this Dominion. If such should prove the case the Public Trustee would form a most suitable trustee to act in life-insurance trusts. The permanence and widespread organization of the Office would fit it admirably to deal with such cases. The insurance-moneys when paid over to the trustee would no longer be liable to dissipation through extravagance or ill-advised investment, but would fall into the Common Fund of the Office, and would immediately be covered by the State guarantee.

There is another development of life-insurance work in which the Public Trust Office will in future doubtless play an important part. Many corporations and firms are commencing to provide group insurance for their employees, under which contributions are made both by the employees and by the company or firm to cover the premiums under the policies taken out. It is a requisite of such schemes that there should be in existence an impartial trustee to see to the proper distribution of the proceeds of such policies as they fall due. The Public Trustee has already been approached to act as trustee under such a scheme, and although in this particular case the scheme did not reach fruition there is little doubt that in the future appointments as trustee in such cases may reasonably be looked for.

INSERTION BY LEGAL PRACTITIONERS OF SPECIAL CLAUSE IN MORTGAGE-DEEDS.

6. It came under notice during the past year that there was a growing practice on the part of solicitors throughout the Dominion of inserting in mortgage-deeds a proviso to the effect that if the Public Trustee were appointed executor or administrator of the estate of the mortgagor, or of a subsequent purchaser, the moneys secured by the mortgage should immediately become payable. In the opinion of the Public Trustee the practice was an improper one, in that it tended to discourage mortgagors from placing their estates in the hands of the Public Trustee for administration. Representations were accordingly made to the Government that legislation should be passed with the object of making null and void any such clauses inserted in mortgage-deeds. The representations of the Public Trustee received the favourable consideration of the Government, and the practice of the solicitors was rendered ineffectual by the passing of section 14 of the Finance Act, 1924, which reads as follows :—

(1.) Any covenant or stipulation in a mortgage executed after the commencement of this Act whereby the mortgagor covenants that the moneys secured by such mortgage shall become due and payable or that any power of sale or entry into possession shall become exercisable in the event of the Public Trustee becoming administrator of the estate of the mortgagor, or in the event of the estate coming into the hands of the Public Trustee, or any other covenant, stipulation, or condition adversely affecting or tending to adversely affect the mortgagor in the event of the Public Trustee so becoming administrator of the estate of the mortgagor, shall be null and void.

(2.) In this section the term "administrator" includes executor, trustee, guardian, committee, agent, or attorney; and the terms "mortgage" and "mortgagor" mean a mortgage or mortgagor within the meaning of the Property Law Act, 1908.

(3.) Section eighty-six of the Public Trust Office Amendment Act, 1921-22, is hereby repealed.

Some solicitors had attempted to justify the practice adopted by them by quoting the provisions of section 86 of the Public Trust Office Amendment Act, 1921-22, to which they took exception. The Public Trustee, in recommending to the Government the passing of special legislation as outlined above, voluntarily offered to agree to the repeal of section 86 of the 1921-22 Act.

FINANCE.

7. The Office has had considerable sums available for investment during the year under review, and there has been a steady demand for advances by way of loans both from private mortgagors and local authorities throughout New Zealand. During portions of the year the demand was so heavy that it became necessary to entertain applications subject to the condition that the loans, when granted, could be settled only as funds became available.

Everything was done to meet the requirements of borrowers as far as possible, and there have been very few cases in which any delay has occurred in effecting settlement as soon as the deeds were ready.

It is an exceedingly difficult matter to arrange investments in such a way as to absorb the funds as they become available for the purpose and at the same time provide for the ordinary requirements of the Office. The inflow of money varies very considerably, and it is impossible to gauge the outflow over a given period with any degree of certainty, as will be readily understood when thought is turned to the liabilities and requirements of estates and accounts representing £35,000,000.

Investment in the Common Fund includes the undertaking to make the money available immediately it is required for its intended purpose. The administration of estates is being completed daily, and the money must be ready for the beneficiaries ; life tenants die, and the remaindermen must be paid at once ; minors come of age, and must be paid as soon as they attain their majority ; local bodies' sinking funds mature, and the debentures must be redeemed on due dates. These represent only a few of the demands constantly to be met, but they are sufficient to give an indication of the difficulties in forecasting the amount of money that will be available for investment from time to time. Sometimes it exceeds the anticipated amount and at others it falls below, but, generally speaking, the investments have followed closely upon the available funds.

When large sums of money fall into the Office unexpectedly it is found that a considerable time elapses before they can be invested satisfactorily. Applications for loans must be obtained, valuations made, and securities completed before the money can be paid out, and while these necessary preliminaries are receiving attention, interest must be allowed by the Office on the funds held. In these circumstances it is not possible to allow mortgagors to repay their loans whenever they have funds available for the purpose ; to do so would mean that at a time when money was plentiful a serious loss of interest might result. Mortgagors borrow the money for a definite term when they need it, and it is not reasonable to expect repayment to be accepted by the Office at any time, irrespective of the financial conditions and the possibilities of immediate reinvestment. With the splendid returns from the sale of their wool-clips in the past season a number of mortgagors have desired to repay their loans to the Office, and where immediate reinvestment has been possible the money has been accepted without premium interest, but, for the reasons set out above, this has not always been possible.

8. The collection of interest on the Office investments has been very successful during the year—in fact, although the total value of the investments was more by £2,210,905 than it was at the commencement of the year, the amount of interest outstanding on the 31st March, 1925, was less than it has been since July, 1921. To a large extent this improvement is no doubt accountable to the excellent prices realized for the last season's wool-clip.

9. The investments made during the year totalled £3,180,533, made up as follows :—

	£
Government securities	50,551
Mortgages	1,880,978
Local bodies' debentures	791,287
Temporary deposits	450,500
Shares and debentures in private companies	7,217
	<hr/>
	£3,180,533

10. On the 31st March, 1925, the total value of the investments was £22,106,190. This total was invested in the following classes of securities :—

	£
Government securities	1,444,275
Local bodies' debentures	5,832,542
Land Settlement Finance Act debentures	48,706
Other debentures and shares in companies	10,877
Mortgages	14,255,120
Temporary deposits	153,000
Savings-bank accounts	174
Overdrafts by way of advances to estates and beneficiaries	318,426
Advances for protection of securities acquired or in possession	6,829
Property acquired by foreclosure (less reserve)	36,241
	<hr/>
	£22,106,190
	<hr/>

In addition to the investments summarized above, other assets held on the 31st March were—

	£
Cash in hand and on current account at banks ..	131,810
Office premises, furniture, plant, stationery, and stores	432,975
Interest and rent accrued due and overdue	291,583
Sundry debtors	109,895
	<hr/>
	£966,263
	<hr/>

11. The year's operations resulted in a profit of £90,522, which exceeds that of the previous year by £24,980. This gratifying result has been achieved notwithstanding the numerous concessions recently granted by way of increased rates of interest allowed to estates, more liberal methods in the system of crediting interest, reduced rates of commission for the services of the Office, and the abolition of separate charges for special services rendered by the Office. The increase is accounted for to a great extent by the large amount of new business which has been placed in the Office during the year, and which it has been able to handle without any great addition to the expenses of management, and partly by the better conditions ruling, which have made for a more ready realization of assets, particularly of land and mortgages, than has been the case during the immediately preceding years.

12. The expenditure for the past year, excluding depreciation, was nearly £30,000 less than it was four years ago, since when the volume of business has increased by more than 50 per cent. With the business extending at such a remarkable rate, unaccompanied by a corresponding increase in the expenditure, bigger profits must naturally follow.

13. Following were the actual working-expenses (exclusive of depreciation on premises, plant, &c.) for the years ending on the dates mentioned :—

	£
31st March, 1921	226,103
„ 1922	202,137
„ 1923	178,707
„ 1924	180,643
„ 1925	197,687

The increase for the last year as compared with the previous year is chiefly accounted for by the increments in salaries of the staff pursuant to the statutory quinquennial reclassification of the whole of the Public Service.

14. The gross value of estates, funds, &c., under administration on the 31st March, 1925, including cash invested in the Common Fund, was £35,570,642, representing an increase of £3,165,918 for the year.

NATIONAL PROVIDENT FUND.

15. The value of investments and funds held by the Public Trustee on the 31st March, 1925, on behalf of the National Provident Fund was £1,167,837. This figure, which exceeds that of the previous year by £192,531, indicates the rapid rate at which the fund is increasing. All amounts received by the Public Trustee, whether by way of capital or income, are promptly invested in authorized securities on the 1st of the month following the date of the receipt of the moneys. Commission at $2\frac{1}{2}$ per cent. is charged on all interest collected from investments, this charge being an inclusive one for the whole of the Public Trustee's services in connection with the investment and management of the fund.

PUBLIC SERVICE SUPERANNUATION FUND.

16. On the 31st March investments and funds were controlled by the Public Trustee on behalf of the Public Service Superannuation Fund to the value of £2,235,866, representing an increase of £198,027 for the financial year. The authority for the investment of moneys in this fund is vested in the Public Service Superannuation Fund Board. As investments are in order for settlement, the Public Trustee is provided by the Board with the necessary funds to enable settlement to be effected. Thenceforth the collection of interest and the management of the investments are attended to by the Public Trustee, who obtains the direction of the Public Service Superannuation Fund Board on important matters of policy as occasion may demand. For these services the Public Trustee receives commission on interest on investments at the rate of $2\frac{1}{2}$ per cent. in accordance with regulations fixed by Order in Council.

TEACHERS' SUPERANNUATION FUND.

17. The Public Trustee's functions in connection with this fund are similar to those in connection with the National Provident Fund. Of the income derived from investments, so much as may be required to meet current claims on the fund is made available on demand, and the surplus income, together with moneys received on the repayment of investments, is invested in authorized securities on the 1st of the month following the date of receipt. As in the case of the National Provident Fund, the Public Trustee's remuneration for his services is fixed at the rate of $2\frac{1}{2}$ per cent. on income collected from investments. The value of the investments and funds held by the Public Trustee on the 31st March, 1925, on behalf of the Teachers' Superannuation Fund was £974,645, as compared with £893,865 on the 31st March, 1924.

GOVERNMENT RAILWAYS SUPERANNUATION FUND.

18. As mentioned in last year's report, a change in the system of investment of moneys belonging to this fund was put into operation on the 1st April, 1924. For moneys held on behalf of the Government Railways Superannuation Fund on the 31st March, 1924, a *pro rata* allocation of investments at the various rates of interest was made as at the 1st April, 1924, to the Government Railways Superannuation Fund from the investments held in the Common Fund of the Public Trust Office. From that date, of course, the amount so invested no longer enjoyed the State guarantee.

The regulations relative to the fund which were fixed by Order in Council directed that there should be two accounts kept by the Public Trustee—an "Investment Account" and a "Current Account"—and moneys received during the year have been credited to one or other of those accounts, as arranged with the Government Railways Superannuation Fund Board.

As in the case of moneys received on behalf of the National Provident Fund and the Teachers' Superannuation Fund, for moneys credited to the Investment Account investments have been allocated to the fund as from the 1st of the month following the date they were so credited. Moneys credited to the Current Account have been held at call to meet the claims on the fund, and have been credited with interest at the rate of 3 per cent. on the minimum monthly balance.

Here again the Public Trustee receives by way of remuneration for his services commission at the rate of $2\frac{1}{2}$ per cent. on all interest collected by him on behalf of the fund.

The amount of investments and funds held by the Public Trustee on the 31st March, 1925, on behalf of this fund was £704,163. On the 31st March, 1924, the corresponding figure was £654,547.

FACILITIES FOR MANAGEMENT OF INVESTMENTS OF SUPERANNUATION FUNDS.

19. The fact that the Public Trustee is entrusted with the management of the four large funds just referred to is evidence of the facilities which he has for the conduct of such work. Some of those many facilities may be enumerated as follows :—

- (a.) An Investment Board, constituted by statute, the members of which are specially conversant with the essentials of safe and desirable investments.
- (b.) A fully qualified legal staff available for reference on all questions of law and for the preparation of legal documents, notices, &c.
- (c.) An expert accounting staff.
- (d.) A specialized staff, in the Head Office, dealing with matters of administration.
- (e.) Representatives in all the principal cities and towns in the Dominion, affording facilities for a very wide range of investments and full information concerning the securities and the applicants for loans. The collection of interest is facilitated, and inspections of and reports on securities can be arranged at short notice.
- (f.) Farm Property Inspectors in both the North and the South Islands, who report periodically on the present conditions and future prospects of the districts travelled by them. This information is invaluable when considering applications for investments in any particular district.

Although the investments of these funds are not State-guaranteed, they receive the same scrupulous attention as do investments of the Common Fund of the Public Trust Office. Every precaution is taken for the security of the moneys invested, and the collection of interest is systematically dealt with.

The remuneration received by the Public Trustee for his services is by no means excessive, and but for the special facilities which the Office has for conduct of the work it would not be possible for him to perform such comprehensive duties at so low a cost. In this way the funds in question derive an indirect benefit from the organization and efficiency of the Office.

LOCAL BODIES' SUPERANNUATION FUNDS AND MISCELLANEOUS GOVERNMENT FUNDS.

20. In addition to the four large funds previously mentioned, the investment of four smaller Government funds and three local bodies' superannuation funds is dealt with by the Public Trustee. Following was the position of those funds on the 31st March, 1925 :—

	£
Civil Service Act, 1908	9,587
Deferred Pay (Naval) Account	19,016
Post and Telegraph Act, 1908	3,286
Public Service Classification and Superannuation Act, 1908, section 31	4,494
Three local bodies' superannuation funds	131,739
	<hr/>
	£168,122
	<hr/>

All these funds are invested in the Common Fund of the Public Trust Office, which is admirably suited to their requirements. The contributions to the funds are paid at frequent regular intervals in small sums, and if it were necessary to obtain special investments in the ordinary course a good deal of income would be lost during the period moneys were being accumulated. Further, to meet possible claims it is essential that a comparatively large portion of the respective funds should be kept liquid. In the Common Fund interest accrues immediately on even the smallest contribution received, and the whole of the funds are liquid, available for payment at the shortest notice. No charge whatever is made for the administration of the funds, and payments from them are arranged at any place in New Zealand free of exchange.

INSURANCE COMPANIES' DEPOSITS.

21. At the end of the financial year deposits were held by the Public Trustee under the Insurance Companies' Deposits Act, 1921–22, on behalf of thirty-four companies. The total value of the deposits was £968,400, including interest accrued but not disbursed, £5,900.

During the year the sum of £35,000 was withdrawn by one company which had ceased to transact business of the nature in respect of which the deposit had been made.

In terms of the Act the whole of these moneys are invested in the Common Fund of the Office.

MUNICIPAL CORPORATIONS' RENEWAL FUNDS.

22. Under the Municipal Corporations Act of 1920 Municipal Corporations are authorized to make appropriations from the revenue of trading departments for the purpose of providing renewal funds in respect of those trading undertakings. By Order in Council published in the *New Zealand Gazette* authority is conferred for the investment of such renewal funds in the Common Fund of the Public Trust Office, a system of investment specially suited to the purpose. Several Municipal Corporations have already taken advantage of this authority, and no doubt many more will do so when appropriations are made in accordance with the provisions of the statute.

SINKING FUNDS.

23. The popularity of the Common Fund for the investment of local bodies' sinking funds has been well maintained during the past year, 223 new funds having been accepted during that period. On the 31st March the number of funds for which the Public Trustee acted as Sinking Fund Commissioner was 1,598, a net increase of 196 for the year. The amount at credit of these funds was £1,260,504, as compared with £968,063 at the end of the previous year. These sinking funds are held in connection with loans amounting to £19,604,320.

The Public Trustee is statutory Sinking Fund Commissioner for all State-guaranteed loans, and for all loans granted by lending Departments of the Government of New Zealand. Local authorities may, however, appoint the Public Trustee as Commissioner for sinking funds in respect of loans obtained from outside sources, and during the year many local authorities have exercised this power—an eloquent testimony to the many advantages of the Common Fund of the Public Trust Office as a medium for investment. Of these advantages the following have particular application to funds of this nature:—

- (1.) Both capital and interest are guaranteed by the State. There is thus no possibility of loss through depreciation of securities.
- (2.) Interest begins to run immediately an amount is received by the Public Trustee, no matter how small the amount may be. Thus no loss of interest is incurred as a result of the accumulation of funds to invest in a suitable security.
- (3.) Interest earned on moneys at credit of a sinking fund is capitalized yearly on the 1st April, and thus itself earns interest from that date.
- (4.) Interest is earned on the total amount at credit of a fund—no small “broken” amounts lie uninvested.

- (5.) The fund is always "liquid," so that on the maturity of a loan the necessity of realizing investments on an unfavourable market cannot arise. Further, no loss of interest can occur as a result of realizing investments before the maturity date of the loan in order to have the moneys available for the redemption of debentures.
- (6.) Instalments may be paid anywhere in New Zealand free of exchange, and no deductions of any kind are made from either principal or interest.

24. Besides the funds mentioned above, on the 31st March the Public Trustee held the sum of £7,966,689 on behalf of twelve Government sinking funds.

MISCELLANEOUS ACCOUNTS AND FUNDS.

25. The sum of £158,132 was held on the 31st March, 1925, on behalf of miscellaneous accounts and funds. The whole of the amount was invested in the Common Fund. Following are details :—

New Zealand Sheepowners' Acknowledgment of Debt to	£
British Seamen Fund	53,834
Sundry deposit accounts	21,192
Proceeds of mortgages discharged under section 75 of the Property Law Act, 1908, and under section 117 of the Land Transfer Act, 1915	4,123
Unclaimed moneys (held pending expiry of statutory period before being transferred to Consolidated Fund)	54,137
Government Fire Insurance Fund	24,846
	<hr/>
	<u>£158,132</u>

A large amount of the cash held at the beginning of the financial year on behalf of the New Zealand Sheepowners' Acknowledgment of Debt to British Seamen Fund was paid over at the order of the trustees in connection with the purchase of Flock House. Had the funds not been liquid, difficulties might have been experienced by the trustees in financing the purchase. Being invested in the Common Fund, the moneys were available immediately they were required, and earned full interest to the date they were disbursed.

UNCLAIMED LANDS.

26. Funds held by the Public Trustee on the 31st March, 1925, in connection with the administration of unclaimed lands under Part IV of the Public Trust Office Act, 1908, amounted to £1,348.

UNCLAIMED PROPERTY.

27. The sum of £9,242 was also held by the Public Trustee on the 31st March, 1925, in connection with the administration, under Part III of the Public Trust Office Act, 1908, of unclaimed property.

TRUSTEE FOR DEBENTURE-HOLDERS.

28. A capacity in which the Public Trustee has been called upon to accept appointment within the past few years is that of trustee for debenture-holders. The duties of the Public Trustee are in each case fully set out in the deed of trust under which he is appointed. Generally speaking, full provision is made for the Public Trustee to enter in upon the security on default in payment of interest or of instalments of principal, in order to protect the interests of the lenders. On the 31st March, 1925, there were thirty-five of such trusts in the Office. The total nominal value of the debentures which were subject to those trusts was £763,248.

NEW SECURITIES VAULT.

29. During the past few years the investments controlled by the Office have increased so rapidly that it became necessary a short time ago to extend the accommodation for the documents of security held in respect of those investments. The extended accommodation has now become taxed to the utmost so that further extension is essential.

Reference to the annual accounts shows that the investments—Common Fund and special—exceed twenty million pounds in value, and this is being increased rapidly.

The safe custody of securities representing so great a sum of money is one that gives rise to considerable anxiety, and in order to provide adequate accommodation and protection arrangements have been completed for the installation by Chubb's of a specially constructed modern vault that will ensure safety and provide accommodation for many years to come. The vault is now well in hand, and it is believed that when completed it will provide the Office with one of the best strong-rooms in the Dominion. Steel fittings have also been obtained for the interior as a further provision against possible outbreak of fire.

MONEY FOR INVESTMENT.

30. The year has been a very busy one for the investments department of the Office. As stated elsewhere in this report the investments made during the year amounted to £3,180,533.

Immediately before the close of the year ended 31st March, 1924, a large sum of money was received from the Treasury by way of instalments on account of the Government sinking funds. This and the remittance of surplus funds from District Offices enabled the Office to grant loans very freely for several months, and to effect settlement immediately upon completion of the documents of security.

Towards the latter part of 1924, however, there was a falling-off in the amount of funds available for investment, and it became necessary to curtail temporarily the activities of this section of the Office work. A limited number of loans were still entertained subject to settlement being completed at a time which would suit the finances of the Office, and preference was given to borrowers requiring small amounts, particularly to borrowers requiring loans for the erection of house properties.

Early in January funds again became more plentiful. The high prices realized at the wool-sales throughout the Dominion were reflected in the increased remittances of surplus funds from District Offices in all parts of New Zealand. Mortgagors were enabled to pay arrears of interest, outstanding instalments of purchase-money, &c., and many applications were received by the Public Trustee for the acceptance of partial repayments of mortgages. In some instances, indeed, mortgagors repaid the whole of their mortgages from the proceeds of the sale of their wool-clips. As a result of these improved conditions the Office was again in the position to complete all loans as soon as the documents of security for them were completed, and to entertain a limited number of further applications for loans.

Towards the latter end of March large sums were received on behalf of the various superannuation funds, and after the usual heavy yearly payments had been made on the 31st March the cash in hand and on current account at the bank amounted to £131,810. This sum was not, of course, all held at Wellington, but was distributed among the Department's thirty-one District Offices, where it is necessary to hold substantial sums to meet urgent calls.

ADVANCES TO BENEFICIARIES AND TO ESTATES.

31. The Public Trustee has statutory power to make an advance to a beneficiary to the amount of one-half the value of his share in any estate under administration in the Public Trust Office. Such an advance is practically a loan to the beneficiary against the security of his interest in the estate.

It is not unusual for a beneficiary to suddenly find himself in need of funds, and it may be, where the estate is in the hands of a private administrator, these

funds can be obtained only by a forced realization of the assets of an estate, with its consequent loss.

In such circumstances the Public Trustee is not forced to realize, as his resources enable him to accommodate the beneficiary and to defer realization until a suitable time arrives. Any such advance, with interest at the rate fixed, is a first charge against the share concerned.

The Public Trustee is also empowered to make advances to an estate in which there is no money or not sufficient available to make payments required. Any such advance then becomes a charge against the real and personal property in the estate. Generally speaking, no document by way of security is required, and consequently such advances can be arranged in a minimum of time. The expense and delay which would be involved in obtaining an advance by way of mortgage are thus obviated.

This power is of particular benefit to an estate the assets of which are not readily realizable, or not realizable except at a sacrifice, and in the past it has enabled the Public Trustee to "nurse" estates in some cases for years, until finally they have been realized to great advantage and with a corresponding profit to the beneficiaries.

During the last financial year advances totalling £125,010 were authorized by the Investment Board.

The total amount of the advances still current as at the 31st March, 1925, was £318,426.

OFFICE RESERVES.

32. The Office reserves on the 31st March, 1925, totalled £605,274, made up as follows :

	£
Assurance and Reserve Fund	427,346
Investment fluctuation	88,764
Reserves for protection of mortgage securities and provision against possible loss in realization	79,275
General Legal Expenses Account	9,889
	<u>£605,274</u>

COMPARATIVE TABLE INDICATING THE PROGRESS MADE BY THE PUBLIC TRUST OFFICE DURING THE DECENNIAL PERIOD 1916-25.

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.	Office Reserves.
	£	£	£	£	£	£
1916	13,598,744	7,082,288	281,700	25,000	103,763	302,369
1917	15,065,583	8,058,886	287,818	27,000	129,008	295,234
1918	17,153,031	9,004,057	317,633	30,000	162,614	345,871
1919	19,242,347	10,065,027	352,783	33,100	194,452	393,377
1920	20,860,686	11,911,290	420,526	38,000	240,469	418,640
1921	22,364,319	13,918,906	537,890	..	244,090	437,414
1922	25,497,779	15,329,125	556,587	..	220,794†	451,585
1923	28,904,798	17,466,787	642,447	..	246,692	491,775
1924	32,404,724	19,215,388	691,768	..	257,623	541,473
1925	35,570,642	20,864,356	729,666	..	299,439	605,274
Increase in preceding 12 months	3,165,918	1,648,968	37,898	..	41,816	63,801

* Since 1920 the bonus has been merged in the increased rate of interest allowed to estates.

† On the 31st March, 1921, the administration of Native estates and funds was transferred to the Native Trustee, thus accounting for the reduced gross income. The estates and funds so transferred were of more than £2,250,000 in value, but in spite of this the value of estates and funds has increased during the four subsequent years at the rate of more than £3,000,000 annually.

STAFF.

33. The following are the principal staff changes for the year ended 31st March, 1925 :—

- (a.) The appointment of legal clerks at Wanganui, New Plymouth, Palmerston North, and Napier.
- (b.) The transfer of Mr. C. J. Playne, First Assistant District Public Trustee, Christchurch, to the position of Assistant Controller, Estates Administration Division, Head Office.
- (c.) The abolition of the position "Secretary to the Public Trust Office Board."

34. The following statement indicates the number of staff engaged in the work of the Department on the 31st March, 1924 and 1925, at the Head Office and at the District Offices :—

HEAD OFFICE.									
<i>On 31st March, 1924.</i>				<i>On 31st March, 1925.</i>					
	Male.	Female.	Total.		Male.	Female.	Total.		
Permanent ..	101	34	135	Permanent ..	106	35	141		
Temporary ..	8	2	10	Temporary ..	15	4	19		
			— 145				— 160		

DISTRICT OFFICES.									
<i>On 31st March, 1924.</i>				<i>On 31st March, 1925.</i>					
	Male.	Female.	Total.		Male.	Female.	Total.		
Permanent ..	326	62	388	Permanent ..	356	54	410		
Temporary ..	2	22	24	Temporary ..	12	40	52		
			— 412				— 462		
			— 557				— 622		

35. It will be observed from the table printed above that the staff increased by sixty-five during the past year. This increase, though a considerable one, is not disproportionate to the large growth in the value of the Office business during that period. As a matter of fact, the staff is still less than it was in 1920 and 1921, though there has been a marked expansion of the Office business since those dates.

The staff is now at bedrock, and it is urgently necessary that due provision should be made for the future expansion of the Office work. Accordingly during each of the past few years fifty cadets have been appointed for training in order to replace the inevitable wastage of staff through deaths, resignations, &c. Notwithstanding this fact it has been necessary during the past year to recruit additional staff from outside the Service by inviting applications for the position of Administration and Accounts Clerks. The response to the advertisements has not, however, been very encouraging, and it is becoming clear that the Office must make its own plans for building up an adequate staff for the future.

I had occasion last year to refer to the unsatisfactory standard of education of some of the new appointees to the Office. I am pleased to report that during the year now under review the class of boy obtained has been, generally speaking, very satisfactory.

The system which has now existed for some years of training the junior staff in the theoretical and practical routine of the Office has been continued with excellent results. Courses of lectures on the various matters of law and accountancy affecting the Office work are delivered in the Head Office, whilst in the Wellington District Office there is established a training section in which those lads who show promise are trained in the practical work of administration and accounts. The results of the examinations are carefully recorded, and the progress of the boys through the classes is closely watched. The Controlling Officers give individual attention to each lad in order that his capabilities may be determined and that his services may be utilized to the best advantage in the Office. Those boys who show the most promise are placed on administration or accounting duties where

there are opportunities for early advancement, while those boys whose abilities are more mediocre are utilized in the more routine portions of the Office work. By these means the maximum efficiency is obtained from each lad.

Instructional classes in law and accountancy have also been carried on in the Auckland District Office with good results. Special attention is paid to the handwriting of cadets. An officer in the Head Office has been appointed handwriting instructor, and all cadets are required to submit periodically specimens of their handwriting for review. Defects in style are corrected, and the boys, where necessary, are required to practise writing until the instructor certifies that the style adopted by them is satisfactory.

QUALIFICATIONS OF OFFICERS.

36. It is pleasing to record that the junior staff of the Office continue to show marked interest in their work and in the studies which they are undertaking to fit them to carry out their duties more efficiently and to discharge more responsible duties when the time arrives. It is an exception in the Office to find a junior officer who is not engaged in the study of law, accountancy, or commerce. The value of these studies to the Office in years to come will be most marked, and every inducement is given to the junior officers to qualify in the professional examinations in law and accountancy.

There are now attached to the Office staff eight barristers, fifty-eight solicitors, sixty-nine professional accountants, and three graduates in commerce.

REGISTRATION OF BIRTHS, DEATHS, AND MARRIAGES.

37. For some time past District Officers of the Public Trust Office have been acting as Registrars of Births, Deaths, and Marriages in various parts of the Dominion, but with the increasing number of estates falling in for administration it was found that the duties attaching to these positions interfered with the conduct of the Office business, and arrangements were made with the Under-Secretary of the Internal Affairs Department towards the end of 1924 for the appointment of other Registrars. The transfer has been completed, and the Public Trust Office is no longer associated with the registration work.

NEW ZEALAND AND SOUTH SEAS EXHIBITION.

38. In connection with the New Zealand and South Seas Exhibition which it is intended to hold at Dunedin towards the close of 1925 the Public Trust Office intends to make a suitable display which will serve to bring the Office under the notice of visitors to the Exhibition.

The space reserved totals 400 square feet, with frontages of 20 ft. to each of three aisles. On this space will be erected a model Public Trust Office, containing diagrams and pictures to illustrate the progress of the Office from its inception, and suitable literature bringing under the notice of the public the advantages of administration by the Public Trustee, and the facilities possessed by him for the prompt transaction of all trustee business.

An officer will be placed in charge of the Office to answer inquiries.

EXPANSION OF ORGANIZATION.

39. No further District Public Trustee or District Manager offices were established during the year under review, but four additional agencies have been opened—one at Fairlie, under the charge of Mr. J. A. Fraser; one at Rakaia, under Mr. G. S. Hardy; one at Maungaturoto, under Mr. W. Collins; and one at Rawene, under Mr. G. T. Clendon.

The opening of the agencies at Rakaia and Fairlie involved the abolition of the part-time offices which had hitherto been conducted by the District Manager, Ashburton, and the District Public Trustee, Timaru, respectively. The opening of the agency at Rawene involved the closing of the Kohukohu Agency.

For some time past in the Invercargill district periodical visits have been paid to certain of the country towns by an officer detailed from the Invercargill Office, the object being to acquaint residents in the district with the functions of the Office and the facilities provided for the administration of estates.

As the purposes for which the part-time offices were established have been fulfilled, it has been found possible to discontinue the visits to Tuatapere and Wyndham. Residents in those centres who desire to avail themselves of the services of the Public Trustee are now kept in direct touch with the Invercargill District Public Trust Office.

The Public Trustee is now represented in 107 towns and cities throughout the Dominion.

ISSUE OF PRINTED MATTER.

40. The policy of issuing printed handbooks and other matter dealing with the functions of the Public Trustee and the work of the Office generally has been continued throughout the year. The Office Handbook, which contains an outline of the system followed by the Office in the administration of estates, has been reissued, and in addition a booklet explaining the various modes available for the investment of funds held by the Public Trustee has been printed and widely distributed. A further booklet, which will contain illustrations of the various types of assets under the care of the Public Trustee, is now in course of preparation, and will be available for use at the coming Dunedin and South Seas Exhibition. These publications, which are supplementary to the regular newspaper advertising which is maintained throughout the Dominion, have served to remove much of the ignorance which has hitherto existed regarding the powers and functions of the Public Trustee.

INSPECTION OF SHORTHAND - TYPING WORK.

41. During the year just closed a thorough inspection of the shorthand-typing work at practically all District Offices and in the Head Office has been carried out by the Supervisor of Shorthand-writers and Typists. Speaking generally, the work was found to be in excellent condition and reflected credit on the Office. The Inspecting Officer has, however, been able to effect improvements in various offices and make the work approximate to a general standard. Special attention was paid to the condition of the machines which the shorthand-typists were using, and to the economical use of stationery. Attention was also given to the introduction of standard forms where necessary in order to conserve the time of the typists.

The Office has provided for the female staff suitable rest and retiring rooms at all the Branches, and these were inspected by the Supervisor during her visit. They were found to be kept in a tidy and orderly condition, and the provision of them was appreciated by the female staff.

At each office visited the Supervisor conferred with the District Public Trustee or other controlling officer, and brought under his notice any matters in which improvements could be effected.

The visits also proved of use when the salaries of the shorthand-typing staff were reviewed in connection with the classification list at the end of the year.

CONSOLIDATION OF INSTRUCTIONS TO OFFICERS.

42. The functions and duties of the Public Trustee have developed and extended on a very wide scale with the progress of the Office, and as a result the officers of the Department now require to be conversant with the general principles of law and of accountancy, for they are constantly called upon to solve difficult problems of a highly technical and involved nature. In addition they must be able to explain to the general public simply and concisely, the difficulties and legal formalities which must be complied with by any administrator of an estate before a distribution may be made to the beneficiaries.

To assist officers in their duties instructions have been issued regularly for many years past for their guidance in various matters of Office routine and practice. The instructions have also explained many of the difficulties which constantly

occur in connection with the administration of estates, especially the problems in connection with the legal and the accountancy work incidental thereto. In addition the Office Solicitor prepares suitable extracts from Supreme Court judgments and from other sources relating to matters arising in the administration of estates and dealing with the duties of executors and trustees.

Owing to the numerous amendments which are constantly being made in the law, and owing to the constant changes in the financial and commercial markets which affect trustees, the instructions require to be constantly altered and amended in order that they may contain only up-to-date information. For some time past, on account of the numerous amendments, cancellations, and additions which had been made from time to time to the instructions, the difficulties of reference to any subject-matter had increased, and it became necessary to consolidate the circulars. This work has been carried out during the year, and the consolidated book of instructions which has been issued to the staff is much appreciated by all officers, and is of great value to them in carrying out their work.

Appended is a list of some of the instructions issued during the year. Some idea of the variety of matters which are dealt with will be gathered from the wide range of the subjects which are covered in the instructions.

PRINCIPAL INSTRUCTIONS ISSUED DURING THE YEAR.

Overseas remittances through the Bank of New Zealand.

Mental patients' estates: Relinquishing of the Public Trustee's control.

Advances on remaindermen's interests.

Municipal Corporations' Renewal Funds: Investment in the Common Fund.

Distribution of intestate estates in England: The Law of Property Act, 1922.

Instruction of cadets in typewriting.

Stamping and registration of documents: Introduction of register.

Audit of Public Trust Office accounts.

Resealing foreign grants of probate and letters of administration.

Apportionment of rates on death of life tenant.

Investment of funds belonging to estates and clients.

Preparation of wills where testator appears to lack testamentary capacity.

Stamp duty on deeds appointing the Public Trustee as trustee.

Care of mental patients: Providing additional comforts.

Scheduling of inward correspondence, Head Office.

Voluntary agreement by mortgagee to reduce rate of interest: Formal memorandum required.

Custody of estate deeds, scrip, &c., at District Public Trustee Offices.

The rule against perpetuities: Instructions to officers engaged in the drafting of wills.

Insurance: Fire, earthquake, plate-glass, mortgagee indemnity.

Overdue interest on Common Fund mortgages: Instructions for collection.

Stamp accounts: Valuation of assets such as loans, book debts, &c., for death-duty purposes.

Farm Inspectors: Work and control.

Consolidation of Official Circulars.

Government Railways Superannuation Fund: Allowances received by estates.

Stamping and Registration of Documents Register.

New estates: Obtaining particulars of assets.

Concerning applications to the Public Trustee for his consent to various documents.

Fire insurance: Application for loan where buildings are in course of erection or to be erected.

Sealing fees on probates.

Periodical payments by High Commissioner.

Issue of summonses and legal notices.

Fees, rates, and premiums in respect of Common Fund mortgages and mortgages to the special funds.

Collection of rent: Consolidated instructions.

Distribution of assets where liabilities are outstanding.

Attestation of wills: Legibility of signature of witness.

The Rent Restriction Act, 1924.

Scheduling of inward correspondence in District Offices.

Reviewing system : Conference of Reviewing Inspectors.

Preparation of wills for deposit.

Powers of District Public Trustees in delegated estates.

Statement of account in connection with farms, businesses, &c.

Income-tax on annuity : No exemption under section 83 (1) of Land and Income Tax Act, 1923.

Fire insurance : List of companies.

Stamp Duties Act, 1923 : Memoranda of variation of Common Fund mortgages.

New Zealand and South Seas Exhibition, 1925-26.

Death duties : Publication of rulings and points of practice.

Payments without probate or administration.

Agents' commission : Regulations.

Distribution of proceeds of estates to alien enemies.

Collection of assets by one District Office on behalf of another.

Incidence of estate and succession duty : Provision in wills.

Withdrawals from and closing of Post Office Savings-bank accounts.

Section 26, Aged and Infirm Persons Protection Act, 1912 : Wills of protected persons.

Administration of the estates of deceased Natives : Native land.

Mortgages Final Extension Act : Summary of provisions.

Fees for—

(a.) Obtaining exemplifications of New Zealand probates.

(b.) Preparing power of attorney in connection therewith.

(c.) Resealing in New Zealand of foreign grants of probate.

Counsel's costs where the Public Trustee is directed by Court to represent litigant.

Investments in the Common Fund : Advantage of the system.

Instructions to Cashiers : Identification of payees.

Custody of Common Fund securities.

Insurance agreements : Short-dated policies.

Mortgages Final Extension Act, 1924 : Notice by Attorney-General to mortgagors.

Aged and Infirm Persons Protection Act, 1912 : Investment of funds.

Land and income tax : Outline of Office practice.

Application for probates, &c., in case of former alien enemies.

Payments from Public Service Superannuation Fund.

Business estates : Accounts and organization.

Deposits on agreements for sale and purchase.

Protection of securities against builders' liens where loans are advanced by progress-payments.

Mortgages Final Extension Act, 1924 : Calling-up of overdue mortgages to estates.

Regulations and directions with respect to Office interest and commission and legal fees and charges in estates.

Intestate distribution in England : English Law of Property Act, 1922—postponement.

Instructions for building and repair work in estates.

Safe-deposit lockers : New form of lease, and form of authority to Deputy.

Memoranda of increase of mortgages : Delegation to District Public Trustee of power to sign on behalf of the Public Trustee.

Consents of beneficiaries to action taken by the Public Trustee in the administration of estates.

Notices of applications for probate or administration under section 4 of the Administration Amendment Act, 1911.

Care of mental patients : Method of supplying small articles of luxury such as stores, tobacco, and fruit.

Apportionment of accumulated dividends on preference shares.

Renewal of Common Fund, National Provident Fund, and Superannuation Fund mortgages.

Overdue mortgages in estates : Renewal.

Stamp Duties Act, 1923, section 166 (b) : Declaration by the Public Trustee.

Official receipts : Death duties, stamp duties, registration fees, &c.

Payment of moneys and delivery of chattels by the Public Trustee to foreign Consuls on behalf of foreign subjects residing outside of New Zealand.
 Conditions of sale where the Public Trustee sells as mortgagee and the mortgagor is in possession.
 Acceptance of rent after service of notice to quit.

CONTROL AND DISPOSAL OF ENEMY PROPERTY.

43. As stated in my previous reports, these matters are dealt with at length in special reports presented to Parliament (H.-25, 1921, 1922, 1923, 1924). The duties imposed upon the Public Trustee in this connection fall under two headings, viz. :—

- (1.) The settlement under the Clearing Office procedure established under Article 296 of the Treaty of Versailles of pre-war debts between British nationals resident in New Zealand and German nationals resident in Germany ;
- (2.) The control and liquidation of the property in New Zealand of nationals of all the ex-enemy States with the exception of Turkey.

Dealing first with the duties performed by the Public Trustee as Controller of the New Zealand Clearing Office (settlement of pre-war debts), it may be explained that the bulk of the outstanding matters comprise the settlement of claims lodged by German nationals against British nationals resident in New Zealand. These claims do not admit of speedy finalization for the reason that Article 296 of the Treaty of Versailles, which governs the Clearing Office procedure, does not contain any provision by which the Clearing Offices can compel the parties to a claim to submit it for final adjudication to the Anglo-German Mixed Arbitral Tribunal. Thus many German claims have been contested by the New Zealand Clearing Office upon grounds which are considered to be valid, but the German claimants, either through neglect or because they may still consider the claims valid, have failed to withdraw them. Under the present system there is no compulsory procedure for securing the final disposal of these claims, and for this reason the progress made in clearing the outstanding claims is somewhat slower than would otherwise be the case.

However, negotiations are now in train for the purpose of clothing the Clearing Offices with the right finally to reject claims lodged by the opposing Clearing Offices, thus making it necessary for a claimant to prosecute, within a limited time, the claim before the Mixed Arbitral Tribunal or to forgo it. Should these negotiations reach a satisfactory conclusion it is anticipated that the bulk of the outstanding claims will have been disposed of before my next report is presented.

Notwithstanding the difficulty to which I have referred, good progress has been made during the past year towards disposal of the Clearing Office claims, which have been reduced during that period from a total of £101,955 to £35,750.

Turning to the subject of the control and liquidation of the property in New Zealand of ex-enemy nationals, I am able to report that the end of the duties imposed upon the Public Trustee in this connection is now approaching. With the exception of three estates in which there are outstanding assets in the shape of mortgages or balances of purchase-money which have been running on as overdue under the moratorium or are not yet due and payable, all the property in New Zealand in which ex-enemy nationals have absolute interests has been realized. Practically the only ex-enemy interests not yet converted comprise life interests or reversionary interests in trust estates. It has not yet been found possible to formulate a satisfactory method of realizing these interests.

All property realized has been credited to the appropriate liquidation account, except where contingencies affecting the property have yet to be determined, or where applications by persons interested for the compassionate release of their property are awaiting a final decision. Litigation is pending in one case where the Custodian's right to the property is disputed.

A further report covering the work done during the year ended 31st March, 1925, will be presented to Parliament by the Hon. the Attorney-General, under whose direction the Public Trustee acts in carrying out the special duties associated with the Clearing Office procedure and the control and disposal of enemy property.

MORTGAGES FINAL EXTENSION ACT, 1924.

44. An important matter of legislation which is of widespread interest was the passing of the Mortgages Final Extension Act during last session of Parliament. On the outbreak of hostilities in 1914 there arose abnormal conditions on account of which it was found necessary in New Zealand, as well as in other combatant countries, to provide protection for mortgagors and others in respect to their financial obligations. As the war proceeded the exigencies of the situation required extension of the moratorium from time to time. On the conclusion of the war, owing to difficulties of reconstruction and all the problems which characterize the aftermath of a great war, it was still necessary to maintain the protection set up by the Mortgages Extension Act. By 1924, however, the desirability of bringing the moratorium to an end, and by the removal of the restrictions the permitting of a freer operation of the economic laws of supply and demand, were generally recognized. Furthermore, it was desirable to terminate the uncertainty arising out of the repeated extensions of the past few years, which were admittedly prejudicing financial operations.

Although necessary in the war crisis, nevertheless it is a well-established rule that interference with the general economic laws by artificial regulation or otherwise tends to increase optimism in periods of buoyant trade and commerce, and to accentuate the depression in times of crisis. To some extent can this be exemplified by the assistance contributed by the moratorium to the speculation in land and the inflation of land-values prior to the recent slump.

The Mortgages Final Extension Act, 1924, which came into force on the 24th October, 1924, repeals all prior statutes dealing with the extension of mortgages. By it a mortgagor was entitled prior to the 31st January last to make application for an extension of the due date of the mortgage, and the Court, after due consideration of the effect of the continuance of the mortgage upon the security, the inability of the mortgagor to redeem the mortgage, the conduct of the mortgagor in respect to any breaches by him of the covenants of the mortgage, and any hardship that would be inflicted on the mortgagee by the continuance of the mortgage or on the mortgagor by the enforcement thereof, was empowered to make such order as it deemed reasonable, provided that no extension should be granted beyond the 31st March, 1927. Even if no such application were made by mortgagors the powers of mortgagees were somewhat limited by the statute. Until the 31st March, 1925, the mortgagee was not entitled to call up a mortgage or exercise a power of sale or enter into possession. If a notice of motion for an extension order had been filed, then after the 31st March, 1925, the mortgagee could not call up the mortgage until the mortgagor's application for extension had been disposed of. Where no notice of motion was filed, then it was laid down in the Act to be a condition precedent to the right of a mortgagee to exercise any power of sale or entry into possession that after the 31st March, 1925, he had served a notice demanding repayment in a period not less than three calendar months from the date of service. It will thus be seen that a mortgagee could not serve a notice calling up a mortgage before the 1st April, 1925, and could not take action until three months after that date.

The Public Trust Office, as a large lending institution, was bound to be affected by the passing into law of such a statute. The statute affects the Public Trustee in three main capacities: (a) As representative of the mortgagee; (b) or as the mortgagee in investments made on behalf of the Office itself; (c) or as executor, administrator, or other representative of the mortgagor.

Items (a) and (b) may be treated together, for there are two main divisions or classes into which investments of the funds of the Department fall—namely, investments from the Common Fund and investments belonging to estates.

In the former case a considerable number of applications were made by mortgagors for an extension order, but all these applications have not yet been heard. In this case the Public Trustee could not, of course, urge that there would be any hardship inflicted upon him by the granting of an extension order, seeing that the moneys were permanent investments of the Public Trust Office, and his only concern was the sufficiency of the security and the probability of the mortgagors being in a better position to pay off at the end of the extension order. In some instances

the Public Trustee consented to extensions on terms; and in others, which were opposed by the Public Trustee on the ground of the insufficiency of the security, the applications have been postponed for two months to give the mortgagor a final opportunity of making some arrangements for the repayment in whole or in part of the principal moneys.

Different considerations have applied, however, in the case of mortgages belonging to particular estates. The operation of the moratorium has prevented the calling-up of overdue mortgages, and so in many cases the administration and final distribution of estates have been delayed for many years. Accordingly, in the interests of the beneficiaries the Public Trustee has found it necessary to call up a number of these mortgages; but he has endeavoured to prevent, wherever possible, financial embarrassment to the mortgagors by granting renewals and providing fresh accommodation in suitable cases, or by allowing the mortgages to run on as overdue where circumstances permitted or where such a course has otherwise been advisable. Nevertheless in many cases this could not be done, the interests of the beneficiaries demanding the calling-up of the mortgages.

The removal of the restrictions will enable the administration of a large number of estates to be completed, and the prospects of an early distribution are being greatly appreciated by those who have been financially embarrassed by reason of the investments of the estates in which they have an interest having been protected by the moratorium so that repayment could not be compelled.

As the representative of mortgagors he found it necessary in certain cases to apply for extension orders where the financial position of the estate would not permit of repayment being made or where the conditions were such that fresh financial arrangements could not be completed. The Public Trustee availed himself of the statutory protection only in those cases where it was absolutely necessary to safeguard the interests of those on whose behalf he was acting, for he recognized that the mortgagees and others were entitled to the fulfilment of the contracts made with them as early as possible.

ADMINISTRATION OF ESTATES.

STATISTICS.

45. During the year a total of 3,023 new estates came into the Office. The estates were of the following classification:—

			Number.	Value. £
Wills estates	..	..	848	2,396,711
Trust estates	..	..	262	606,270
Intestate estates	..	..	578	396,029
Mental patients' estates	..	..	330	303,557
Miscellaneous	..	..	1,005	919,302
			3,023	£4,621,869

The estates closed during the year numbered 1,921. Of these, 490 were closed within twelve months of their being reported.

On the 31st March, 1925, there were 11,676 estates under administration. These are classified as follows:—

			Number.	Value. £
Wills estates	..	..	2,758	8,032,047
Trust estates	..	..	1,932	6,128,462
Intestate estates	..	..	2,054	1,451,947
Mental patients' estates	..	..	1,170	1,363,635
Miscellaneous	..	..	3,762	18,594,551
			11,676	£35,570,642

The following statement shows the value of new estates reported from each District Public Trustee's Office during the year:—

£		£	
Auckland	435,498	Napier	255,769
Blenheim	112,454	Nelson	85,061
Christchurch ..	764,806	New Plymouth ..	60,620
Dannevirke	27,458	Palmerston North ..	276,332
Dunedin	317,325	Timaru	147,646
Gisborne	168,239	Wanganui	290,312
Greymouth	97,896	Wellington	754,674
Hamilton	248,109	Whangarei	58,924
Hawera	280,903	Head Office	1,496
Invercargill ..	127,416		
Masterton	110,931		
			<hr/> <hr/> £4,621,869

ECONOMIC POSITION.

46. In common with other financial and commercial institutions, the Office is vitally affected by the economic conditions of the Dominion. From the nature of his business the Public Trustee deals with a varied range of interests, either in the administration of estates or in some other fiduciary or statutory capacity, or as an investor of Office funds: *e.g.*, he may be actively carrying on farming or dairying business on behalf of an estate; he may be endeavouring to realize agricultural, pastoral, or dairying lands, or he may be the mortgagee or lessee of such lands; or he may be controlling interests such as shareholdings in business concerns whose success or embarrassment is largely dependent upon the fate of our staple products in the world's markets. It is well known that the prosperity of the Dominion is closely associated with the success or otherwise of the primary products, and so in a very special manner the trend of the market for its products, as well as the general conditions of trade and commerce, affect the operations of the Office.

Despite unfavourable conditions in some localities, taken as a whole the past year has been an exceptionally favourable one for the primary producer. Advices from the Office Branches throughout the country show that the climatic conditions have been much more satisfactory than in the previous year, especially from the pastoralist's point of view. The wool season opened with record prices, and although there set in about December a downward trend, which was accentuated in January and February, nevertheless even the reduced prices were an advance on pre-war rates or those ruling during the war when special conditions of supply and demand prevailed. In regard to dairy-produce, the prices have been somewhat disappointing, for they have fluctuated to a considerable extent, being for a good portion of the period under review on the wane. Still, the rates have been on the whole satisfactory, and in many cases the reduced prices were to some extent counteracted by an increase in the yield from the favourable season. The meat-export trade, too, has been very satisfactory.

As a result of the good prices ruling for the staple exports the favourable season should enable farmers to consolidate their finances and liquidate a portion of their liabilities. It is to be hoped that the recent experiences will not be forgotten, and that not only the meeting of existing obligations be considered, but that any surplus will be so utilized that the "man on the land" will have made some provision for the lean years which must inevitably follow.

The past few years have been a trying experience for all engaged in commerce or industry throughout the civilized world, and, of course, in New Zealand this has been specially applicable to the farming community and those associated with them in business transactions. A considerable number of farmers have been crippled owing to the financial conditions, so that mortgagors, purchasers, lessees, and others have often been unable to meet their obligations. Careful nursing, judicious extensions, and other concessions, where justified, had to be given in order to tide over their difficulties and to prevent ruin, which would have involved in loss those for whom the Public Trustee acts. Of course, each case had to be considered on its merits, and concessions given only where the circumstances warranted them and where the beneficiaries' interests would not be endangered.

Since the improvement in wool-prices pastoralists have rapidly overtaken a good deal of the arrears of the last few years. Realizing that sheep-farmers will in most cases no longer require concessions, every effort is being made by the Public Trustee to have all arrears liquidated with as little delay as possible. As he is usually acting in a fiduciary capacity, in normal conditions it is the strict duty of the Public Trustee to see that mortgagors, purchasers, tenants, and others strictly and faithfully fulfil their engagements. In a time of financial distress, however, from the interdependence of the various financial and commercial interests and the interconnection of affairs economic and otherwise, it is usually not only useless to take extreme measures, but to do so on a large scale would probably accentuate the situation and do considerably more harm than good.

It is gratifying to be able to record that, so far as the sheep-farmers are concerned at any rate, there has been a considerable reduction in the arrears of interest, rent, and overdue purchase-money. As to the other farming interests, there has been, too, a marked improvement, but, of course, the condition of the dairy-farmer has not been so satisfactory as that of the pastoralist. Often he is struggling under a heavy financial burden, for dairying-lands were bought at exorbitant prices during the boom, whilst the general conditions of the industry are different. New Zealand dairy-produce has to contend with ever-increasing competition not only from the older dairying countries such as Denmark, but also from recent rivals such as Argentine and Siberia.

It is hoped by the establishment of the export-control scheme to mitigate somewhat the evils of the present fluctuations, but there are indications that the dairying market will nevertheless present serious problems at no distant date. As to prices, economic laws are ever operating, high prices attracting fresh supplies until lower values prevail. To meet the situation and to provide for the burdens of those engaged in the industry the New Zealand dairy holdings will have to be subdivided, and these reduced areas more intensively worked, whilst stricter attention will have to be paid to herd-testing and other improvements which will increase the yield and reduce the cost of production wherever possible.

In the Office business these factors are being constantly borne in mind, for the Public Trustee controls a very large number of estates vitally interested in the dairying industry. In suitable cases subdivision and improvements are carefully considered. Not only does this benefit the estates where dairying is being actively carried on by the Public Trustee, but it assists realization and ensures to a greater degree the possibility of tenants, purchasers, and mortgagors engaged in dairying pursuits being able to fulfil their financial obligations.

The improvement in the financial and commercial outlook has been reflected in the realization of assets during the past year, and notably in respect to land, the market for which has been so depressed since the slump set in. The recovery would have been more marked but for the uncertainty in the minds of likely purchasers as to the action which would be taken in reference to the moratorium, and, even when the decision of the Legislature was made known, the effect which the sweeping-away of the statutory protection would have on the money-market.

Within the next few months the bulk of mortgagors and purchasers should have completed the readjustment of their finances, so that a period of satisfactory realization may be confidently looked forward to during the present year. It is to be hoped, however, that in times of prosperity in the future there will not be the widespread speculation in land at highly inflated values which so characterized the period 1916-20 and brought such disastrous results.

NEW BUSINESS.

47. Glowing testimony to the growing confidence in the Office is once more borne by the large increase in the number and value of new estates reported for administration during the past year. The Office methods, its machinery, and the facilities it offers make a strong appeal to the business man, and consequently there are numbers of prominent citizens who entrust the administration of their estates to the Public Trustee.

A pleasing feature of the Office operations is the number of persons who have had business dealings with the Public Trustee in the administration of the estates

of relatives and others, and who subsequently place their affairs under the management of the Office. Indeed, this increase in the business, begotten of satisfaction with the transaction of previous business, is a marked characteristic of its activities. This personal confidence is built up by close attention to the special features and characteristics of each individual estate.

It is often urged that a corporation can manage estates only on a machine-like basis, and that individual attention cannot be bestowed upon them. It is the endeavour of the Public Trustee to give absolute satisfaction to those whose interests he controls. The human element in administration work should not be overlooked. Standardized methods and uniformity make for efficiency, but if the personal element of those with whom the administrator deals is neglected misunderstandings and dissatisfaction may arise. Officers of the Department strive to come into close personal contact with the beneficiaries and other parties interested in the estates administered by the Public Trustee.

The work in all the larger offices is divided into alphabetical sections, irrespective of the class of estate under administration. This arrangement possesses advantages both for the public and for the staff, enabling an inquirer to be directed without difficulty to the officer dealing with the estate concerned, and permitting each officer to be trained in all classes of administration. In charge of each section is an experienced officer, who checks the administration, subject to the direction of the Controlling Officers. Care is taken to assign to an officer only such a number of estates as he can conveniently handle. This permits him to be acquainted with the special features of each estate under his care, and, moreover, he acquires the "personal touch" with the relatives and beneficiaries.

As early as possible the beneficiaries who reside in the neighbourhood are interviewed by responsible officers whom they will be able to consult in the future concerning administration matters. Where the beneficiaries reside elsewhere the same principles are observed in the correspondence incidental to the administration. Letters of a stereotyped and machine-made type are avoided, and the position put before the interested parties as clearly and simply as possible. In other words, it is the aim of the Office to conduct the administration in as efficient a manner as possible, and at the same time by close individual attention and sympathy to encourage cordial relations with its clients and to inspire confidence in its administration.

ADVISORY TRUSTEES.

48. The operations of the past year show that the scheme of advisory trustees is still increasing in popularity with business and professional men. During the year there has come under administration a number of estates in which the provision for appointment of advisory trustees has been availed of. Moreover, many testators whose wills are deposited with the Public Trustee have taken advantage of this provision, which, besides affording assistance to the Public Trustee as executor or administrator, gives to the beneficiaries the advantage of expert independent advice. The Public Trustee welcomes association with these experts, for the arrangement facilitates the administration and furthers co-operation between him and the beneficiaries.

MAINTENANCE OF INFANTS.

49. A feature of the Office administration of estates is the attention devoted to maintenance, education, and advancement of infant beneficiaries. There have been conferred on the Public Trustee wide powers of applying for their benefit funds to which the infants are entitled, these powers embracing almost every case which is likely to occur. For instance, section 21 of the Public Trust Office Act, 1908, as amended by section 15 of the Public Trust Office Amendment Act, 1921-22, in an intestate estate where the net residue does not exceed £500, empowers the application of such residue for the maintenance and benefit of the widow or infants as the Public Trustee at his discretion shall think fit.

Again, by section 25 of the Office Act, 1908, as now amended, the Public Trustee may apply for the benefit of an infant up to £500, or up to one-half of the capital share to which such infant is entitled in addition to the income thereon.

Quite apart from the legal relation of the Public Trustee to minor beneficiaries, however, he deems it to be his duty to give close consideration to the maintenance, education, and the fitting of such beneficiaries to take their place in the world. Of course, he does not encroach upon the duties of parents and guardians, with whom he co-operates wherever possible, but in cases where necessary he supervises the details of maintenance and education.

The Office is managing the interests of a very large number of infant beneficiaries, many of whom are resident abroad. Reliable reports on the manner of maintenance and progress of education are obtained at suitable intervals. In all his dealings, however, the Public Trustee strives to eliminate anything that would savour of the officious or of mere routine. Each case receives individual attention, any special features or circumstances being taken into account in the hope of obtaining the best results.

PROTECTION OF ASSETS.

50. The Office is fully cognizant of the responsibilities attaching to the administration of estates, and systematically analyses the problems encountered and the factors operating, with a view to improvement of method and to the provision of further safeguards of the interests entrusted to the Public Trustee's management. It is often contended that there is too much recording and making of inventories and valuations, but, in addition to being necessary for purposes of assessment of death and succession duty and other administration steps, these valuations afford assistance and protection to the beneficiaries as well as to the trustee or administrator. As soon as an estate is reported for administration steps are taken to ascertain the assets and to ensure that they are under proper protection.

The organization of the Office with its numerous Branches throughout the Dominion enables these inquiries to be made and steps for protection to be taken with facility and promptitude. Schemes for insurance, periodical inspections of permanent assets, reports, and valuations have been developed and put into operation. The long experience which the Office has had in this kind of work enables it to improve upon these schemes from year to year, the advantage of which is reflected in the work.

REALIZATION OF ASSETS.

51. There is probably no phase of administration transactions which is looked upon with more misgiving by the general public than the sale of assets in an estate of a deceased person or a trust or estate of some similar nature. The will or trust instrument may give specific directions as to the retention or otherwise of assets, but where no such directions are given, or in the absence of a trust instrument, the executor or administrator must, apart from legal considerations, use his own discretion.

In the realization of assets in estates the Public Trustee endeavours to secure the best prices possible for his principals. Comprehensive valuations and reports are obtained, and in the sale of freehold or leasehold properties, whether urban or rural, due consideration is given to subdivision and other similar factors affecting the selling-value.

For the sale of stock the Public Trustee has, in addition to outside expert advice, the services of his Farm Inspectors, who are constantly engaged on matters affecting the handling of farming properties, stock, and plant.

In the realization of shares and stocks the advice of the Financial Adviser, who has had a long experience in these matters, is always readily available.

By these and many other means the beneficiaries are assured that the realizations are effected to the best advantage.

THE SHARE-MARKET.

52. Many of the estates which come into the Public Trust Office for administration have amongst the assets shareholdings in the various public and private companies of New Zealand. The Public Trustee, as executor or administrator of the estates placed in his keeping, holds shares in almost every company in the Dominion, and as a result the share-market, with its constant fluctuations, receives close and constant

study. By the Trustee Act, 1908, trustees are not permitted to invest trust funds in shares, and the Public Trustee strictly observes this prohibition, unless there are special provisions in the trust instrument which direct the investment of the estate funds in certain shares, or unless all the beneficiaries direct accordingly. It is in regard to the sale of shares that the Public Trustee is mostly concerned, and every endeavour is made to effect a sale when the market is most favourable and when the shares in question are at the top price. To assist the Public Trustee in his decisions the position of Financial Adviser to the Public Trust Office was created several years ago, and the advice of this expert is always sought before any parcel of shares is offered for sale.

Financial conditions during the year under review have improved considerably, but there are still certain groups which have not recovered from the financial depression of 1921. The farmers' co-operative companies, generally speaking, are confronted with financial difficulties, and there is little movement in shares in this group. Freezing companies have also passed through a period of strain and stress, and the majority of holdings in this group may only be disposed of at a heavy discount. The market for shares in the banks and insurance group has been particularly buoyant, and there is always a keen demand for any offerings from these classes. The other groups have, generally speaking, remained steady, and in many cases the outlook has improved.

One of the most important happenings of the year was the new issue of shares by the Bank of New Zealand. With a view to assisting the Government of the Dominion in its efforts to finance farmers who were protected under the Mortgages Extension Act the Bank of New Zealand arranged to issue the balance—£1,125,000—of its authorized capital, and with the amount took up for the use of the Advances to Settlers Department a Government loan with a currency of ten years. The issue of capital was made by the bank on the 1st April, 1925, and the necessary action had to be taken by the shareholders to take up their shares prior to that date.

Ordinary shares were offered for subscription to ordinary shareholders in the proportion of one new share to every four existing shares. The offer was made at par, and the purchase-money was payable on the 31st March, 1925. The Public Trustee in his corporate capacity is a very large shareholder in the bank, and a great deal of work was involved in arranging for the necessary action to be taken in connection with the new issue of shares. In those instances in which beneficiaries so desired the new issue was taken up and the purchase-money paid on due date; but in other instances where a sale was preferred the necessary arrangements were completed for a sale of the "rights" at current market prices.

MENTAL PATIENTS' ESTATES.

53. Besides actively carrying on the administration of the estates of mental patients where no committee has been appointed in terms of section 88 of the Mental Defectives Act, 1911, or where he has been specifically appointed pursuant to section 89 of that Act, the Public Trustee exercises supervision over the accounts of private committees. Regulations have been laid down for the form of these accounts so as to effect uniformity and to facilitate the supervision. This supervision includes the scrutiny of the investments and of other matters in connection with the accounts in the administration of such estates.

In connection with applications for the appointment of private committees the statute imposes certain duties on the Public Trustee. When a notice of such application has been served upon him it is his duty to make inquiries and furnish a full report to the Court showing whether he admits or not that there is sufficient reason for the appointment, as required by section 115 of the Mental Defectives Act. During the year a number of these were dealt with, and the Public Trustee's report furnished to the Court in each case.

In connection with the administration of mental-patient estates a subject of considerable interest is the administration outside New Zealand of property owned by a lunatic resident in New Zealand. The Mental Defectives Act, 1911, creates a statutory duty on the part of the Public Trustee to administer the estates of all mental patients lawfully detained in New Zealand if and so long as no administrator is in office. The Act does not and cannot of its own authority entitle the Public

Trustee to exercise outside the territorial limits of New Zealand the statutory powers thereby conferred upon him, nor does it operate of its own authority to confer any claim as of right on the Public Trustee to recognition outside New Zealand. Such recognition may be, and in accordance with judicial comity generally is, accorded by foreign jurisdictions to the status conferred upon the Public Trustee by the New Zealand Act, but the procedure required—generally an application to the Courts of the country where the property of the lunatic is situated—to secure such recognition is at once expensive and inconvenient. All foreign jurisdictions impose legal restrictions on the capacity of a lunatic to deal with his property himself, but an unintended hardship is inflicted on the lunatic through the inadequacy of legal provision to enable the lunatic, through his committee or administrator, to obtain control of his estate with a minimum of expense and delay. His disability does not diminish his needs, and in some respects it increases them, but it does affect his capacity to deal with his property, and unless his committee or administrator can do so on his behalf with comparatively the same ease as the lunatic could have done were he not incapacitated the lunatic in effect may suffer an additional disability.

Legislation was passed in New Zealand in 1921 (the Mental Defectives Act, 1921-22, sections 10-13) designed to remedy this deficiency by enabling the person charged with the administration of the estate of a lunatic resident in a British possession other than New Zealand to deal speedily and inexpensively with the property in New Zealand of such lunatic, provided reciprocal treatment is accorded by the State where such administrator derives his status; but as this reciprocal treatment has up to the present been accorded only by the States of Victoria and South Australia in the Australian Commonwealth the facility wherewith the Public Trustee as administrator of a mental patient's estate in New Zealand can deal with property of such patient outside New Zealand is not increased to any appreciable extent.

The increasing judicial tendency, at least on the part of English Courts, to give fuller recognition to the status of a foreign committee or administrator, at least as regards movable property, and where the committee or administrator and the lunatic are resident in the same jurisdiction, represents an advance towards meeting the just claim of a person outside New Zealand holding property on behalf of a lunatic to a valid and effectual discharge, and also to the claims of a lunatic to have his property made available for his support without expense and delay. Nevertheless the law is imperfectly developed on this point, and it is still true to say generally that a lunatic in New Zealand cannot as of right obtain through his statutory administrator control of his estate out of New Zealand, even where such property is required to meet the necessities of the lunatic, without expensive Court applications in the State where the property is situated; and instances have occurred during the year in England, in the United States of America, and in the Commonwealth of Australia which forcibly illustrate this conclusion. Whether the expense of such a procedure is warranted depends on the value of the property proportionate to the estimated expenses involved, the ability of the administrator in New Zealand to meet the lunatic's maintenance, and any other relevant circumstances.

Where the cost of legal proceedings would be out of proportion to the value of the property, and funds are required for the lunatic's maintenance, the policy of the Public Trustee has been to bring under the notice of the persons out of New Zealand holding moneys or property for a lunatic in New Zealand the power of such persons to pay such moneys to a proper person in the jurisdiction where the lunatic is resident, and also the guarantee given by statute in respect of the proper application of such funds by the Public Trustee. This plea has been successfully made by the Public Trustee in proper cases, and consequently has gone far to mitigate in practice the adverse effects following upon a rigid adherence to legal formalities, particularly in those cases where such a procedure would produce the maximum hardship.

Maintenance of Mental Patients.—As has been previously intimated, special attention is paid to the general question of maintenance of mental patients, including the provision of extra comforts where the circumstances warrant and where funds are available. In regard to this the Office closely co-operates with

the mental-hospital authorities, who are, of course, competent to judge what is best for the general welfare of patients under their control. Arrangements are made in suitable cases to have a regular supply of fruit, tobacco, and other small articles of comfort furnished to patients.

AGED AND INFIRM PERSONS.

54. The operations of the past year show that the provisions for the protection of those who by reason of senility, disease, illness, mental infirmity, or overindulgence in alcoholic liquors or drugs are being availed of, and in many cases the Public Trustee appointed manager in pursuance of the Aged and Infirm Persons Protection Act, 1912. Some of these estates have been difficult and complicated, but the machinery of the Office enables it to carry on the administration with facility and efficiency. Although somewhat akin to the administration of mental patients' estates, as has been previously pointed out, the powers afforded by the Aged and Infirm Persons Protection Act, 1912, are much more restricted than those under the Mental Defectives Act. These restrictions considerably hamper the administration of these estates, and it would be advisable when suitable occasion arises to have the powers of a manager extended somewhat on the lines of those provided in respect to mental-patient estates.

A notable departure in the matter of legislation is the provision contained in section 26 of the Act in reference to the wills of protected persons. By this section it is provided as follows :—

(1.) The Court may direct in any case that any testamentary disposition by a protected person after the making of a protection order shall be made only after such precautions as the Court thinks fit to direct, and any testamentary disposition made otherwise than as the Court shall so direct shall be ineffectual for all purposes.

(2.) The Court may, by such means as it thinks fit, cause inquiries to be made as to the existence of any will or codicil made and executed by the protected person prior to the making of the protection order (whether such will or codicil was made before or after the passing of this Act), and may direct that any such will or codicil shall be deposited in the Court. If it shall appear to the Court that such will or codicil was made when the person making the same was subject to any of the incapacities defined in section four or five of this Act, the Court may inspect such will or codicil, and may cause inquiries to be made, in such manner as to the Court seems fit, whether such will or codicil expresses the present desire and intention of the protected person, and, if satisfied to the contrary, may in any case where such course is possible cause the present desire and intention of the protected person to be ascertained to its satisfaction, and may authorize the execution by the protected person of a new will disposing of his estate in accordance with such present desire and intention.

(3.) Except as provided in this section, nothing in this Act shall affect the law relating to testamentary dispositions.

It will be seen that this section contemplates two aspects in regard to the wills of protected persons, namely : (a) The making of a will by a protected person after the protection order has been made ; (b) consideration of any will or codicil made prior to such protection order.

During the past year the question of the wills of protected persons came up for consideration by leading counsel. It is considered that where a protection order has been made the aid of the Court should be invoked in terms of section 26 (1) before any will is prepared for a protected person. When the Court has decided that a protected person is unable to manage his own affairs and has vested their management in a manager, it will be understood that the question of testamentary capacity is often a difficult one to decide. If, then, a protected person indicates a desire to make a fresh will, in suitable cases application to the Court should be made either in the name of the manager or of the protected person.

As to wills made previous to the making of a protection order, in many cases it will be necessary to apply to the Court for an inquiry under subsection (2) of the foregoing section. The purpose of such inquiry is to enable the Court to make a pronouncement as to the validity or otherwise of the will during the lifetime of the testator. Seeing that the necessary machinery for making such an application is readily available, it will be advisable in many cases to take advantage of that machinery and to obtain a definite pronouncement before the testator's death whilst the circumstances of the case are still comparatively fresh in the minds of those concerned and before many of those who might have been called as witnesses have themselves died.

CONVICTS' ESTATES.

55. By virtue of the powers vested in him by section 55 of the Prisons Act, 1908, on the 30th November, 1921, the Governor-General executed a general appointment appointing the Public Trustee administrator of the estates of all convicts other than Natives within the meaning of the Native Land Act, 1909. By section 52 of the Prisons Act a convict is defined as "any person sentenced by any Court of competent jurisdiction to death or penal servitude upon any charge of treason or felony, and includes every person who after the coming into operation of the Criminal Code Act, 1893, is sentenced under that Act or the Crimes Act, 1908, to imprisonment for a term of three years or upwards with or without hard labour." In addition to the persons covered by this section the term now includes persons sentenced to reformatory detention, for section 24 of the Crimes Amendment Act, 1910, provides that such persons shall be deemed to be convicts within the meaning of Part III of the Prisons Act, 1908 (relating to the administration of convicts' estates).

A good deal of difficulty is frequently experienced in the administration of convicts' estates, for they are often involved and present unsatisfactory features. Section 58 of the Prisons Act gives the administrator absolute power to let, mortgage, sell, convey, and transfer any part of a convict's property as he thinks fit. The powers of the administrator are not fully defined, but, where necessary, arrangements are made to consult convicts, through the prison authorities, before any realization or any important step in the administration is taken. Frequently the administration is rendered more difficult through claims for damages by way of satisfaction or compensation out of the estate of the convict for loss of property or through injury alleged to have been suffered by criminal or fraudulent action on the part of the convict.

The administrator is empowered to provide for the maintenance of the wife, child, or reputed child of the convict, or any other relative dependent on him for support.

In cases where a convict has been sentenced to imprisonment for a period of three years or over, and before the expiry of his sentence has been released on probation, the question arises whether the administrator's duties cease. Under Part III of the Prisons Act, 1908, it is provided that the duties of the administrator continue until the convict dies, or is made bankrupt, or "has undergone the full term of imprisonment for which judgment has been pronounced or recorded against him, or such other punishment as by competent authority has been substituted for such full term, or has received from His Majesty or the Governor on behalf of His Majesty a pardon for the offence for which he has been convicted."

Under the Crimes Amendment Act, 1910, dealing with the establishment of a Prisons Board in the treatment of habitual criminals and persons sentenced to reformatory treatment, it is laid down in the proviso to section 24—"Provided that so long as any probationary license under this Act or any order of discharge granted under section 32 of the principal Act before the commencement of this Act remains in force with respect to any such person he shall be deemed to have ceased to be subject to Part III of the Prisons Act." It would seem that by virtue of this provision habitual criminals and persons sentenced to reformatory treatment who have been released on probation are entitled to resume control of their estates, but there is no such provision with regard to the ordinary convict sentenced to hard labour.

In extending the functions of the Prisons Board and in enlarging generally the scope of probation the Crimes Amendment Act, 1920, apparently makes no provision for a convict who has been allowed out on probation being freed from the provisions of Part III of the Prisons Act, 1908. It is considered that the position should be made clear and the apparent anomaly removed by introducing amending legislation in respect to the Crimes Amendment Act, 1920, so that there may be included in its scope a proviso on the lines of that appended to section 24 of the 1910 Act.

ADMINISTRATION ABROAD.

56. As is to be expected with the rapid increase in the Office business, there is a larger amount of business to be transacted abroad. Persons whose affairs are entrusted to the control of the Public Trustee have frequently, besides their New Zealand assets, interests elsewhere requiring administration or management. In the United Kingdom the volume of work of administration carried on on behalf of this Office is now very large. A considerable proportion of the business is transacted through the High Commissioner for this Dominion in London, but there are numerous cases where for one reason or another it is necessary to employ the Public Trustee, London, or independent practitioners. There is close co-operation between the Public Trust Office, England, and this Department.

In the Australian States the Public Trustee, Curator, or other official who is empowered to perform these services, is employed to complete the administration, unless there is some reason why some other person should be appointed, as, *e.g.*, where a reputable practitioner acted during the deceased's lifetime, or where the beneficiaries for some reason desire the employment of some other person.

In other countries the question of appointment of a representative is determined as occasion arises. In the United States of America there has been during the past year a large amount of administration work to be done on behalf of New Zealand estates.

This large volume of Public Trust Office business abroad necessitates very careful handling to ensure promptitude and efficiency and to safeguard realization. Detailed instructions have to be issued and strict supervision exercised.

ADMINISTRATION OF ESTATES OF SUBJECTS OF FOREIGN STATES.

57. The establishment of proofs of kin and other formalities required in connection with administration of estates of persons who are subjects of foreign States is facilitated by utilizing the services of Consuls or accredited Agents of these States in New Zealand, or, where there are no such representatives, by inquiries of the High Commissioner through the proper authorities in London.

Where money is payable by the Public Trustee to nationals of a foreign country resident there, by section 52 of the Public Trust Office Act, 1908, the Governor-General is empowered to authorize payment to be made to the chief Consular Agent for such foreign country in New Zealand on behalf of such nationals. Section 28 of the 1913 Amendment Act extends the provision to any specified official of a foreign country. If there be no chief consular officer in New Zealand, then section 54 of the 1921–22 Act empowers the Public Trustee to make payment to any Consul or Consular Agent of the foreign country in which the person who is entitled to receive it resides.

RESEALING.

58. By reason of its organization and its special statutory powers the Public Trust Office possesses facilities for acting on behalf of those having no agent in New Zealand and desiring to reseal here probate or letters of administration, to make inquiries, or to conduct business of a like nature in the Dominion. As the special facilities offered by the Public Trust Office become more widely known, the Public Trustee's services in respect to this work are freely availed of. During the year under review there has been a considerable increase in the number of cases in which the Public Trustee has been employed to reseal or to apply for an independent grant of administration in New Zealand on behalf of foreign executors or administrators.

AGENCIES.

59. It is gratifying to note the number of persons, both resident in New Zealand and abroad, who are entrusting the Public Trustee with the management of their affairs when for various reasons they are unable to attend to them themselves, so that the agency work performed by the Office is now a large and important part of its business. Clients appreciate the Office methods and machinery, which enable information to be readily available for them wherever they may reside.

WORKERS' COMPENSATION ACT.

60. Of considerable importance are the functions performed by the Public Trustee in reference to claims for compensation under this Act. The Public Trustee's functions may be briefly classed as threefold in the following manner:—

- (a.) Under section 33 of the Workers' Compensation Act, 1922, it is provided that compensation-moneys directed to be invested shall be paid to the Public Trustee, who shall deal with them and the income therefrom in accordance with the regulations and orders of the Arbitration Court. In this connection compensation-moneys payable to minors are invested by the Public Trustee and applied by him on their behalf.
- (b.) Section 38 of the Act orders that all compensation-moneys in respect to the death of a worker shall, unless the Arbitration Court directs otherwise, be paid to the Public Trustee. In reference to such moneys the dependants may arrange for their own practitioner to make application to the Arbitration Court for the necessary apportionment order, or they may require the Public Trustee's legal adviser to act for them. In any case before an apportionment order will be made investigations have to be conducted by the Public Trustee, and a report placed before the Court setting out the circumstances of the case and recommendations as to the manner in which the compensation-moneys shall be apportioned.
- (c.) In the estates under administration by the Public Trustee, whether they be those of deceased persons or persons under mental and physical disability, the Office takes steps to protect the interests of those for whom it acts in respect of any claims which may be made under the Act by reason of accident causing death or mental disability.

In view of the fact that the dependants of deceased persons entitled to receive compensation-moneys under this Act are generally in poor circumstances, special attention is paid to these claims. Every effort is made on the part of the Office to expedite the completion of the claims in those cases where the Public Trustee's legal adviser is acting, and to co-operate with outside practitioners where they have been employed by the dependants to act on their behalf.

CHARITABLE AND PUBLIC TRUSTS.

61. By reason of the character of the institution and its machinery and organization the Public Trust Office is eminently suited for the carrying on of trusts of a public nature, particularly those that will be continuing for long periods. Already the Public Trustee is administering a number of these trusts, amongst which the following are of the greatest public interest:—

T. G. Macarthy Trust.—Full information regarding the working of this trust may be found on an earlier page of this report.

The services of the Public Trustee are being frequently availed of to administer funds raised for the relief of suffering and distress caused by disasters of various kinds. Amongst these the following are of the greatest public interest:—

(a.) *Brunner Disaster Fund.*—This consisted of funds raised by public subscription throughout the Dominion and the Commonwealth of Australia for the relief of the widows and orphans and other dependants of those miners who lost their lives in the disastrous explosion in the Brunner Mine in 1896. There were a large number of dependants, and the fund has been administered by the Public Trustee since its inception. Within the last few years the Advisory Board which had been set up by the deed of trust was abolished, and the fund is now administered solely by the Public Trustee. As will be understood, in the lapse of time the number of recipients has been considerably diminished. There remained in the hands of the Public Trustee as at the 31st March, 1925, the sum of £2,444 4s. 4d.

(b.) *Kaitangata Relief Fund*.—This consisted of subscriptions raised to alleviate the distress consequent upon an explosion in the Kaitangata Coal-mine in 1879, when thirty-four miners lost their lives. For a considerable time the fund was administered by private trustees, but in 1892, by the Kaitangata Relief Fund Transfer Act, the administration was transferred to the Public Trustee. At that time there remained few of the widows and children of those who had suffered in the disaster who required relief from the fund, and so it was provided by legislation that the surplus funds, after providing for the original beneficiaries, should be made available for the relief of the widows and children of coal-miners who might lose their lives in mining accidents occurring from time to time in New Zealand.

Within the last few years, when a somewhat serious flood occurred in the Kaitangata district, there was a demand that the balance should be used for the benefit of those settlers who had suffered losses as the result of the floods. At a later date the question was raised whether this balance could not be distributed amongst the descendants of the victims of the original disaster. Questions have been raised in the House on several occasions. The terms of the Act make it clear, however, that the funds are to be used solely for the benefit of those dependants whose names were on the list when the original trustees handed over the management to the Public Trustee in 1892, or else for the dependants of miners who might subsequently lose their lives in other disasters. Before any distribution of the capital could be made otherwise than in the foregoing manner amending legislation would be necessary. On the 31st March, 1925, the balance in hand was £3,704.

(c.) *Huntly Disaster Fund*.—Until recently this fund, raised in connection with the disaster which occurred at the Huntly Coal-mine in 1914, was administered by the Public Trustee for the benefit of the widows and orphans of the victims. On the 31st March, 1924, there was to credit of this fund £805, which has now been disbursed in accordance with the scheme of trust approved by the Supreme Court.

(d.) *Coal-miners' Relief Fund*.—The funds for this are derived from the levy payable by coal-mine owners on all coal mined, in accordance with sections 80 and 81 of the Coal-mines Act, 1908, and the subsequent amendments thereof. The object of this fund is to provide for the necessary relief of coal-miners injured while working in coal-mines, or for the families of those miners killed or injured while so working. On the 31st March, 1925, there was to credit of this fund £13,775 11s., while during the period 31st March, 1924, to 31st March, 1925, the amount paid out by way of claims was £2,034 3s. 4d.

(e.) *Renwick Trust*.—Since 1882 this trust has been administered by the Public Trustee. It arises out of the will of Adeline Renwick in 1870. The testatrix directed that the sum of £2,000 was to be utilized for purchasing a piece of land in the City of Nelson and erecting thereon six two-roomed cottages, the use of which was to be granted, rent-free, to that number of deserving poor in that town. A suitable section was obtained at the corner of Wellington and Examiner Streets, and the six dwellings erected in accordance with Mrs. Renwick's directions. Since erection these cottages have been occupied by poor people selected from time to time as a vacancy occurs by the Mayor of Nelson and the Public Trustee. The unexpended balance is used for the payment of outgoings on the cottages and in providing small allowances for the occupants.

(f.) *New Zealand Sheepowners' Acknowledgment of Debt to British Seamen Fund*.—In 1920 it was arranged that the Public Trustee should hold and invest the moneys contributed to this fund. The objects of the fund rendered it necessary that it should be kept in liquid form to provide for the disbursements in accordance with the objects. Accordingly it was invested in the Common Fund, and interest allowed by the Public Trustee on the daily balance.

According to the articles of association of the fund, provision is made for incorporation in the War Funds Act, 1915, and the appointment of a board of trustees and advisory committees.

The making of grants and allowances for the relief of disabled sailors of the Royal Navy and the mercantile marine, and for the dependants of sailors who died as the result of war injuries sustained or illness contracted while engaged in service in the late war, is determined by the board of trustees.

After crediting interest to the fund and deducting the allowances made to date, at the 31st March, 1925, there remained in the Public Trustee's hands the sum of £53,834 4s. 6d. The amount paid out during the period 31st March, 1924, to 31st March, 1925, was £86,634 3s. 6d.

Flock House Scheme.—The trustees of the fund have inaugurated a scheme for the emigration and training of sons of British seamen. For this purpose they have acquired a training-farm known as "Flock House," in the Rangitikei District. Accordingly the headquarters of the fund were transferred in 1924 to Palmerston North from Wellington.

(g.) *British Mercantile Marine Pension Fund.*—Arising out of the Flock House scheme an arrangement has been made whereby the Public Trustee has undertaken the collection of pensions due to those lads whose fathers or guardians were killed or disabled whilst serving at sea during the late war, and who are now emigrating to the Dominion for the purpose of being trained as farmers under the scheme. These pensions are to be held and invested by the Public Trustee, and the accumulated funds paid to the boys entitled when they attain their majority, or utilized for their benefit, at the Public Trustee's discretion, should they commence farming on their own account prior to that date.

At the present time he is acting on behalf of thirty-four boys entitled to pensions, but this number will increase as arrangements are made by the trustees of the New Zealand Sheepowners' Acknowledgment of Debt to the British Seamen Fund for fresh lads to be sent out to the Dominion.

The scheme of providing for the dependants of those members of the Royal Navy and mercantile marine who lost their lives in the service of the Empire during the Great War is such a worthy one that the Office decided to make no profit charges whatever for its services in connection with the collection of these pensions, whilst the maximum rate of interest permitted by the regulations is allowed on the amounts collected.

DISCHARGE OF MORTGAGES UNDER SECTION 75 OF THE PROPERTY LAW ACT, 1908, AND SECTION 117 OF THE LAND TRANSFER ACT, 1915.

62. In accordance with section 75 of the Property Law Act, 1908, and section 117 of the Land Transfer Act, 1915, the Public Trustee is authorized to discharge a mortgage where—

- (a.) The mortgagee is absent from New Zealand, and (under the Land Transfer Act, 1915) is dead ;
- (b.) So far as the mortgagor is aware, there is no person in New Zealand duly authorized to give a discharge of the mortgage debt at or after the date appointed for repayment ;
- (c.) Payment of the amount due under the mortgage has been made :

Provided the Public Trustee has been satisfied by reasonable proof of the amount due and owing.

Previously it was provided that if a mortgagee was absent from the Dominion and there was no person authorized to give a receipt for the mortgage-money, then the mortgagor could discharge the mortgage by payment to the Colonial Treasurer.

It is interesting to note that in the case of the *National Bank of New Zealand (Limited) v. Barclay and others* (17 N.Z. L.R. 819) in connection with section 109 of the Land Transfer Act, 1885, which corresponds with section 117 of the 1915 Act, it was laid down by the Court of Appeal that in view of that section it must be held that the mortgage debt was payable in New Zealand. According to the judgment, if a mortgagee does not choose to have an agent in the Dominion interest will cease at the date of the payment of the moneys to the Treasury (now the Public Trustee).

During the year seventeen mortgages were discharged under the Public Trustee's statutory power, and principal and interest amounting to £12,159 10s. 10d. received by the Office.

LIFE INSURANCE ACT, 1908.

63. Under section 75 of the Life Insurance Act, 1908, as amended by section 4 of the Amendment Act, 1920, the Public Trustee's consent is necessary to enable a minor of the age of fifteen years or over to surrender, give a discharge for, dispose of by will, or otherwise deal with his policy as if he were of full age. It is the duty of the Public Trustee to be satisfied that in any such dealings the interests of minors are adequately protected. Accordingly every application is carefully investigated. These investigations involve a considerable amount of work, but in view of the nature of the applications only a nominal fee of 5s. is charged for each one. This, of course, is inadequate for the services rendered, but it is not deemed advisable to charge a higher fee.

In the year under review the number of applications dealt with was 158, made up as follows: Surrenders, 90; loans, 33; assignments, 23; reduction of amount of policy, 2; payment of proceeds on maturity, 6; consent to make a will, disposing of policy-moneys, 2; receipt of bonuses, 2.

It is interesting to note that power is given to a minor to make a will disposing of the proceeds of a life policy, with the consent of the Public Trustee. It is a well-established rule of English law that, apart from sailors and soldiers on active service, a minor cannot make a valid will. There is an exception created by the Infants Act, which provides that a married male not under the age of nineteen and a married female not under the age of eighteen years may make a will disposing of real and personal property.

Accordingly applications by minors under section 75 for the Public Trustee's consent to make a testamentary disposition of the proceeds of life-insurance moneys have received special consideration. The circumstances of each case are carefully inquired into.

According to the wording of section 75 it is considered that the Public Trustee's consent to the execution of such a will is a condition precedent, and that a will executed without this consent cannot afterwards be validated by obtaining the Public Trustee's approval.

Under section 69 of the Life Insurance Act the proceeds of a policy payable to a minor or a person under legal disability can be paid to the Public Trustee or any other person appointed in due course of law. The provisions of this section are often resorted to, and sums payable to minors in such cases handed over to the Public Trustee for administration by him.

In the report to the 31st March, 1924, reference was made to war-loan policies. Many such policies were taken out by persons liable to subscribe to war loans under compulsory clauses in the Finance Act. The object in insuring minors was to economize in the amount of premiums payable. A considerable number of applications are still being received for the Public Trustee's consent to the surrender or transfer of such policies. Wherever he is satisfied that the policy of insurance was taken out purely for the purpose of subscribing to the war loans his consent is given on the production of satisfactory evidence and confirmation of the facts by the insurance company concerned.

UNCLAIMED LANDS.

64. As the Dominion becomes more closely settled there are fewer applications to the Public Trustee to administer land under Part II of the Public Trust Office Act as unclaimed owing to the fact that the owner has no known agent in New Zealand, or is unknown, or after due inquiry cannot be found. There are still, however, a certain number of these applications to the Public Trustee. Careful instructions have been laid down for the guidance of officers so that they will be able readily to set out to applicants what is required to enable administration of these lands to be promptly carried out.

UNCLAIMED PROPERTY.

65. Part III of the Public Trust Office Act, 1908, provides statutory powers for the protecting of the interests of a missing owner or other missing person in property. The Act may be invoked where it is desired to sell land, to uplift a fixed-deposit receipt, to receive moneys in the hands of trustees for a missing

beneficiary, or to prosecute a claim for compensation under the Public Works Act. It has also been invoked on the application of a solicitor who has had in his hands moneys payable to a missing client, of a wife on behalf of her missing husband, of a parent on behalf of his children, of a purchaser under a contract for sale in order to obtain a discharge for purchase-money due; but it is most commonly applied to enable administration to be undertaken in the case of those persons who are believed to be dead, but of whose death there is not sufficient direct evidence to enable an application to be made to the Court for a grant of administration.

Every care is taken before accepting administration under Part III of the Act to ascertain that it would be in the interests of the owner or of some person interested in the property that action should be taken by the Public Trustee, and administration is not undertaken unless the Public Trustee considers it right and proper that he should so act. Exhaustive inquiries are made at the outset to ascertain whether the Act is applicable to the particular case or not, and also to ascertain whether there are any close relatives of the missing person who might prefer to take other action. The Public Trustee lays it down as an essential condition before accepting administration that the owner must be absent from New Zealand, and that he must not have appointed any agent in this country with any authority to act for him, and also that it is not known where the owner is to be found.

When the Public Trustee has decided that he will apply the provisions of Part III of the Public Trust Office Act, 1908, and after he has accepted administration he must arrange to publish in the *Gazette* a notice of his intention to exercise the powers which have been conferred upon him. Before exercising any of these powers the Public Trustee gives full consideration to various aspects, such as the legal obligations of the missing owner, the benefits which will accrue to the missing owner as a result of the action which is about to be taken, the necessity of providing funds for the payment of debts, and the likelihood of funds being available for the payment of administration expenses.

All moneys received by the Public Trustee are held in trust for the owner of the property, and the Public Trustee is bound to account to the owner or to his lawful successors for all moneys which he has received. If no claim is made to the moneys after the amount has been in the hands of the Public Trustee for some time, and if the Public Trustee is of opinion that there is little likelihood that any claim will be made, then the money is transferred ultimately to the Consolidated Fund.

Any claim which is made by a person to unclaimed property held by the Public Trustee is given full consideration, and it is necessary that any such claim be supported with full and conclusive evidence. If the evidence is conclusive the claim will be admitted by the Public Trustee, but should the evidence fail to be satisfactory the claimant will be required to establish his title by a judgment of the Court. For administration purposes unclaimed property is converted into money, and if there is no claim made to the proceeds within a reasonable time the amount is transferred to the Consolidated Fund Account for eventual transfer to the Consolidated Fund pursuant to section 89 of the Public Revenues Act, 1910.

TRUSTEE FOR DEBENTURE-HOLDERS.

66. The services of the Public Trustee are still being employed as trustee for debenture-holders in connection with the issue of debentures by Town Boards, Fire Boards, Electric-power Boards, and other local bodies. During the past year the Public Trustee has been appointed in a considerable number of these cases. Until default is made no action is necessary on the part of the Public Trustee. Accordingly only a nominal fee is charged in the first instance, the right being reserved to revise this charge in case of default being made and action being necessary on the part of the Public Trustee.

EDUCATION RESERVES.

67. The Public Trustee is now the trustee of certain Education reserves and endowments throughout the Dominion which are held upon trust, the revenue from some being set apart for primary and from others for secondary education. The

net annual income derived from these investments is paid by the Public Trustee to the Education Department, and that Department attends to the allocation and disposal thereof in accordance with the statutory provisions.

The assets under administration by the Public Trustee in pursuance of the Education Reserves Amendment Act, 1910, included cash and mortgages as follows :—

	Primary Schools.			Secondary Schools.		
	£	s.	d.	£	s.	d.
Cash held in Common Fund ..	15,974	9	8	971	19	8
Mortgages	6,962	0	0	Nil.		
	<hr/> £22,936 9 8 <hr/>			<hr/> £971 19 8 <hr/>		

MORTGAGES.—PERSONAL COVENANT OF ORIGINAL MORTGAGOR.

68. During recent years speculation in land has been somewhat prevalent, and as a result the number of transactions has considerably increased. There are some persons who have bought and sold many thousands of acres of land, and in very few instances is the transaction a cash one. With each sale a further encumbrance has been added to the title, until in some cases there have been as many as six and seven mortgages registered against the same security. In every mortgage-deed the mortgagor covenants with the mortgagee that in the event of the security failing to sell for the amount of the debt he will repay the balance owing from his personal estate. It will thus be seen that every original mortgagor enters into a personal covenant which pledges the whole of his assets for the repayment of the debt, and this liability remains after the security has been sold and until the debt is repaid in full and the mortgage discharged.

Many landowners who have bought and sold freely, and who have mortgaged their interests in the land whilst in possession, have rendered themselves contingently liable for large sums secured by mortgage. If the present occupiers fail, and if the first mortgagees force a sale at a loss, there may be heavy demands upon the personal estate of many mortgagors, many of whom have ignored such a possibility.

The liability of mortgagors under their personal covenants often causes the Public Trustee, in common with other trustees, much concern, and in many instances the administration of an estate is seriously hampered. It may happen, if the amount involved is large, that the success or failure of the sale of the security determines the solvency or insolvency of the estate. Again, the realization of the estate may be completed and the trustee may be in a position to make a distribution to the beneficiaries, but because of the contingent liability he may be compelled to withhold payment for many months until the liability is definitely determined. Foreclosed and doubtful securities are often difficult to realize, and the long delays which ensue in effecting a satisfactory sale cause the beneficiaries much inconvenience and disappointment, and in some cases may even result in serious loss to them financially. It would be well if owners of land when arranging to mortgage their interests would give full consideration to the possibility of subsequent liability under the personal covenant into which they enter.

REGISTRATION OF THE PUBLIC TRUSTEE'S TITLE TO SHARES IN BANKING INSTITUTIONS.

69. The Public Trustee, in his capacity as executor, trustee, or administrator, is a large shareholder in almost every bank which transacts business in New Zealand. Difficulty is experienced at times, however, in registering his title to the shares, because the articles of association of most of the banks provide that a trustee may not be registered as a proprietor, and it is held that the entry of the Public Trustee's name on the register would be notice of a trust. To overcome this difficulty legislation was passed. Section 36 of the Public Trust Office Amendment Act, 1921–22, provides—

The entry of the Public Trustee by that name in the register of shareholders of a company shall not constitute a trust. The company shall not be entitled to object to enter the name of the Public Trustee in its register of shareholders by reason only that the Public Trustee is a trustee or is a corporation. In dealings with property the fact that the person or one of the persons dealt with is the Public Trustee shall not of itself constitute notice of a trust.

This legislation has been of considerable assistance in enabling the Public Trustee to register transmission to shares which come under his administration and finally to dispose of them by sale. Most of the banks are now prepared to register the Public Trustee's title to any shareholdings of which he is legal owner. Some of the banking institutions, however, still consider that, notwithstanding the recent legislation, they are unable to register the Public Trustee's title in view of the express provisions of their articles of association. In such cases the dividends payable on the shares are credited to the Public Trustee, but his name does not appear on the share register. The attitude of the bank occasions no difficulty if the shares are being realized in the ordinary way. Where, however, the bank issues fresh capital and the existing proprietors have rights in the new issue, the fact that the Public Trustee is not registered as proprietor of the shares to which he is entitled occasions a serious difficulty.

BUSINESSES IN ESTATES.

70. The Public Trustee is frequently called upon actively to run businesses on behalf of estates under his administration. Furthermore, many of the estates under the Public Trustee's control have large interests in businesses of various kinds which are not actively run by the Public Trustee.

Apart from directions in testators' wills, when estates come into the Office for administration the Public Trustee is often requested by the beneficiaries to carry on the business in which the deceased was interested. In these cases the Public Trustee is required to exercise the same supervision, judgment, and skill as was displayed by the deceased during his lifetime in the conduct of his business.

The work entailed in this supervision and management is often arduous and difficult, but the organization of the Office and the large number of officers specially qualified in law, accounting, and general business practice, as well as the special knowledge acquired during long experience in the administration of estates, enable the Public Trustee to conduct this special work with success.

In addition to the specially qualified officers, the Public Trustee has at his disposal the services of Farm Inspectors with special knowledge of farming and the management of stock. Furthermore, he retains the services of a Financial Adviser who is skilled in questions of finance, commerce, and general business.

The Public Trustee devotes special attention to the accounting methods employed in businesses under his control to ensure not only that there will be a careful check upon the returns which are received, but also to enable complete and comprehensive statements of account to be prepared at regular intervals for the information of the beneficiaries and for the guidance of the Office in the administration of the estate. In these statements of account an endeavour is made to show the general position as clearly and concisely as possible. At the same time comparative statements are compiled so that the profits and the turnover from the business may be compared with the returns in preceding years in order to ascertain whether any particular business is progressing, and to discover how, if possible, the profits may be increased.

As the Public Trustee administers such large numbers of estates, naturally the classes of business which he is called upon to control are of a very wide and varied nature. In addition to sheep, dairying, and agricultural farms, the Public Trustee has the management of—Retail drapery-store, stationery and soft-goods shop, boot and shoe shop, grocery business, hairdressing and tobacconist business, sailmaking, plumbing, bakery, and brewery.

Many of these businesses have been carried on for a number of years, and the Public Trustee's management has given satisfaction to the beneficiaries to such an extent that they have learned to repose trust and confidence in the Office administration, and have frequently entrusted the management of their own affairs to the Public Trustee.

APPOINTMENT OF PUBLIC TRUSTEE TO REPRESENT PERSONS IN COURT PROCEEDINGS.

71. The machinery of the Public Trust Office is particularly suited to cases in which representation in Court proceedings is necessary on behalf of persons who by reason of infancy, absence from New Zealand, or other disability are unable to arrange for their own representation. During the past year the Public Trustee has acted in a number of such cases, often at the express direction of Judges of the Court. There is authority for the appointment of the Public Trustee in such a case, both under statute and by the Rules of the Court. The Public Trustee willingly accepts appointments of this kind, and uses the machinery at his command to see that the interests which he is appointed to represent are protected so far as lies within his power.

There is one feature, however, which has occurred in some cases of late which is very unsatisfactory to the Public Trustee. I refer to the inability of the Office to recover costs for its services. One case in particular has recently occurred in which a considerable amount of work was done by the Office, but the Public Trustee was unable to obtain payment of his costs in remuneration of his services. It is felt that if the Public Trustee's services are to be availed of in this connection he should at least be certain that his disbursements and other reasonable costs will be met.

INVESTIGATION AND AUDIT OF PRIVATE TRUST ESTATE ACCOUNTS.

72. In the administration of estates by private trustees occasions sometimes arise where a beneficiary becomes dissatisfied because he is unable to obtain complete information concerning the progress of the administration, or because the trustees have failed to supply him with a detailed statement of the accounts. In those cases in which the trustees have committed a distinct breach of trust an application may be made to the Supreme Court by a beneficiary for the removal of the trustees and for the appointment of new trustees in their stead. The unsatisfactory state of affairs is then rectified by the Court. In other estates, however, beneficiaries may not be able to avail themselves of this remedy, because they may be in ignorance of the position of the estate, or, again, they may be dissatisfied with the administration and desire to have the accounts investigated by a qualified accountant.

Where there are two or more trustees administering an estate one trustee may be forced to neglect the estate for a period on account of illness or urgent business reasons, and perhaps he may not be satisfied with the work of his co-trustees during his absence. He may wish to have the accounts investigated, but perhaps his co-trustees may not agree.

Section 11 of the Public Trust Office Amendment Act, 1913, provides a remedy for an unsatisfactory state of affairs such as is outlined above without the necessity of approaching the Court. The dissatisfied beneficiary or private trustee may apply to the Public Trustee to have the accounts of the estate investigated and audited by a solicitor or a public registered accountant. In making the application the applicant is required to state for what reasons he is dissatisfied, and also arrange for the payment of a deposit to cover the costs of the investigation. If the applicant, the trustees, and the Public Trustee are able to agree on the appointment of the person to make the audit the Public Trustee issues the necessary instructions to him immediately. If no agreement can be reached the Public Trustee himself appoints the auditor. The Act specially provides that no investigation of accounts may be demanded within twelve months of a previous investigation, and, furthermore, that no person beneficially interested in the estate is to be entrusted with the conduct of the audit of the accounts.

During the investigation the auditor is allowed to inspect all the books, papers, and documents in connection with the estate, and he must be supplied with all the information and explanations which he requires to enable him to carry out his duties. When the investigation and audit of the accounts has been completed the auditor forwards to the Public Trustee, to each private trustee, and to the applicant a copy of his accounts, and also a report upon the administration of the estate. He must also give a certificate to the effect that the accounts correctly represent the present

position of the estate. If the accounts are deficient in any respect the auditor must enumerate the deficiencies.

Beneficiaries in private estates have on various occasions availed themselves of this particular provision of the Act.

DISTRIBUTION OF ESTATES TO ALIEN ENEMIES AND GRANT OF ADMINISTRATION OF ESTATES OF ALIEN ENEMIES.

73. Clause 2 of the regulations dated 22nd February, 1916, made under the authority of the War Regulations Act, and continued in force by virtue of the War Regulations Continuance Act, 1920, provides that, save with the consent of the Attorney-General, no person shall make application to the Supreme Court for probate of the will or for letters of administration of the estate of any person who on his death was an alien enemy, wherever resident, or for the resealing in New Zealand of any such probate or letters of administration granted elsewhere. The definition of "alien enemy" in this clause includes any person who was at any time during the late war a subject of any of the enemy Powers.

In view of the fact that treaties of peace with former enemy countries were concluded as under :—

Country.	Name of Treaty.	Date of coming into force of Treaty.
Germany	.. Versailles	10th January, 1920
Austria	.. St. Germain-en-Laye..	16th July, 1920
Bulgaria	.. Neuilly-sur-Seine ..	9th August, 1920
Hungary	.. Trianon	26th July, 1921
Turkey	.. Lausanne	6th August, 1924

there appeared to be no reason to continue restrictions on the right of persons to apply for administration of the estate of any ex-enemy subjects who died subsequently to the coming into force of the respective treaties of peace. The matter was reported by the Public Trustee to the Government, and as a result of this action there was published in the *New Zealand Gazette* of the 20th November, 1924, with the approval of their Honours the Judges of the Supreme Court, an amendment of Supreme Court Rule 531BB relating to applications for probate or letters of administration in the estates of former alien enemies. The amendment provides that it shall not be necessary to obtain the Attorney-General's consent to administration if the deceased died after the coming into force of the treaty of peace with the country of which he had been a subject.

Clause 4 of the regulations quoted above provides that no administrator of the estate of a deceased person shall, without the consent of the Attorney-General, distribute any part of the assets of the deceased to any beneficiary or creditor who was an alien enemy, wherever resident. Since the conclusion of treaties of peace with all the former enemy countries it is obvious that there is no longer any good reason for refusing payment to a beneficiary who prior to the treaty of peace was an alien enemy but who became entitled to his share subsequently to the date of the coming into force of the treaty of peace with his country. On the representations of the Public Trustee made to the Government, an Order in Council was passed on the 22nd September, 1924, providing that no beneficiary or creditor shall for the purposes of this clause be deemed to be an alien enemy if the deceased person in respect of whose estate he is a beneficiary or creditor shall have died subsequently to the coming into force of the treaty of peace with the State of which such beneficiary or creditor was at any time theretofore a subject.

As regards Turkey, it is to be noted that the Treaty of Lausanne does not confer on the Allied Powers a right similar to that conferred by the other treaties to retain private property of subjects of the enemy State at the date of the coming into force of the treaty.

DISTRIBUTION OF INTESTATE ESTATES IN ENGLAND.

74. A revolutionary change respecting the devolution of real and personal property on intestacy has been effected in England by the Law of Property Act, 1922.

On the death of a person intestate all his real and personal property is to be held by his personal representative upon trust for sale (except as to money), with power to postpone sale,

Out of the moneys to arise from the sale, and any ready money, the personal representatives are to pay the funeral expenses and debts of the deceased, and all administration expenses and death duties. The residue is to be distributed as follows :—

(a.) If the deceased leaves a husband or wife, the husband or wife takes—

- (i.) All the personal chattels (furniture, plate, pictures, &c.) absolutely.
- (ii.) £1,000 free of death duties, with interest at 5 per cent. per annum from the date of the death.
- (iii.) The income of half the residue for life if the deceased leaves issue who take a vested interest.
- (iv.) The income of the whole residue for life if the deceased leaves no issue who take a vested interest.

(b.) Subject to the rights of the husband or wife, the whole residue is held on trust for the children of the intestate on what are called the “statutory trusts”—i.e., for all the children who are living at the death of the intestate and attain twenty-one or marry—in equal shares; but if any child dies before the intestate all his issue who survive the intestate and attain twenty-one or marry take *per stirpes* the share of the deceased child.

(c.) If the intestate leaves no issue the residue goes to his father and mother in equal shares, or if only one of them survives, then to that one absolutely.

(d.) If the intestate leaves no issue and no parent the residue will be held in trust for the following persons if living at his death, in the following order :—

- (i.) The brothers and sisters of the whole blood on the “statutory trusts”—i.e., for all brothers and sisters who are living at the death of the intestate and attain twenty-one or marry—in equal shares; but if any brother or sister dies before the intestate all his or her issue who survive the intestate and attain twenty-one or marry take *per stirpes* the share of the deceased brother or sister.
- (ii.) The brothers and sisters of the half-blood on the statutory trusts.
- (iii.) The grandparents, if more than one, in equal shares.
- (iv.) The uncles and aunts (whole blood) on the statutory trusts—i.e., similar trusts for the issue, if any, who are dead. This includes first cousins and their issue.
- (v.) The uncles and aunts (half-blood) on the statutory trusts—i.e., similar trusts for the issue of any who are dead.
- (vi.) The husband or wife absolutely.

If none of these relations survive the intestate the whole residue goes to the Crown as *bona vacantia*; but the Crown may provide for any dependants of the intestate (whether related to him or not) who are not provided for.

When a person makes a will disposing of only part of his property the above rules apply to the part not disposed of.

A person taking under the will is not bound to bring into account the benefits he receives under the will.

The date originally fixed for the coming into force of the new legislation was the 1st January, 1925, but the date has subsequently been postponed. There is no definite information at the present time as to the actual date on which the statute becomes operative.

WILLS DEPOSITED.

75. During the year under review 5,299 additional wills appointing the Public Trustee executor were deposited with him for safe custody. The following table gives details of the figures for the year :—

Wills on deposit at 31st March, 1924	39,682
Wills deposited from 1st April, 1924, to 31st March, 1925	5,299
Wills withdrawn from 1st April, 1924, to 31st March, 1925, through death of testator or otherwise	879
Net increase in number of wills on deposit	4,420
Total number of wills on deposit at 31st March, 1925	44,102

It will be seen that the number of fresh wills deposited exceeded the number withdrawn by reason of death or otherwise by 4,420. Besides the fresh wills placed on deposit, 2,522 already on deposit were redrafted at the request of the testators.

As evidence of the growth of public confidence, the subjoined table showing the increase during the ten years from 1st April, 1915, to 31st March, 1925, will be of interest :—

Wills on deposit at 31st March, 1915	7,844
Net increase for year ending 31st March—	
1916	3,541
1917	4,884
1918	4,781
1919	3,187
1920	1,555
1921	2,564
1922	3,483
1923	3,663
1924	4,180
1925	4,420
Wills on deposit at 31st March, 1925	44,102

Not only has there been a phenomenal growth in the numbers of wills deposited, but a large number of these have been executed by testators with valuable estates. A perusal of the foregoing figures will show that the number of wills on deposit on the 31st March last was almost six times as large as the number held ten years ago.

During the war large numbers of soldiers' wills were deposited with the Public Trustee. From the nature of things it was only to be expected that many of these wills were prepared and executed in camp, on troopships, or under hurried conditions prior to entering the war-zone, often being drawn up by the soldiers themselves, their comrades, or other persons not skilled in will-drafting. On the resumption of peace, therefore, it was necessary to review these wills, especially as the conditions of the testators and their beneficiaries might have materially altered in the meantime. Accordingly the soldier testators were communicated with, and wherever they desired it fresh wills were drafted for them.

In last year's report reference was made to the proposal to instal steel filing-cabinets and other modern appliances to ensure greater safety and to facilitate the handling of wills. A large and conveniently situated safe has been specially reinforced, and the installation of the new fittings has been completed during the year. Testators may rest assured that their wills are in safe keeping, and that no pains have been spared to eliminate the risk of destruction by fire or otherwise.

Stock-taking of the whole of the wills on deposit is carried out annually with the Register of Wills, and the documents thus are carefully checked by experienced officers. The number of wills on deposit is now so large that this stock-taking is a lengthy task, but it is felt to be essential to have regular and systematic checks.

ACCOUNTS.

76. The accounting-work has been kept well up to date during the year, and prompt remittances have been made to clients supported by the necessary statements of account. The system of keeping the books locally where the estates are administered continues to give satisfaction, and has proved an unqualified success both to the clients and the Office itself.

The delays that occurred under the old system of accounting from Wellington have been eliminated, and the administration of estates greatly expedited.

STEEL-SHELVING EQUIPMENT.

77. In providing the necessary equipment for the strong-rooms in the recently constructed Branch buildings for filing deeds, debentures, and other valuables, attention has been directed to providing adequate protection from fire and attack, and, in addition to the installation of modern doors, steel shelving and cabinets have been used for the interior fittings. By this means it is felt that the Office has provided such security in the different localities as the conditions and circumstances demand.

SAFE-DEPOSIT LOCKERS.

78. The safe-deposit-locker system, first established at Wellington and subsequently established in other towns, has been further extended, and lockers will very soon be available at Wellington, Dunedin, Napier, Palmerston North, Masterton, Hawera, Invercargill, New Plymouth, Christchurch, Whangarei, Gisborne, Hamilton, Blenheim, Timaru, Wanganui, and Stratford.

These specially constructed and self-contained steel lockers, installed in fire- and thief-proof strong-rooms, can be rented at a small rental varying from 12s. 6d. a year, with access at any time during ordinary business hours. They provide a ready means for securing the safety of valuable documents, bonds, debentures, &c., and it is believed that as the advantages of the system become better known there will be a great demand for them. It is hoped to extend the system still further in the future.

CUSTODY OF SECURITIES, ETC., AT DISTRICT OFFICES.

79. Consequent upon the delegation of administration of estates to District Offices, arrangements were made for the keeping of securities and valuables owned by clients of the Office and by estates under administration at those offices. Previously when all such valuables were kept in the securities vault at Head Office there was no necessity for special strong-room accommodation at the District Offices, but when the scheme of decentralization was put into operation it became necessary to provide safe custody for the securities and other articles of special value. To this end expert reports were obtained, and following on these reports up-to-date strong-rooms and safes were installed at the various offices.

FACILITIES FOR RECEIPT AND PAYMENT OF MONEY.

80. The accounting system of the Office affords every facility for the receipt and payment of money on behalf of the Office and its clients. Moneys may be lodged at any of the 106 cities and towns at which it is represented throughout the Dominion, or at any postal money-order office. On the other hand, payments are made at all of the District Offices at which permanent officers are located and at any postal money-order office.

As all such transactions are free of exchange, clients of the Office and estates under administration derive considerable benefit.

The High Commissioner for New Zealand acts as the Public Trustee's representative in London for the receipt and payment of money as well as for administration matters generally. In many instances regular periodical payments to beneficiaries in estates and to principals of the Public Trustee are made through this channel. Moneys receivable from any part of the British Isles or from Europe or America on account of the Public Trustee are remitted to the New Zealand Public Trust Office Account, London, which is operated upon by the High Commissioner for New Zealand.

Fortnightly statements, duly audited, showing details of receipts and payments, are forwarded by the High Commissioner. The system operates very smoothly, and greatly facilitates the transaction of business on the other side of the globe.

PROTECTION OF MORTGAGE SECURITIES.

81. In forwarding the annual accounts of this Office to the Right Hon. the Minister of Finance last year the Controller and Auditor-General pointed out that there was no authority in the Public Trust Office Acts for the expenditure of money in protecting the Public Trustee's interest in mortgage securities that had fallen into his hands through the default of mortgagors. The Controller and Auditor-General pointed out that, as it might be necessary in the interests of the Office to incur expenditure of this nature in future, consideration should be given by the Government to the advisability of introducing an amendment of the existing law,

The suggested amendment was made in the Finance Act, 1924, section 15 of which provides that the Public Trustee may expend out of the Investment Fluctuation Account, and, if such account is insufficient for the purpose, then out of the Assurance and Reserve Fund, such sums as he may consider necessary for the protection of the securities in which the Common Fund is invested. This enables the Office to take such steps for the safeguarding of the money invested in mortgages as ordinary business prudence dictates — a provision which will be regarded as essential especially when it is considered that the alternative is to stand by while securities calling for attention rapidly deteriorate or become valueless.

The authority is being exercised with the utmost caution, and only in such cases where the expenditure of money is considered to be essential to the preservation of the security.

LEGAL DIVISION.

82. In accordance with the policy of stationing competent officers to deal with the Department's legal work at the principal Branches, Legal Clerks were appointed during the year at New Plymouth, Napier, and Wanganui. In addition to the foregoing, a Legal Clerk had already been attached to the office staff at Masterton, whilst District Solicitors have been stationed at Auckland, Wellington, Christchurch, Dunedin, Hamilton, Palmerston North, and Invercargill.

The work of the Legal Officers at the Branches mainly comprises conveyancing matters. The fact that this class of work is attended to locally avoids delay, and is an advantage to the Office as well as to its clients. These officers act under the direction of the Office Solicitor, to whom is reserved advising and opinion work. As the volume of business warrants it, further Legal Clerks will be transferred to other Branches. Advantage is taken by the Office Solicitor or his assistants when at Branches where there are legal officers attached to the staff to inspect the legal work and to make suggestions which would tend to the improvement thereof. Recently the legal work at Christchurch was so inspected, and the report was satisfactory. This completes the inspection of the legal work at all the Branches except Dunedin and Invercargill.

83. Having regard to the multitude of testamentary instruments under which the Public Trustee is administering, it is inevitable that recourse must be had to the Court for directions from time to time. Some of the instruments are of the "home-drawn" variety, with the vagueness and uncertainty nearly always attendant therewith. In other cases the circumstances existing at the time the will was prepared by the testator's solicitor may materially change before his death, giving rise to questions of difficulty which the instrument itself does not clearly solve. Whenever such difficulties arise every effort is made to place the position clearly before the beneficiaries, and in many instances agreement is reached amongst the *cestuis que trust* settling the point of difficulty. Where, however, the interests of infants are affected or the beneficiaries require it, the assistance of the Court is invoked on originating summons. Then again, the services of the Office are frequently enlisted by the Court for the representation of absent or infant defendants in proceedings to which the Office is not a direct party. The organization of the Department makes it peculiarly fitted to undertake this service.

The following are the principal cases in which the Office took part during the period under review :—

- (1.) A certain person, X, possessed of moneys on fixed deposit at a bank, which were subject to two mortgages by way of assignment, requested another person, Y, to advance a further sum on the security of the bank moneys if X should subsequently require the same. Y agreed to make an advance according to the state of his finances. X departed from New Zealand and cabled Y for an advance. Y accordingly despatched £100. No instrument of security was ever executed between X and Y prior to the death of X, which occurred shortly afterwards. It was held that there was a good contract by X to assign to Y the bank moneys by way of mortgage; that such a contract was in the circumstances specifically enforceable, and therefore constituted in itself a good equitable security which operated to make Y a secured creditor in the insolvent estate of X.—*Hayes v. The Public Trustee* (1924 G.L.R. 193).

- (2.) A testator by his will bequeathed, *inter alia*, two annuities, and directed the residue of the income to be accumulated until the death of the last annuitant, when the residuary trust funds were to go to a certain educational institution. The will directed that the trustee should pay testator's debts and testamentary and funeral expenses and duties out of the income, so far as he possibly could. By a codicil made in England the testator revoked one of the annuities and bequeathed in lieu thereof nine-tenths of the income of his estate to the former annuitant for her life. No other consequential alterations were made. It accordingly became necessary to ascertain how far the income was to be impounded to pay the testator's funeral and testamentary expenses and debts and duties in accordance with the directions pertaining thereto contained in the will. It was held that the aforesaid payments should be made in the usual way out of capital, as in the ordinary case, and that the annuities were not affected by the specific direction for payment of such funeral and testamentary expenses and duties out of income.—*Re Roper: The Public Trustee v. Canterbury College* (1924 G.L.R. 209).
- (3.) A testator died leaving a widow and ten children. The estate, which was worth about £4,000, was given to two sons. One of the sons predeceased testator, there being a partial intestacy. Application was made under the Family Protection Act for further provision out of the estate for the testator's widow and one of his daughters. It was held that notwithstanding the partial intestacy the Court had jurisdiction to make an order for further maintenance affecting the whole of the estate, and such order was accordingly made.—*The Public Trustee v. Willis* (1924 G.L.R. 238).
- (4.) A testator gave to various members of his family options to purchase certain shares at fixed prices. One of the children to whom such option had been given predeceased the testator. It was held that the option, which was a valuable one, was exercisable by A's executor.—*Pearce v. Pearce* (1924 G.L.R. 306).
- (5.) Where a person dies insolvent, and his estate, which includes insurance-moneys, is administered under Part IV of the Administration Act, the funeral and testamentary expenses are to be apportioned between the general estate and the protected policy-moneys so that each part of the estate bears exclusively those expenses which exclusively relate to it, and those expenses which are common to the whole estate are to be divided between the two parts in proportion to their respective values.—*Maitland v. The Public Trustee* (1924 G.L.R. 317).
- (6.) A testator, after making certain pecuniary bequests, gave and bequeathed his residuary estate to his children equally. The will contained a provision that if any child disputed the will the share of such child should lapse and fall into the residuary estate. Upon testator's death three of the residuary legatees took unsuccessful proceedings to oppose the grant of probate of the will. Held, that upon the whole wording of the will the shares of the children who took proceedings to contest the will were not forfeited.—*In re Patterson* (1924 G.L.R. 421).
- (7.) A testator bequeathed certain lands in trust for his son for life so long as he should not become a Roman Catholic, and on the son's death or on his becoming a Roman Catholic, then for his eldest son, with further limitations over. The residuary estate was bequeathed in trust for the son on his attaining the age of twenty-one years and not being a Roman Catholic, with a gift over in favour of the son's children. The testator's only son was three years old at the date of the will, and eleven years when his father died. After the execution of the will the son was, with testator's knowledge and approval, educated in the Roman Catholic faith, and confirmed a year before testator's death. Testator himself became a Roman Catholic shortly before his death. On an originating summons to determine the meaning and effect of the will, in which, as all parties were represented, the Public Trustee took no part, but submitted to judgment, held, that upon the terms of the will the condition of being a Roman Catholic was void in law, and that the son's interest was not fettered or restrained by such condition.—*Gower v. The Public Trustee* (1924 G.L.R. 426).

- (8.) Where a plaintiff commences an action in the Magistrate's Court³ but subsequently discontinues the same before trial, the costs to which the defendant is entitled are limited to prescribed fees in respect of matters prior to discontinuance.—*Raffol v. The Public Trustee* (1924 G.L.R. 444).
- (9.) A testator directed his estate to be converted into money, and bequeathed out of the proceeds £1,000 to each named grandchild. The will then provided that each of the legacies should not be paid to the respective legatees if the said legatees did not attain the age of twenty-one years. Held, that the legacies were vested subject to being divested in the case of a grandson dying before attaining twenty-one, and that each legacy carried interest until a grandchild attained twenty-one or sooner died.—*The Public Trustee v. Pearce* (1924 G.L.R. 460).
- (10.) A testator devised all his estate to two sons, whom he appointed his executors, upon trust to pay all his debts, death-bed, funeral, and testamentary expenses. The will said nothing further as to the destination of the trust funds. Held, having regard to the terms of the will and to the state of the testator's family, that upon the true interpretation of the instrument the named sons were beneficially entitled to the whole estate.—*Hunter v. The Public Trustee* (1924 G.L.R. 544).
- (11.) A donor intending to make a gift to his wife agreed to purchase certain land. The whole purchase-money was paid in cash on the date of completion, but at the purchaser's request a transfer was taken in the name of his wife. The purchaser received the transfer and registered it. The value of the land itself (according to the Government valuation) was considerably less than the amount paid. The Commissioner of Stamps claimed that the duty was payable on the whole of the purchase-money. Held, that the gift was a gift of land, and that therefore duty was calculated on the value thereof, and not upon the amount of the purchase-money.—*The Public Trustee v. The Commissioner of Stamp Duties* (1924 G.L.R. 558).
- (12.) Where an order was made under the Family Protection Act more than three years from the date of payment of death duty it was held that a claim for a refund was not barred by the Death Duties Act, 1924, and a reassessment was ordered.—*The Public Trustee v. The Minister of Stamp Duties* (1924 G.L.R. 569).
- (13.) A farmer possessed of a farm, cattle, sheep, farm-implements, and also twenty-one bales of wool, by his will bequeathed all his furniture and other household and personal effects, and all his live and dead stock, to his widow, but gave the rest of his estate to his widow for life, with remainder to his children. The question was raised whether the bales of wool passed under the bequest of live and dead stock, and it was decided that it did.—*Re Bowick* (1924 G.L.R. 462).

84. In addition to contentious Supreme Court matters there were numerous applications to the Supreme Court made *ex parte* seeking the sanction or approval of the Court on various matters. The following are the figures for the year ending 31st March last, together with the corresponding totals for the previous year:—

	1924.	1925.
Applications to the Supreme Court for grant of probate.. .. .	550	566
Applications to the Supreme Court for grant of order to administer	244	216
Foreign grants of probate or administration resealed in the Supreme Court of New Zealand	23	20
Total <i>ex parte</i> applications respecting probate or administration	817	802
Other uncontested applications to the Supreme Court by way of motion or petition seeking the approval of the Supreme Court to selling, leasing, mortgaging, and the like	105	101
Totals	922	903

85. In the case of estates the gross value of which does not exceed £400 the Public Trustee is empowered to file an election to administer in lieu of adopting the usual and more formal and expensive method of applying for probate and administration. The filing of the election operates in the same manner as a grant of probate or administration duly made by a Court, and constitutes the Public Trustee personal representative of the deceased person. During the past year there were 573 elections filed, the number in the previous year amounting to 625.

MORTGAGE DIVISION.

86. During the past year the work on this Division has been exceptionally heavy, the total investments made during the year amounting to £3,180,533.

Included in the above total are advances made to private mortgagors amounting to £1,880,978, and to local bodies amounting to £791,287. The total interest collected from investments was £853,463. As an indication of the magnitude of the Office operations so far as advances are concerned it is to be noted that at the present time the total investments amount to £22,106,190.

87. One outstanding feature in connection with the operations during the year has been the large increase in the number of applications for loans on house property, and where the proffered securities have been suitable the Investment Board has granted advances on instalment tables.

88. Owing to the passing of the Mortgages Final Extension Act, 1924, the demand for advances for the purpose of repaying existing loans has increased largely. Now that the Mortgages Extension Act has been finally dealt with the financial position so far as the effects of the moratorium are concerned can be better gauged. It is now apparent that during the existence of the moratorium little difficulty was experienced in refinancing mortgages which showed a reasonable margin of security, and it is only where mortgages have been accepted for balance of purchase-money on properties which have been sold at a price much above their producing-value that any difficulty has been found in adjusting finance. This remark also applies to cases where properties have been sold at an excessive value under agreement for sale and purchase.

In this connection it would appear that in order to allow the mortgagors an opportunity to retain the land purchased by them it would be necessary for the vendors to make a considerable reduction in their mortgages so as to enable the purchasers to put their finances on a sound basis. So far as the Mortgages Final Extension Act, 1924, is concerned, only seventeen mortgagors having loans from the Common Fund and superannuation funds under the control of the Public Trustee applied to the Court for extension orders under the above-mentioned Act. In most cases satisfactory terms were arranged between the mortgagor and the Public Trustee, thus avoiding the necessity of having the respective matters decided by the Court. In a few remaining cases where circumstances did not warrant an extension of time being granted the Public Trustee had no option but to oppose the mortgagor's application.

89. Although financial conditions in the Dominion during the early part of the year were generally good, there was then and has been since a decided reluctance on the part of private lenders to make advances on "broad acres" unless the security has been absolutely gilt-edged, and this has had the effect of making those in need of money for farming purposes turn to the Government lending institutions for the necessary assistance. Even the rapid rise in the price of wool in the early part of the season did not restore confidence in the minds of private lenders so far as making advances on farm securities is concerned.

RENEWAL OF COMMON FUND MORTGAGES.

90. The number of renewals of maturing mortgages granted by the Public Trust Office Investment Board during the year was 421, representing investments to the value of £2,017,013.

RELEASE OF MORTGAGES.

91. The number of releases and partial releases granted by the Public Trust Office Investment Board during the year was 102, representing an amount of £104,182.

MEETINGS OF INVESTMENT BOARD.

92. The Public Trust Office Investment Board held forty-nine meetings during the year, and dealt with 1,614 applications in respect of new loans, renewals of mortgages, partial releases, and allocation of mortgages.

LAND SETTLEMENT FINANCE ACT, 1909.

93. The working of this Act, which is intended to facilitate the closer settlement of land in the Dominion, was fully set out in the last annual report.

During the past year the mortgagors have satisfactorily maintained the payment of their instalments. As at the 31st March, 1925, only sixteen mortgagors were in arrear with their payments, the total amount outstanding being £1,739. The reduction in arrears effected during the year was £213. Six mortgagors are responsible for the bulk of the current arrears, their total indebtedness amounting to £1,266. In pursuance of the Public Trustee's general policy towards mortgagors during the prevailing financial stringency, every reasonable concession has been afforded to these settlers.

Special attention has also been given to the redemption of debentures issued by the various associations. Of the debentures held in New Zealand, thirty-one have been redeemed during the period under review. Redemption in all cases was effected at par, and the total capital payments for this purpose amounted to £14,389.

Upwards of £65,000 is available for redemption of debentures issued in London, but action in this regard has been temporarily suspended owing to the ruling prices of securities.

The following figures show the volume of work performed by the Public Trustee as agent of these associations:—

Number of associations	..	..	..	..	44
Number of mortgagors	..	..	..	..	208
Amounts received during year as interest and repayments					
of principal	..	..	..	..	£36,464
Amounts held in Common Fund for ultimate redemption					
of debentures	..	..	..	..	£104,216
Amount of mortgages outstanding	..	..	..	..	£337,720
Interest paid on debentures during year	..	..	..	..	£22,099

COLLECTION OF OVERDUE INTEREST.

94. With the increase in the investments of the Office, the work involved in the collection of the overdue interest has become increasingly heavy. During the year this important matter has continued to receive close attention, and it is gratifying to report that the amount of arrears on Common Fund mortgages at the close of the financial year is less by 25 per cent. than the corresponding figures of the previous year.

The policy of the Office is to extend every possible consideration to mortgagors, consistent with the Public Trustee's obligations to beneficiaries in estates under his administration.

Applications for extensions of time in which to pay interest on mortgages have been very numerous, but in most cases the postponement is for a short period only, to enable proceeds from sale of farm-produce to be received. It is the experience of the Office that the majority of the mortgagors who are granted extensions of time pay the amount due on the extended date as agreed.

Each case is considered on its merits, and the Branch officers, having in many cases a personal knowledge of the circumstances of the mortgagors, are able to make valuable recommendations, ensuring a course of action which is equitable alike to mortgagor and mortgagee.

During the past year there have been indications that unfair advantage has in some cases been taken of the Public Trustee's policy of granting extensions of time for payment of interest. To ensure that mortgagors made every effort to meet their obligations, and that the rights of the Public Trustee were not prejudiced in favour of other creditors, it became necessary to adopt the policy of demanding payment at the penal rate as provided by the mortgage-deeds. Although these demands are made as a matter of course, payment at the penal rate is never insisted on where the mortgagor is able to show that he is doing his best to meet his obligations.

Where the circumstances of the case warrant liberal treatment, payment is invariably accepted at the lower rate, subject to the additional charge of 7 per cent. on the amount in arrear. This consideration has been much appreciated by the clients of the Office, and expressions of appreciation have been numerous.

In common with other lending institutions, the Public Trust Office has experienced considerable difficulty in the collection of interest on certain King-country securities the holders of which were badly affected by the post-war depression. In many cases the securities are suitable only for cattle-raising, and the continued adverse position of the Home markets for New Zealand beef renders the possibility of these mortgagors recovering any degree of financial stability somewhat remote.

Every effort is being made to enable them to carry on. Interest-payments in some cases have been deferred to enable the mortgagors to purchase grass-seed, stock, and manure where these are essential to the successful farming of the security, and in other cases payment has been accepted by means of orders on farmers' monthly cream cheques. In no case is drastic action resorted to where the mortgagor has any reasonable prospect of carrying on.

The present season has proved exceptionally good for the sheep-farmers, and the excellent prices received for the major portion of the wool-clip were quickly reflected in the returns of overdue interest. Unfortunately, this is offset to some extent by the unsatisfactory position prevailing with regard to dairy-produce, but the position generally can be said to be more satisfactory than for some years past.

INSPECTIONS.

95. Throughout the year the Inspectors of the Department have exercised a close supervision over all phases of its work and organization.

In effecting the adjustments that are required from time to time both in system and staff organization in order to cope with the ever-increasing business of the Office, and also in assisting to maintain a high standard of efficiency throughout all branches of the work, the services and recommendations of these officers have proved most useful.

The system of inspection and the work performed during the year are briefly traversed under the following headings:—

GENERAL INSPECTIONS.

96. At approximately yearly intervals a comprehensive and searching inspection of every District Public Trustee office, District Manager office, and Head Office division is made by the Chief Inspector or the Assistant Chief Inspector. This inspection not only comprises a thorough examination of the administration and accounting work and the systems and organization directly connected therewith, but also includes a careful inspection of all matters pertaining to the staff, equipment, accommodation, office premises, business conditions, prospects, and other matters bearing on the efficient conduct of the work.

In addition to this annual inspection, the routine work in respect of the administration of estates at Branch Offices is supervised throughout the year by the Reviewing Inspectors. These officers, who are directly responsible to the Public Trustee, have their headquarters at the four main centres in the Dominion, and move from Branch to Branch in the districts allotted to them.

Each Branch Office is visited at intervals not exceeding four months, and reported upon under certain headings which enable the Public Trustee to keep in touch with the general condition of the work.

The Reviewing Inspectors also scrutinize the collection of arrears of rent and interest and book debts, the cash system, and the position of estate overdrafts.

Agencies are, except in special circumstances, inspected by the Controlling District Public Trustee or District Manager at intervals not exceeding six months, and the work and progress since the date of the previous inspection fully reported upon.

During the twelve months ending 31st March, 1925, ten District Public Trustee offices, four District Manager offices, and three Head Office divisions have been inspected. The agencies established at the smaller centres of population, of which there are fifty-two, are inspected half-yearly by the Controlling District Public Trustees, and during the year 101 such inspections were made.

REVIEW OF THE ADMINISTRATION OF ESTATES.

97. All estates under administration at every Branch Office are carefully reviewed at least once each year by a Reviewing Inspector. This continues to prove a valuable aid to efficiency and prompt administration.

Those estates which, either at the inception or upon the development of the administration, are found to present difficulties or intricacies demanding particularly careful attention are listed by the Reviewing Inspectors and examined at frequent intervals to ensure that the work is proceeding on proper lines and that nothing is being overlooked.

This survey is not confined merely to a review of the position as represented on the relative estate files, but extends to a careful scrutiny of the accounting records in respect of each estate. The system thus observed ensures the early detection of any errors or omissions.

As might be expected from the volume of the business and the complexity of many of the matters dealt with, letters are sometimes received from clients and others alleging grounds for complaint in some direction or other. Such statements, whether received at Branch Offices or at the Head Office, are specially dealt with and investigated. A record of all those received at Branch Offices is kept for perusal by the Reviewing Inspectors, who carefully sift the circumstances in each case and report to the Public Trustee upon all those where the complaint is justified.

It will thus be seen that the reviewing system is of practical value both to the administration officers and to clients, and unquestionably tends to maintain a high standard of efficiency.

The combined returns of the Reviewing Inspectors for the year show that approximately 7,816 files were perused and 892 reviews prepared and examined. The general conduct of the office work has throughout the year been consistently satisfactory. All complaints received have been disposed of in a manner appropriate to each case. Of the small portion that were found to have justification, none was of a serious nature. There have been numerous demonstrations of confidence in the Office and appreciation of its services from beneficiaries in estates, both in the form of letters and in the direction of new business.

AUDIT.

98. The responsibility which rests with the Public Trustee of keeping proper accounts and taking every reasonable precaution against the possibility of fraud, embezzlement, or accounting irregularities of any kind whatsoever is fully recognized, and the instructions laid down for the guidance of accounting officers are strictly enforced. It may be said with confidence that the instructions are faithfully observed by all accounting officers throughout the Department.

There are numerous systems of internal audit and check, and a certificate in the prescribed form to the effect that such systems are being properly observed is forwarded each month to the Public Trustee by all the District Public Trustees. When all certificates have been received they are sent to the Controller and Auditor-General for his information.

The books and accounts at the District Public Trustee offices are audited periodically by officers of the Audit Department, while the accounting records and cash transactions at the smaller offices—viz., District Manager offices and agencies—are examined by the Reviewing Inspectors and the controlling District Public Trustees respectively.

As far as possible the periods between audits are not permitted to extend beyond six months.

■ In addition to the checks described above, another very effective safeguard is provided in the searching nature of the work conducted by Reviewing Inspectors in connection with the reviews of the administration of estates.

WORK OF FARM INSPECTORS.

99. The Farm Inspectors have been kept fully employed throughout the year, and have made in all approximately 1,105 inspection reports in connection with estate properties and mortgage securities, and also Office mortgage securities.

■ Early in the year a conference of the Farm Inspectors was convened at the Head Office for the purpose of exchanging views and discussing suggestions bearing upon their work. Many useful suggestions were made and adopted.

One of these was that at the conclusion of their visits to the various districts they should submit to the Public Trustee a report upon the conditions generally in the district. The reports that have been coming forward have been very informative. They make a feature of the condition of properties managed by the Office, and also of the merits of the respective districts as regards securities for loans, thus assisting the Public Trustee to exercise his independent judgment as to the suitability of securities when considering applications for loans.

In matters pertaining to the management of farm properties in estates, the course to be adopted in carrying on or disposing of mortgage securities which upon occasions the Public Trustee is obliged to take over, and in the matter of check valuations where such are required, the reports and advice of the Farm Inspectors have been found particularly reliable and practical.

In respect of reports and valuations for the renewal of loans, the Farm Inspectors' services are utilized to the advantage of both clients and the Office.

CONCLUSION.

100. Apart from the minor defects in routine which will arise no matter how strict the supervision, the general conduct and condition of the work throughout the Office have been consistently satisfactory during the year, and the present standard of efficiency is highly gratifying. This fact, which reflects the prompt, impartial, and businesslike methods of the Office, is steadily becoming more widely recognized, and abundant evidence that the public appreciate it is afforded by the ever-increasing number of persons in all stations of life who are availing themselves of the security and the facilities afforded by the Office in the administration of their estates.

OFFICE BUILDINGS.

101. In my previous report it was mentioned that the new premises at Whangarei, Stratford, Dannevirke, Waipukurau, and Christchurch were not ready for occupation, but since then the whole of them have been taken over by the Office—the Whangarei and Christchurch premises since the 31st March, 1925.

At most of the places mentioned the business of the Office was being conducted under the greatest inconvenience and difficulty, and the only satisfactory solution was to be found in obtaining freehold premises for the permanent use of the Office.

The buildings have been planned so as to provide for the increased business that the Office will certainly be called upon to conduct in future years. This is ensured by the business already in sight, and the indications become clearer day by day that an increasingly large volume of business will fall due for administration as time progresses.

In those cases where accommodation provided by the new premises is not immediately required by the Office itself the surplus has been let to tenants on the best terms obtainable.

Another new building is in course of erection at Hastings, where the accommodation has become insufficient for requirements.

CONCLUSION.

102. I cannot close this report without again expressing to the Assistant Public Trustees, Controlling Officers, and the staff generally my sincere appreciation of the energy and zeal with which the work has been carried on. The constantly increasing volume of business entrusted to the Office imposes a heavy burden upon all officers of the Department who are engaged in the work of administering estates, but this burden has been cheerfully borne, and the work has been performed in a most satisfactory manner. The figures published in the report are eloquent of the confidence which the Office administration has inspired in the public, and there is every reason to believe that the progress in the future will be even more marked.

I have, &c.,
J. W. MACDONALD,
Public Trustee.

The Hon. the Prime Minister.

DISTRICT OFFICES.

REPORTS BY DISTRICT PUBLIC TRUSTEES.

1. AUCKLAND.

THE outstanding feature of the year as far as Auckland City is concerned has been the record expansion of building-construction. The value of new structures for which permits have been issued totalled over £2,250,000 and this rate of progress bids fair to be surpassed during the ensuing year. The progress of the city depends on the prosperity of the province, and it should continue so long as the production of primary products increases and the prices received for produce are sustained. The Office has assisted in this development. Large sums have been advanced not only on city securities but also on farming lands. At the same time it is becoming more and more evident that the price of farming-land in many parts of the province is still far too high. With high prices for produce many farmers have been able to pay their way, but in certain of the main products we must look forward to a lowering of prices in the future through outside competition, and unless the cost of production is reduced and, above all, the price of land is brought down to its productive value, these industries will not reach a stable and healthy position. Until such a position is reached adequate finance will not be available for the necessary development of our rural areas.

It is gratifying to note a steady increase in the business of the Office, and the indications point to the future business being very large. Sales of properties have been very slow during the year, and, generally speaking, easy terms have had to be given to the purchasers. There have been signs in the later months that the position in this respect is easing.

The work of the Office has proceeded smoothly, and there have been no serious complaints from clients, whilst the number of expressions of appreciation received form a gratifying feature of the year's work. It is noticeable that an ever-increasing number of beneficiaries in estates give tangible evidence of their confidence in and satisfaction with the Public Trustee's administration by appointing him executor of their own wills.

The facts set out below will give some indication of the progress of the Office :—

<i>Estates under Administration :—</i>					Number.	Value. £
On 31st March, 1924	..	..	..	..	1,169	1,710,320
„ 1925	..	..	..	..	1,260	1,817,334

Estates accepted for Administration.—During the year the following estates were accepted for administration :—

					Number.	Value. £
Wills	..	..	..	..	87	240,265
Trusts	..	..	..	..	33	72,804
Intestate	..	..	..	..	71	30,523
Mental Patients	..	..	..	..	61	43,841
Miscellaneous	..	..	..	..	84	41,378
Totals	..	..	..	..	336	£428,811

Estates closed and distributed.—In the period under review 250 estates were closed, and the proceeds, £196,382, distributed to beneficiaries.

Estates both accepted and closed.—In the case of sixty-nine estates, of a total value of £56,580, the whole of the administration work was completed within the year, in many cases the time taken being not more than two or three months.

Sinking Funds.—137 sinking funds, of a total of £148,809, are held in this Office.

Securities held.—Securities held on behalf of estates amount to £101,748, together with £18,797 held on behalf of living testators.

Receipts and Payments.—Cash receipts amounted to £861,016, and payments to £863,315.

Common Fund Investments as at 31st March, 1925.—Flat and instalment mortgages, £498,652; local-body debentures, £313,080. During the year forty-six loans, totalling £107,845, were granted.

Assets realized.—The value of assets realized during the year amounts to £136,728 made up as follows :—

						£
(a.) Savings-bank moneys	..	..	..	..	..	20,880
(b.) Bank moneys (including (d))	..	..	..	..	..	10,321
(c.) Life policies	..	..	..	..	..	4,562
(d.) Fixed-deposit receipts and accrued interest	..	..	..	..	..	..
(e.) Debentures and shares	..	..	..	..	..	2,236
(f.) Mortgages and miscellaneous items	..	..	..	..	..	48,399
(g.) Realty	..	..	..	..	..	50,330
						<u>£136,728</u>

New Wills.—The number deposited during the year surpassed all records, and reached 670. There has been a steady increase year by year, and the future can be looked forward to with confidence. The total number of wills deposited by living testators is 5,789.

Agencies.—Steady progress in the districts served by the Agents at Pukekohe and Helensville continues. The prospects for future business are bright, and the question of extending the Office representation is now under consideration.

Staff.—At present the staff numbers fifty-three, an increase of six juniors for the year. The training of juniors has received careful attention, as it is imperative that ample provision be made for the steady expansion of the Office. Classes have been continued and lectures delivered regularly on the practical aspects of the work of the Office. Also, every encouragement is given to officers to attend the University, and the great majority have either qualified or are studying law or accountancy. This policy is bound to result in increased efficiency on the part of the staff.

Farm Inspector.—The value of the services and practical knowledge of the Farm Inspector to those estates where there are country properties or securities is particularly evident at the present time, in view of the difficulties experienced by farmers, lessees, and mortgagors. As far as possible all estate properties or mortgage securities are visited by the Assistant District Public Trustee or myself, and the personal knowledge gained has been of decided benefit in handling such assets.

General.—Generally speaking the year has been one of steady progress, and more rapid expansion in the future can confidently be looked for. It is recognized that the Office can expand only if a high standard of efficiency in its work is maintained. So long as its clients are satisfied that their interests are being thoroughly and efficiently safeguarded, then its business is bound to extend at an ever-increasing rate.

2. BLENHEIM.

The following information is supplied :—

Estates and funds under administration—

	Number.	Value. £
On 31st March, 1924	136	163,722
„ 1925	171	265,604

New estates accepted during the year—

Wills	7	12,816
Trusts and Agencies	6	6,022
Intestates	12	2,207
Mental Patients	4	5,541
Investment Agencies	18	14,606
Miscellaneous	3	73,086
	50	114,278

Estates closed and distributed during the year	15	3,860
Wills deposited during the year	59	..
Total number of wills deposited to 31st March, 1925	523	..
Sinking funds in district	33	16,117
Securities held .. .. .	..	6,072
Cash receipts .. .. .	..	136,431
Cash payments .. .. .	..	136,118
Total amount of Common Fund investments in the district—		
Flat mortgages .. .. .	..	400,619
Local body debentures .. .. .	..	73,761
Loans granted during the year .. .. .	..	117,110

The Marlborough Provincial District is a scattered one; though most of the back country is hilly and mountainous the province is noted for the fertility of its plains, and is an excellent wool-producing district. Many of its settlers are old-established, and property has not changed hands to the extent that it has in the North Island. Consequently the district is in a sound financial condition, and there are few instances where property has been bought at an overvalue. There are many wealthy farmers in the district, and there is also a considerable class of people in comfortable circumstances who have retired and settled in Blenheim and the surrounding district.

I am satisfied that there is ample scope for the development of the Office. The farmers and business men are being favourably impressed with the Office methods and the expedition with which its work is carried out. This can only mean that eventually new business must come into the Office.

The value of the estates and funds under administration on the 31st March, 1925, is £265,604, compared with £163,722 for the previous year.

The new Office building is an architectural feature of the town, and is in itself an excellent advertisement for the Office.

The advertisements in the local paper are also effective, bringing before the public the usefulness and scope of the facilities offered by the Office.

There has recently been a number of inquiries as to the services the Office performs, and I am confident that new business will steadily increase.

3. CHRISTCHURCH.

Administration.—The administration work has again proceeded satisfactorily, genuine complaints having been rare, while many voluntary expressions of appreciation were received. Efficiency, with close individual attention and sympathetic consideration for clients, has been the keynote, with gratifying results. The system of reviewing estates which was inaugurated in 1920 continued throughout the year, thereby ensuring practically a continuous audit of the administration. During the year several large estates in which advisory trustees were appointed have fallen in for administration, and amicable relations between such advisory trustees and the Public Trust Office established.

The property-market was steady throughout the year, particularly in the matter of small house properties, and considerable realizations were effected. Altogether ninety-eight properties were realized.

As was the case in the last few years, extensions of time had again perforce to be given to some farmer lessees and mortgagors for payment of rent and interest until they received the proceeds of their products. In most cases, due to the high prices ruling for wool and lambs, any arrears owing have now been liquidated, and financial conditions very much improved generally.

There has been a steady demand for Common Fund loans throughout the year, flat mortgages having been granted on city and rural securities offering, and instalment mortgages on first-class suburban house properties.

New Business.—The volume of business performed during the year has shown a satisfactory increase, as the following figures will indicate :—

Year.			Number of Estates.	Number of Funds and Accounts.	Total.	Total Value. £
1924	..	..	1,268	340	1,608	2,601,571
1925	..	..	1,339	408	1,747	2,939,192

Number and classification of new estates accepted and their values :—

					Number.	Value. £
Wills	..	..	..	..	164	485,804
Trusts and Agencies	..	..	..	..	39	101,985
Intestacies	..	..	..	..	89	56,439
Mental Patients	..	..	..	..	55	44,814
Investment Agencies—						
Common Fund	..	..	..	..	42	25,230
Special	..	..	..	..	32	41,984
Miscellaneous	..	..	..	..	28	9,150
					449	765,406
Estates closed and distributed	..	..	..	..	312	221,292
Estates both accepted and closed	..	..	..	..	71	58,613
Value of negotiable securities held as at 31st March, 1925	..	..	..	..	..	273,830
Cash held to credit of estates	..	..	..	..	..	836,983
Cash receipts for year	..	..	..	..	..	942,627
Cash payments for year	..	..	..	..	..	942,575
Loans granted for special funds	..	..	..	..	..	9,870
First wills deposited during year	..	..	..	..	784	..
Total number of wills deposited to 31st March, 1925	..	..	..	..	6,903	..

Loans.—Common Fund investments in the Christchurch District—

Flat and instalment mortgages	..	..	..	..	1,303,805
Local-body loans	..	..	..	..	146,160
				..	1,449,965
New loans granted during year ending 31st March	..	..	..	64	237,435

Branches and Agencies.—The District Public Trustee at Christchurch has under his control two full-time Branches (Ashburton and Rangiora), one part-time Branch (Leeston), and five Agencies (Akaroa, Kaikoura, Methven, Rakaia, and Chatham Islands).

Ashburton.—A steady increase of business is recorded at this full-time Branch, which serves the whole of the Ashburton County, while a good future business is being continuously built up. There were ninety estates and funds under administration at this Branch on the 31st March last, of the value of £171,839.

Rangiora.—This Branch was opened in 1920, and is now firmly established. It is necessary to increase the staff to cope satisfactorily with the volume of business. There were ninety-seven estates and funds under administration at this Branch on the 31st March last, of the value of £102,575.

Leeston.—On Thursday and Friday of each week this part-time office is open and serves a prosperous farming district. There has been a steady flow of new business. It may be necessary at some future date to consider the advisability of establishing a full-time Branch.

Akaroa.—This is now the oldest-established Agency in this province. It serves the well-known Banks Peninsula and most of the estate business secured in this district is of a substantial nature. Dairying and sheep-farming are the principal industries of the settlers. In addition to regularly visiting this Agency throughout the year, the District Public Trustee has also attended periodical stock-sales at Duvauchelle, the market centre for the Peninsula, and has by this means kept in personal touch with Office clients and others wishing to transact business with the Public Trustee.

Kaikoura.—This Agency has been visited twice during the year by the District Public Trustee personally. Although for some years there was little business offering in this district, there are indications at present of an increased volume of business being forthcoming. There was a noticeable increase during the past financial year.

Methven.—An Agency was established in this township in 1923, before which Methven was a part-time Branch, visited fortnightly by the Ashburton District Manager. The present arrangements are far more satisfactory than the part-time Branch, and a good future business is being built up by the Agent. The principal feature of the work during the past year was the large number of new wills received for deposit.

Rakaia.—This was a new Agency created in December, 1924, in lieu of the previous part-time office. The prospects of establishing a profitable business in Rakaia and district are encouraging. The Agent is well known throughout the district, and it is considered that more satisfactory results can be accomplished by a representative of the Office being continuously on the spot than by a fortnightly visit of only a few hours' duration.

Chatham Islands.—There is nothing of an outstanding nature to report in respect of this Agency. The difficulties of handling estates so far away are continually apparent, the irregularity of mails being the principal factor contributing to delays. No opportunity presented itself for making an inspection of this distant Agency during the year under review.

Staff.—The total number of staff employed at the Christchurch Branch at as 31st March, 1925, was sixty-six (including the District Public Trustee), or an increase of four over the previous year.

In addition to the above, the District Public Trustee has under his control the staffs at Ashburton (two) and Rangiora (one). It is pleasing to report the fact that attached to the Branch are eight fully qualified accountants and five fully qualified solicitors.

Training of Junior Officers.—Junior officers have been consistently trained throughout the year in all branches of the Office work to fit them for higher duties as the opportunities occur for promotion, in addition to which cadets have been given a course of tuition in typewriting.

Advertising.—The functions of the Department have been regularly advertised in the two Christchurch morning dailies, advertisements appearing over the leader on Wednesday and Saturday of each week, with frequent changes of matter. Advertisements have also appeared under contract in the Ashburton, Akaroa, Leeston, and Kaikoura papers. The educational value of these advertisements cannot be overestimated. New business has been directly traced to them, but it is impossible to calculate the true beneficial results which must accrue to the Office from this means.

New Building.—Progress in the erection of the new Office premises in Oxford Terrace, which was commenced in June, 1922, has been considerably retarded through lack of skilled tradesmen, particularly plasterers. The contract is now in its final stages of completion, and the building will be available for occupation in a few weeks.

The present premises at 96 Gloucester Street have been sold to the Canterbury Publishing Company at the price of £7,500.

Farm Inspector.—The services of the South Island Farm Inspector have been utilized to the fullest extent, with beneficial results. He has been frequently consulted upon matters pertaining to new leases, compliance by lessees with their covenants, reserves for sale purposes, and valuations of farm properties for mortgage purposes.

Future Development.—The Public Trust Office has become so firmly established in Christchurch, and new business offers so freely, that there can be no question as to the Department's prospects. The number of new wills of substantial value being received each year of prominent business men and well-known citizens indicates the popularity of the institution, and points to the fact that a very large volume of business must be transacted in years to come. Numbers of wills appointing the Public Trustee executor are doubtless held at banks and solicitors' offices, but these are not taken into statistics, as the Office does not receive official notification of them until after the death of a testator.

Although some Office testators prefer to have their estate funds specifically invested, returning the highest current rates of interest, the vast majority give preference to investment in the Common Fund, thereby assuring for their dependants absolute security of capital.

The operations of the Department extend to all quarters of the province, and such operations must extend further year by year as the functions of the Office become increasingly known. The Public Trustee is now interested either as mortgagee or as owner in some of the best-known business blocks in the city, as well as in very many homes in the residential areas and farm properties in the rural districts.

Altogether, the prospects for the success of the Department in the Christchurch District are decidedly good, and each succeeding year should show consistent and steady progress.

In conclusion, I desire to place on record my appreciation of the loyal services rendered by the staff during the year, and of the kindly consideration shown to me at all times by the Public Trustee and the Office Board in all representations made.

4. DANNEVIRKE.

The progress of the Office in this district is steady, and as the public becomes more familiar with the scope of its functions further progress will result. During the year these functions have been well advertised through the local Press and so kept constantly before the reading public. The substantial increase in the number of wills is partly attributable to this publicity.

The past year has again been a good one for the sheep-farming community, and some of the Office clients who have had to receive concessions in the past few years have been able to retrieve their position. This has not been so general, however, with the dairy-farmers, some of whom are still feeling the results of high prices for land and stock.

One of the features of the year has been the opening of the new office building in the main street of Dannevirke. This is a handsome two-storied ferro-concrete building. The lighting, air-space, heating, and general appearance and general conveniences of the office are all that can be desired, and provide ideal surroundings for the staff in which to work, and the clients of the office to be attended to. The whole of the building is not occupied by the staff, and a portion is still available for letting purposes. The building has been the subject of much favourable comment locally. Future expansion of business has been provided for, and the site is comparatively central and in the area towards which the town is growing.

The following information shows the progress that is being made and the amount of work handled :—

Estates under administration—

	Number.	Value. £
On 31st March, 1924	73	224,686
„ 1925	92	238,757

Thirty-one new estates, valued at £29,058, were accepted during the year. Twelve estates were closed and distributed during the year.

One hundred and thirteen wills were executed during the year, of which seventy-three were new wills. The number of new wills the previous year was thirty-five. The total number of wills deposited to the 31st March, 1925, was 472.

Eighteen sinking funds are held for local bodies in this district; the cash now held on their behalf being £17,775, an increase of £3,408 for the year.

The cash receipts were £89,109, and the cash payments £88,570.

The total amount of Common Fund investments in this district is £212,000, being—Flat mortgages, £174,000; local-body debentures, £38,000. In addition, £63,000 has been invested on behalf of special funds controlled by the Head Office, making a total of £275,000.

Woodville Agency.—The Office is well represented by the local Agent at Woodville. The number of wills obtained in that district is indicative of the popularity of the Office. This Agency has been visited by me regularly once every month—oftener when necessary.

Staff.—The staff was increased during the year by the appointment of two cadets, and now numbers six. One of these cadets was appointed in pursuance of the Office policy of training suitable lads in anticipation of business expansion. All the male members are studying either law or accountancy with the object of further qualifying themselves for the work of the Office. Including the District Public Trustee, there are two qualified accountants at this Branch.

A further step in the decentralization policy has been carried out during the year by the appointment of a Legal Clerk at Palmerston North, who, as part of his duties, has the supervision of the legal work at this Branch. This has relieved the Legal Division at Head Office considerably, and has enabled legal matters to be attended to more expeditiously, owing to the fact that, when required, the Legal Clerk can personally deal with clients either by appointments or otherwise. The work involved has well warranted his attachment to this Branch.

The prospects for the Office are good. Although no large estates have come in during the year, the number and value of the wills held is an indication of future business. The system of inspections carried out by the Office Farm Inspectors commends itself to the public when brought under notice, and the advice that has been given is appreciated both by beneficiaries and lessees, and others directly or indirectly interested. Testators also appreciate the advantage the Office has to offer in the administration of farming estates. By some the appointment of advisory trustees is desired, so that, with the advice of the Farm Inspectors in addition, an estate can have brought to bear upon its administration very practical knowledge.

5. DUNEDIN.

Estates and Funds under Administration.—For purposes of comparison, particulars are given for the past three years :—

Year.	Estates.	Value. £
Year ended 31st March, 1923	934	1,083,127
„ 1924	1,026	1,228,401
„ 1925	1,110	1,310,647

The steady increase in the volume of work controlled is noticeable.

New Estates accepted.—These total 295, valued at £316,902.

Closed Estates.—211 estates, having a value of £124,995, were closed during the year. Of these, sixty-seven, with a value of £40,823, were both accepted and closed during the period under review.

Sinking Funds.—There are forty-seven of these in this district, the nominal value being £733,200. The cash balances at credit of the various funds total £86,174.

Cash Balances.—The amount of cash held at credit of estate funds as at 31st March, 1925, was £620,534, as against £538,025 held last year.

Receipts and Payments.—The year's figures are—Receipts, £244,535; payments, £244,604.

Wills deposited.—During the year 551 new wills were deposited, as against 511 last year. The total number of wills now deposited is 4,460. In addition, wills appointing the Public Trustee as executor are held by solicitors, bankers, and others.

Realizations.—These total £90,057 9s. 11d., including the sum of £20,423 being sales of freehold and leasehold properties.

Common Fund Investments.—Owing to local conditions and the financial soundness of the Dunedin district there has not been any considerable demand for Public Trustee moneys on freehold security, whether town or country. The total sum loaned in the Otago District stands at £355,551.

Farm Inspector.—This officer has his headquarters at Christchurch, but twice a year he pays a visit of inspection to the Dunedin district to inspect and value farm properties held by the Public Trustee in trust and also as mortgagee. Thus the services and advice of a practical and experienced man are readily available in connection with the numerous questions that arise, both of general policy and farming details, in the management of estates which comprise farm properties. Some forty estates have been the subject of his attention during the past year. The services of the Farm Inspector are given, in each case, free of charge to the estate.

Training of Junior Officers.—Owing to the continued expansion of business, attention has been directed during the last few years to the necessity for a thorough and systematic training of the junior officers of the Department to fit them for the higher work. Methods of administering estates have been systematized to a greater degree, and the importance of educating junior officers in these methods has not been overlooked. Along with the practical experience afforded in the departmental activities, classes have been established in which legal and accounting principles and business methods have been taught by the senior officers. Attention has also been given to providing the officers with a wider experience by giving them experience in both the accounting and administration sides of the work.

Advertising.—A special series of advertisements illustrative of the office activities has been appearing three times every week in the *Otago Daily Times* and *Evening Star* respectively, and this type of advertisement has been appearing in the various country papers at Balclutha, Naseby, Lawrence, Roxburgh, Clyde, Alexandra, Oamaru, Cromwell, and Tapanui. The advertising has been most beneficial and has brought prominently under the notice of the public the functions and utility of the Public Trust Office.

Representation in Country Districts.—There are fourteen representatives of the Public Trustee in the various districts of Otago, and, as a result, the public are assured of the very best service in connection with the administration of estates which are dealt with by the Public Trustee and which emanate from these districts.

Balclutha.—The District Manager reports continued progress at this office, as the undermentioned figures will show: Wills for deposit for year, eighty-three, as against sixty-nine wills executed last year. Estates accepted: Twenty-three estates valued at £18,692, as against fourteen, valued at £13,800, last year. The total number of estates under administration at this office is now sixty-seven, having a total value of £57,668.

The District Manager personally attends the townships of Clinton, Owaka, Kaitangata, and Milton at fortnightly intervals, and his visits are appreciated by the residents of the respective districts. There is very definite evidence of progress at the Balclutha Office, and the appointment of a permanent officer and staff has been fully justified.

Two part-time offices—Palmerston and Outram—are visited at regular intervals by members of the Dunedin staff. In both instances the better service afforded as a result of these visits is appreciated by the settlers of the district.

Agencies.—There are seven agencies under the control of the District Public Trustee. These are Tapanui, Lawrence, Oamaru, Alexandra, Roxburgh, Middlemarch, Ranfurly. In all cases the Office representation is most satisfactory, and the Agents are doing good work for the Office. Progress in all districts is being reported. The training of the Agents is still being pursued both by means of visits of inspection and by means of the distribution of the circular letters dealing with practical questions of interest to the Agents. In this way the Agents are kept alive to the various activities of the Office and are able to answer intelligently and convincingly any questions which are put to them.

Staff.—The staff now numbers thirty-seven, an increase of five for the year. The principal addition is the appointment of a Second-assistant Deputy Public Trustee, necessitated by the rapid progress of the work at this Branch during recent years. The addition of this senior officer has enabled provision for better organization of the work. The remaining additions to the staff were a typist and cadets.

Accommodation.—Up till now the whole of the office has been accommodated on the ground floor of the office premises; with the growth of business and resultant increase of staff, further accommodation has become a necessity. It has therefore been decided to occupy both floors of the office building, and the necessary arrangements are in hand.

Benefit Funds.—One of the Public Trustee's powers is his ability to administer benefit funds. Ever since the year 1879 the largest local benefit fund has been the Kaitangata Relief Fund, established by the collection of public subscriptions totalling £15,000 for the benefit of widows and children of coal-miners killed in a fatal explosion in the Kaitangata Mine. The administration of the fund was at first vested in certain statutory trustees, with the Public Trustee as their agent; but in 1922 the control of the fund was vested solely in the Public Trustee. Up to the 31st March, 1925, a total sum of £12,715 has been disbursed out of capital and income in aid of the beneficiaries of the fund, and there still remains a sum of £3,704. The number of beneficiaries has diminished by effluxion of time.

General.—The farming community have enjoyed a most favourable season, the high prices for primary products being very satisfactory. This has reflected itself in the prosperity of the district as a whole. The readjustment of finances consequent on the lifting of the moratorium has been attended with very little difficulty as far as estates administered in this district are concerned; in few instances has it been necessary to exercise the right to call up overdue mortgages.

The Province of Otago is likely to experience a considerable uplift from the holding of the New Zealand and South Seas Exhibition, 1925–26. There is every reason to believe that the Exhibition will be successful, and the Office exhibit taking the form of a Public Trust Office pavilion should attract considerable interest.

6. GISBORNE.

Estates under Administration.—At the 31st March, 1925, there were 240 estates and funds under administration at this Branch, of a total value of £506,310. The corresponding figures for the previous year were 192 estates of value of £389,159. The estates at the Branch have thus increased by 48 in number and £117,151 in value.

New Estates accepted during the Year.—There were ninety-one new estates and funds accepted during the year, of a total value of £167,738. This shows a satisfactory increase over last year's figures (fifty-nine estates, of value of £137,575).

Estates closed during the Year.—There were forty-four estates closed during the year, of a total value of £37,130. Of these estates eighteen were both accepted and closed within the year.

Wills deposited.—120 new wills were obtained during the year, bringing the number of wills of living testators at this Branch up to 870.

Sinking Funds.—There were fifty-five Sinking funds under administration by the Branch as at 31st March, 1925, of a total value of £69,956. All these sinking funds are invested in the Common Fund of the Office.

Benefit Funds.—During the year a fund of £350 was raised by public subscription for the benefit of a widow and her five young children. The fund was placed in the Office for administration, and in accordance with the usual practice no charge is being made for the the Office services. There are now three such benefit funds under administration by the Branch.

Cash Credit.—There were credit balances amounting to £174,475 as at 31st March, 1925, for different estates and funds under administration.

Cash Receipts and Payments.—£377,310 was received over the counter for the year, and £377,871 was paid out. The total value of all transactions through the books was £984,118.

Common Fund Investments.—There were eighteen new loans granted from the Common Fund during the year, of a total value of £101,450. The number of Common Fund investments in the district has now increased to 124 loans, of value of £994,327, being 109 mortgages to companies and private individuals, of value of £839,877, and fifteen loans to local bodies, of value of £154,329. In addition, there are three Railway Superannuation Fund loans, of value of £30,000; four Public Service Superannuation Fund loans, of value of £31,470; and eight Teachers' Superannuation Fund loans, of value of £47,150. The total mortgages and local body loans in the district is accordingly 139, of total value of £1,103,947.

Staff.—During the year the staff at the Branch was increased from six to seven. The staff has loyally assisted in all work, and the increase of business is in many ways attributable to the staff's desire to do the work to the satisfaction of all clients.

The junior officers are regularly instructed in the work of the Office, in order that they may be qualified to take over more responsible work, and also that they may fully understand the work on which they are engaged.

Farm Inspector.—The Farm Inspector visited the district during the year and inspected the farming properties under control by the Branch. His advice and assistance were of value in the administration of these particular estates.

Office Advertising.—During the year the serial advertisements giving particulars of the Office duties and activities have been regularly appearing bi-weekly in both the local newspapers. These advertisements have resulted in the functions of the Office becoming more widely known and have brought new business. There is at present a good class of business coming to the Office in this district. The average value at present of the estates under administration is £2,739.

Prospects of the Office.—The Office has made very good progress in the district during the last four or five years, and its position is now assured. The amount of new business being reported and the number of new wills obtained is ample evidence that the office as an institution in the district is appreciated.

7. GREYMOUTH.

The figures for the year ended 31st March, 1925, show distinct progress as regards the business transacted by the Office in this district, as the following facts and figures will show :—

Estates and funds under administration—

	Number.	Value. £
On 31st March, 1924	248	172,448
„ 1925	298	233,906

New estates accepted during the year—

Wills	39	58,254
Trusts	4	481
Intestate	19	7,794
Mental Patients	8	4,606
Common Fund investments	13	6,379
Special investments	13	8,300
Sinking Funds	13	9,434
Miscellaneous	3	1,850
Totals	112	97,098

	Number.	Value. £
Estates closed and distributed during the year	62	18,907
Estates which were both accepted and closed during the year	14	5,679
Wills deposited during the year	150	..
Total number of wills deposited to 31st March, 1925	1,178	..
Sinking funds in district (cash and investments)	18	55,924

Particulars with regard to Benefit Funds.—The amount at credit of the Brunner Disaster Relief Fund as at 31st March, 1925, was £2,444 4s. 4d. The number of annuitants receiving benefit therefrom was nineteen, the annual amount payable being approximately £540. Under trust instrument dated 1st October, 1896, the sum of £31,147 raised by public subscriptions in New Zealand and Australia was vested in the Public Trustee for the benefit of the widows and orphans of the miners who lost their lives in the Brunner Mine disaster, which occurred on the 26th March, 1896. Provision was made in the deed for widows to receive 12s. per week, and 4s. per week for each child under the age of sixteen years.

Value of securities held, £17,354.

Cash held to credit of estate funds, £53,545.

Cash receipts, £61,984 ; Cash payments, £62,207.

Agencies at Westport, Reefton, and Hokitika are controlled by the District Public Trustee, Greymouth. Regular visits have been paid to each at intervals during the year.

Westport Agency.—The Office is making progress in this part of the district. There was quite a steady flow of new business reported from this Agency, both as regards new wills deposited and new estates reported for administration.

Reefton Agency.—The portion of the district served by this Agency is rather poor. Taking this fact into consideration, the Office made fair progress during the year.

Hokitika Agency.—Apart from the administration work in connection with local estates, there is a considerable amount of searching, stamping, and registration of documents for Greymouth and other parts of the Coast to be attended to by the Hokitika Agent. This work is always promptly carried out and well done.

Total staff employed as at 31st March, 1925, nine. One additional cadet was appointed during the year.

Training of Junior Officers.—Close personal supervision has been exercised over the work and training of the junior officers, with very satisfactory results.

Prospects of the Office.—The prospects for the growth of the business in this district are bright. An indication of the growing popularity of the Office is found in the fact that the number of persons whose wills were deposited with the Public Trustee through the Greymouth Branch for the year was 150, being an increase of nearly 50 per cent. over the number deposited for the previous year. Several letters of appreciation were voluntarily forwarded to the Branch from beneficiaries who were pleased with the manner in which estates in which they were interested had been administered by the Office. Such clients almost invariably do what they can to advance the interests of the Office by advising their friends to make wills and to appoint the Public Trustee as executor and trustee therein. There has been also quite a large number of verbal expressions of appreciation of the work done by the Office.

Realizations.—There was considerable activity in this branch of the work. The total amount of realizations was £34,374, made up thus :—

	Number.	Value. £
Sales of freehold and leasehold properties	24	13,879
Life policies collected	10	2,859
Mortgages repaid	4	974
Motor-car sold	1	400
Shares sold .. .. .	..	409
Accounts.		
Post Office Savings-bank moneys collected	31	8,176
Bank moneys collected (fixed-deposit receipts and current accounts)	32	6,045
Inscribed stock and debentures	10	1,628

Farm Inspector.—The Farm Inspector for the South Island paid a visit to the Coast during the year and inspected several estate properties and mortgage securities in different parts of the district. The Inspector's reports are very helpful to the Branch office, and assist in the administration of the estates concerned.

Results of the Office advertising in the District.—As will be seen from the figures given above, the increase of business for the year was considerable. This was due in no small measure to the beneficial effects of the present method of advertising by the Office. Several instances came under notice of new wills being made and other business attracted to the office as the result of such advertising.

8. HAMILTON.

The district under the control of the Hamilton Branch extends from Taumarunui on the south to Mercer on the north, following the coast-line on the east and adjoining the Taranaki District and coast-line on the west.

To serve this large district one District Manager's office, a part-time office, and thirteen Agencies have been established (under the control of Hamilton), and this organization offers very ready and effective facilities for administration of estates in even the remotest parts—a fact which is appreciated by beneficiaries and others transacting business with the Office.

As an indication of the volume of business now transacted in this district the following figures are appended:—

	At 31st March, 1924.		At 31st March, 1925.	
	Number.	Value. £	Number.	Value. £
Estates (general), wills, &c.	372	657,268	420	692,059
Relief funds	1	805	1	42
Sinking funds	325	130,976	364	173,212
Miscellaneous	41	13,392	46	18,158
Investment Agencies	7	6,464	30	20,805
Totals	746	£808,905	861	£904,276

	Number.	Value. £
Estates (general) accepted during the year (other than sinking funds)	170	250,643
Estates closed during the year	88	51,574
Cash receipts for the year .. ..	..	351,275
Payments for the year .. ..	..	351,113
Realizations for the year .. ..	..	50,613

Wills.—230 wills were deposited during the year, the total value of the assets involved being £784,000.

Investments in the district—

Common fund investments—		£
Mortgage .. ..	..	1,152,160
Local-body debentures .. ..	..	1,283,068
Investments for other funds administered by the Office—		
Mortgages .. ..	..	385,661
Local-body debentures .. ..	..	126,322
Total investments .. ..	..	£2,947,211

Twenty-eight new loans and further advances granted during the year total over £100,000.

Throughout the year very steady progress has been made in all departments of the Office, due to the functions of the Office becoming more widely known, the efficient administration, and the loyalty and co-operation of the staff and the Office Agents. The revenue for the year is a record for this Branch.

Office Accommodation.—With the growth of business the present accommodation has proved inadequate. A new three-storied building in the main street has been erected and is nearing completion. The ground floor, capable of accommodating thirty officers or more, will be sufficient for immediate needs, and the first and second floors will be let as offices. Special heating arrangements, a lift, and strong-room accommodation are provided, and a special feature will be the inauguration of a safe-deposit system in the vaults, whereby any persons requiring a place for their deeds and securities can rent for a small fee a steel locker, to which they will have access during office hours. The building should be ready for occupation shortly after Easter.

Staff.—The staff now numbers twenty-four.

Conditions obtaining in the District.—During the year a marked improvement has been in evidence, due to the good average prices obtained for the dairy-produce and the exceptional prices for wool. Butter, however, towards the end of the year has shown a decided drop. As against this the season has been an exceptional one, and the output was much increased. The year has been a difficult one from a realization point of view, but several properties were realized at satisfactory prices. The uncertainty of the position with regard to the moratorium has been a large factor in the restricted sales, but with the raising of the moratorium a much healthier tone should prevail and increased confidence in land generally should result.

Share-market, &c.—Standard stocks have been in demand at increased prices on last year's, and some good realizations have been effected. Several businesses which fell in for administration were conducted successfully and realized very fair prices. On the whole there is an improved tone, which is indicative of a gradual return to normal conditions, but any dealings in land are marked by extreme caution.

Farms and Securities.—The Farm Inspector has been very fully employed and has rendered very important and valuable services in inspecting and supervising the running of various farms in estates under administration and in inspecting securities for estate and Office mortgages. The system of inspections is a very necessary safeguard, and many beneficiaries have expressed their appreciation of the manner in which their interests have been protected.

Agencies.—These have been regularly inspected and audited, and special visits have been made in cases of any difficulty.

Paeroa.—Business generally has been very quiet and little new business written. Mr. E. Edwards was appointed Agent in place of the late Mr. Couper.

Rotorua.—A few estates fell in for administration, and several wills were obtained.

Kawhia.—The last season has proved a very good one for the farmers in this district, especially to the sheep-farmers, owing to the big rise in wool and sheep. Dairy-farmers have experienced a wonderful season as regards the weather, but prices have not come up to expectations, and there is every prospect of a further drop in prices; but, taking the district generally, both dairy and sheep farmers have experienced the best season and have done much better than for several years past.

Good roads are a great factor in the progress of a district, and steady improvement is being made in the roading of this county, which is necessarily slow and costly owing to the roughness and formation of the country, and also the large amount of unrateable land through which the roads have to pass. Under the main highway scheme a definite policy has been adopted for main highways giving access to and from the rail both on the north and south sides of the harbour, and by the end of next summer it is expected that these roads will be available for motor traffic at any time of the year, which should have the effect of opening up this isolated district.

As evidence of the increasing popularity of the Office, ten new wills were deposited for the year, of an estimated estate value of about £17,000. Three new estates were accepted for administration for the year.

Matamata.—During the past year nine wills, of the gross value of £45,100, were secured by this Agency. It is anticipated, however, that the number will be greatly increased during the coming year, as the functions of the office are becoming more widely known.

The district generally is showing marked progress as compared with the last three years, and with very rare exceptions the farmer has been enabled to improve his herd and give more attention to the proper farming of the land. This district has the reputation of having some of the best farming land in the Dominion, and will provide good business for the Office during the next few years.

Morrinsville.—During the year Mr. H. Sands was appointed Agent. The year has been a quiet one, and there is not much progress to report. The part-time office at Te Aroha (about twelve miles distant) serves a good deal of the surrounding district.

Opoiki.—The past year this Agency has shown steady progress, wills to the value of £40,400 were deposited and estates valued at £6,500 accepted. The district has experienced another record year, both wool and butter obtaining firm prices. Sale of farm properties has been somewhat slow, although many inquiries are now coming to hand for sheep-country. Much of this land was forsaken during the slump period. There is every indication that the coming year will show marked improvement in this Agency.

Raglan.—The Raglan district is improving rapidly. The good road from Hanilton has induced the business people to largely purchase sections for summer residence. Already many new houses have been erected by them. The functions of the Office have been widely made known by circular and advertisement, and good results may be expected. The local body and private persons have applied for loans. A number of wills have been obtained and many others promised. The work and objects of the Public Trust are very favourably commented on.

Tauranga.—The Office business has steadily increased in the Tauranga and Te Puke districts generally, and the public are becoming much more conversant with the excellent administration and economical work of the Public Trust Office, and appreciating the value they obtain by placing their business with the Public Trustee.

Development and general conditions: Although the conditions in this district affecting the farmers and land developments have somewhat improved during the year, and the present season has been a fairly good one for the dairy-farmers, owing to the high values paid for their properties by the farmers generally there is still considerable stagnation and financial difficulty among the farming community. The prospects of advancement of the Tauranga District should be enhanced when the construction works now in progress in the district by the Public Works Department and local bodies are completed within the next three years.

Loans: During the period under review all the local bodies in the district have approached the Public Trustee for their financial requirements, and loans approximating £90,000 have been granted to the local bodies. Numerous applications for loans by farmers have been dealt with, but the great majority of applications could not show a sufficient margin of Government security to warrant further action. Out of the small percentage sent for consideration a number were approved—approximately £5,000.

Wills: The number of wills obtained totalled thirty-seven, of value over £90,000.

Finance: Payments of interest and sinking funds by local bodies through the Tauranga Agency amounted to approximately £9,120. Estate realizations, rents, and valuation fees totalled £5,276.

General: The public have at all times received prompt attention and courtesy at the Agency when desiring information or advice in reference to any Public Trust Office business, and beneficiaries in estates being administered have been treated with consideration, and assisted in any difficulty.

Te Puke Sub-Agency.—The Te Puke Sub-Agency has been regularly visited during the summer months of August to March—twice a month on sale days, and once a month during the winter months. The same attention to publicity as outlined in the Tauranga report has been pursued at Te Puke, and the public are becoming more interested in the work of the Public Trust Office as affecting them personally.

General conditions: The same remarks as applied to Tauranga are applicable to the farming community in the Te Puke district. A number of the farmers are faced with financial troubles, and find it difficult to recover a sound position.

Wills: The number of wills secured was eight, of a value amounting to £25,577—an increase of over £10,000 on the previous year.

Thames.—The general condition of this town is progressive, as a number of important works are in progress. Mining is carried on in a very small way. Only three or four small companies are working, with very little result. Farming is now the mainstay of the district and will continue to be. The district is well adapted for the industry, and conditions are improving yearly. Eight deceased estates passed through this office for the past twelve months. As the working of the Office becomes better understood throughout the district an increase of business is anticipated.

Taumarunui.—During the period under review the progress of Taumarunui and district has been very satisfactory. The improvements effected comprise the completion of the hydro-electric works and reticulation of the borough, and the scheme is already paying its way. The public hospital is just completed, while the main street for two miles is nearly completed as a permanent bitumenized road. Private building has been brisk, more particularly in respect to business premises. The prosperity of the district is evidenced by the better prices obtained for stock, &c. Thirty thousand sheep were yarded at the Ewe Fair, and sold at excellent prices. The indications are that Taumarunui will in a few years become an important industrial and distributing centre, and it is already admitted to be a large stock centre. The timber industry in this district will last for many years, and be the means of distributing large sums by way of royalties and wages, thus tiding over the transmission period from sawmilling to farming and permitting of the country being gradually opened up.

The future of Taumarunui is bound up in the pastoral industries (sheep-farming and dairying), and while prices remain at or near their present level the district will progress and the town become an important inland centre from a business point of view, as it already is from a geographical or topographical, it being a natural centre for at least fifty miles square of fair to good farming country.

That the popularity of the Office is increasing is evidenced by the number of new wills drawn during the period (about thirty). This in a measure is due to the greater publicity given through the advertising in the local Press. There are now fifteen estates under administration here.

Whakatane.—During the year six deceased persons' estates, representing a total in assets of £8,150, have been accepted, and four have been closed. Sixteen wills for deposit have been accepted, the gross value of the prospective estates involved being £75,042. Interest on loans current is being met on due date in almost every case.

The Rangitaiki Swamp area, which is now becoming famous, constitutes a large part of the district. Settlers on this area have received a serious setback in that the cost of drainage which was undertaken by the Government reached a total far in excess of all estimates. The Government, however, is considering the position with a view to affording some measure of relief, and bright hopes are entertained for the future.

Waihi.—During the year the town received rather a serious setback owing to the closing-down of the Grand Junction Mine, whereby about two hundred and fifty men lost their employment. On the other hand, the dairying industry in the district is making steady progress. The East Coast Railway will shortly be open for traffic to within a few miles of the farming district of Katikati, when it is anticipated that this Agency will benefit thereby. During the year twenty-three wills were lodged for safe custody and several estates were administered.

Te Aroha Part-time Office.—Te Aroha, twenty-nine miles by rail from Hamilton, is the centre of a wealthy and closely settled dairying district. This town, with a population of about two thousand, is visited on Fridays by an officer from the Hamilton Branch, and there is no doubt that the residents of the district appreciate the visits. The Office already has a large number of Common Fund investments in the Piako County, including advances to local bodies for public works, and the increasing number of applications for advances by and wills of substantial farmers which are being received through this Branch are a gratifying feature of the year's working. Recently the Office was transferred to a more commodious building.

Cambridge.—The past year has been quite a good one from all points of view. The number of new wills has exceeded the previous records, forty new wills, of a value of £90,900, having been executed. The people of the district have realized the advantage of being able to have their wills prepared with the security of administration by the Public Trustee. I anticipate the coming year to be even better for new wills, as there are a good number of good-class farmers whom I have approached who have not yet made their wills. The applications for loans have been good. The securities held by the Office are a good type, and our mortgagors are of a very good class. Fifteen applications for loans were granted during the year, amounting to £42,500.

Te Kuiti Branch.—The past year has been an exceedingly good one for the sheep-farmer as far as prices obtained for wool and sheep are concerned. In many cases the struggling man has been

placed upon his feet again, and should make good. On the other hand, the dairy-farmer has not been so fortunate. The season commenced well, but as it advanced it was evident from market conditions at Home that a change was imminent. After the New Year the change came, and some factories paid out less per pound for butterfat than is the basis of calculation adopted by the cautious farmer when considering purchase of farming properties.

The season has not been what could be called a dry one, and many farmers who desired to obtain a burn to clear fern and other pests were successful to a degree, but rain generally intervened and so hindered the good work.

The following statistics show that the Office is making progress in the district :—

	1924.		1925.	
	Number.	Value. £	Number.	Value. £
New wills obtained	43	125,400	55	122,530
New estates accepted	18	25,000	15	12,765
Estates under administration	42	50,250	44	40,433

Estates closed and distributed during the year numbered thirteen, valued at £13,099. Of this number, six estates were closed within the twelve months in which they were reported.

9. HAWERA.

Estates and funds under administration—

On 31st March, 1924—

	Number.	Value. £
Hawera	229	439,887
Stratford	112	181,884
Totals	341	621,771

On 31st March, 1925—

	Number.	Value. £
Hawera	262	730,481
Stratford	131	221,654
Totals	393	952,135

New estates accepted during the year—

Hawera—

Wills	14	112,602
Trusts	10	153,473
Intestate	6	6,909
Mental Patients	3	1,442
Sinking funds	11	..
Common Fund Investment Agencies	7	8,275
Special Investment Agencies	5	6,300
Miscellaneous	1	624
	57	289,625

Stratford—

Wills	14	51,922
Trusts	5	16,262
Intestate	7	5,257
Mental Patients	1	100
Sinking funds .. ..	..	..
Common Fund Investment Agencies	10	18,847
Special Investment Agencies	3	8,400
Miscellaneous	2	933

Totals 42 101,721

Grand totals 99 391,346

Estates closed and distributed during the year—

Hawera	23	17,736
Stratford	21	10,893
Totals	44	28,629

Estates both accepted and closed during the year—

Hawera and Stratford	11	8,157
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Wills deposited during the year—

Hawera	92	345,721
Stratford	83	183,170
Totals	175	528,891

Total number of wills deposited to 31st March, 1925—

Hawera	..	..	..	..	..	..	737	..
Stratford	..	..	..	..	..	..	615	..
							1,352	

Sinking funds in district (cash and investment) 68 62,413

Negotiable securities held on behalf of estates and testators Hawera and Stratford, £10,075.

Cash held to credit of estate funds: General estates and unclaimed lands (excluding investment agencies and sinking funds), £135,615.

Cash receipts and payments—		Receipts.			Payments.		
		£	s.	d.	£	s.	d.
Hawera	..	103,676	12	8	97,052	18	2
Stratford	..	83,401	15	0	59,818	10	5
	..	£187,078	7	8	£156,871	8	7

Total amount of Common Fund investments in district—

	Hawera.			Stratford.	
	Number.	Value.		Number.	Value.
Flat mortgages	208	£ 612,941	74	175,592	
Instalment mortgages	15	18,573	7	9,500	
Local-body debentures	35	382,467	51	384,441	
Loans granted during year	24	101,050	25	170,400	
Loans granted from other funds	101	290,811	22	68,050	

Stratford Office.—The new building was completed and officially opened in June, 1924, by the Hon. J. G. Coates. The upper floor and part of the ground floor have been leased at remunerative rentals, but it is apparent from the steady increase in business that at least the whole of the latter will be required in the near future. The building, accommodation, furniture, and appointments have evoked favourable comments on the enterprise shown by the Public Trustee in providing facilities for the transaction of his business.

The statistics are included above with the Hawera figures, and show that the progress of former years has been well maintained. There is, however, a slight drop in the number of new wills executed.

The town and district have made marked progress in the past year, as evidenced by the number of new buildings erected and branches opened by well-known business firms trading in other parts of the Dominion. The completion of the railway giving direct communication with the Waikato and Auckland will make Stratford an important junction, and land has been purchased by the Railway Department for a new station and yards to provide for this. The Office has contributed to the progress both in the town and surrounding country by providing finance where the margin of security has been satisfactory. The granting of loans repayable in instalments spread over a number of years has been taken advantage of by a number of people, and is enabling persons of moderate means to pay for their homes.

Part-time Offices.—Manaia and Opunake offices are visited regularly from Hawera, and Eltham from Stratford. In each case the offices have proved a convenience to clients, and have facilitated the transaction of business in the particular district.

Agency.—The only agency under the control of this office is at Patea. It is in charge of Mr. E. F. Hemingway.

The total number of staff employed at the 31st March, 1925 was—Hawera, fourteen; Stratford, six. This is an increase of four at Hawera and two at Stratford over the previous year. The increase in both cases was rendered necessary by the additional business coming in and the involved nature of the estates.

Training of Junior Officers.—The volume of work in the past year has not allowed time to be given to the systematic training of junior officers. Their work, however, has been carefully supervised, and this has resulted in a considerable degree of improvement. The only direction in which training has been given has been in regard to handwriting and typing in the case of cadets, and typing and machining in the case of the junior typist.

Prospects of the Office in the District.—The best indications as to this are (a) the number of new wills being executed, and (b) the progress of the district. The number of wills completed during the past year is well up to the average, in spite of the fact that during the epidemic of infantile paralysis country people refrained, to a great extent, from coming in to town. The total number of wills of testators in the district held by the Office is steadily increasing, and should provide for a large increase of business in the future.

The coastal portion of South Taranaki, from Patea to Opunake, is now one of the most closely settled of the rural districts of the Dominion, and little increase in population can be expected unless new industries or methods of farming are introduced. The Stratford district is developing rapidly, but has not yet reached the same stage of settlement as has the southern portion of Taranaki. The hinterland of both Stratford and Hawera, back as far as the Main Trunk line, consists of rugged hills, formerly in heavy bush. Some portion of this has been brought into cultivation, but although the grass has held well for the first few years, after a shorter or longer period deterioration sets in. The Commission set up by the Government has visited this area to consider the problem presented, and if any practicable solution of the deterioration can be found, development should take place. Of recent years there has been a retrograde movement, and farms which have been in occupation for a number of years have been abandoned. It will be seen that in the southern part of the district future prospects of the Office depend alone upon the increasing recognition by the public of the advantages of the Office. In the Stratford district population is increasing and the district is developing, consequently an increase may be looked for on this account as well.

Realizations.—During the year sales have been more easily effected than at any time since the slump, and a number of properties have been quitted at satisfactory prices. In addition, the expiry of the moratorium has induced a number of mortgagors to refinance and repay mortgages which have been running on overdue, in some instances, since 1914. The total realizations amount to £104,706, and the following summary shows the nature of the most important class of assets disposed of: Post Office Savings-bank accounts, fixed deposit receipts and bank accounts, £17,776; mortgages, book debts, unpaid purchase-money, £21,886; sale of businesses, £1,833; furniture, live and dead stock, £3,878; realty, £43,624; life policies, &c., £2,881; sundry personalty, £12,481.

Farm Inspector.—The services of the Office Farm Inspector have been readily available and freely made use of. A large proportion of the farming properties held by estates have been inspected, and where necessary the securities for Common Fund and estate mortgages. The information obtained and valuations made have proved very valuable in determining the course of action in the best interests of all concerned. The Inspector's advice has been found of great benefit by beneficiaries who have been carrying on farming properties.

Advertising.—There is little direct evidence of any advantage gained from the advertisements which have been inserted in the local newspapers. The advertisements are, however, useful in keeping the functions of the Office before the public, and no doubt they have a considerable effect in building up a goodwill for the office, although they may not have been mentioned by callers.

General.—The expansion of business noted in former years has continued during that under review. This is the case both in regard to actual estates coming under administration and in regard to the wills of living testators. The number of large estates coming under administration gives evidence of the appreciation of the work which has been performed by the Office in this district in the past.

Although a number of sales of properties has been effected, the demand has not yet become normal, although leases of dairy farms are keenly sought after, evidencing that slump conditions are passing and that those who have suffered through the depression are prepared to make a fresh start.

The feature of the year's work has been the financial rearrangements effected in anticipation of the expiry of the moratorium. In the majority of cases, adjustments have been made by mortgagees which have enabled farmers to carry on on terms satisfactory to both. Although the lifting of the moratorium was expected to cause some degree of financial embarrassment, especially in this district, very little inconvenience has been felt, and indeed it seems to have had a beneficial effect, as it has made lenders turn their attention to mortgages which for some time past have been passed over in favour of other forms of investment.

A great deal of interest is manifested by farmers and those interested in the dairy industry in the introduction of more scientific methods of farming and of the manufacture and marketing of dairy-produce. The Farmers' Union meetings are very well attended, and frequent lectures on various aspects of dairying are given by experts. At the present time there is a strong movement in the district for the establishment of a dairy laboratory for Taranaki, and cogent reasons in support have been advanced by those qualified to express an opinion. The majority of farmers strongly endorse the Dairy Control Board's proposals in regard to control; and it is anticipated that the general return to suppliers will in future be more consistent with the prices obtaining in European markets than has been the case in the past.

Excellent articles dealing with the dairy industry are a noticeable feature in the local newspaper, and go to show that the average dairy-farmer is taking an intelligent interest in his work and in the industry generally.

10. INVERCARGILL.

General.—The past year has generally been a good one for the Southland district, but rather better for the sheep-farmer than the dairyman. A severe drought was experienced during the summer and interfered somewhat with farming operations. A most noticeable feature in this district is the difficulty of disposing of farming-lands. There is absolutely no movement at all in this direction, and the only sales that have been effected have been of one or two station properties. The close of the financial year sees the Office with five or six valuable farming properties on its hands, and the realization of these properties is going to be a difficult matter.

The Year's Figures.—The number of estates on hand at the close of the financial year totalled 629, an increase of forty during the past year. The total value of assets and funds as at the 31st

March last was £839,566, an increase of over £130,000 during the year. During the year estates to the total value of £140,945 were accepted for administration. Of the estates accepted during the year twenty-two were closed and distributed during that period.

Interest added to accounts increased from £14,964 to £17,274, an increase of £2,300. The amount of cash held at the credit of estates and funds at the close of business was approximately £220,000, and the total value of the sinking funds reached £191,719. The total cash balances at credit of accounts and funds totalled £456,000, an increase of over £100,000 during the year.

Wills deposited.—This branch of the business remains steady, and a good class of will is being obtained. During the year 252 new wills were deposited, while ninety-three were redrafted. The total wills deposited to 31st March last totalled 2,045, but in addition to this there are a number held in the Head Office which are not included in the local records.

Cash Receipts and Payments.—During the year the cash receipts totalled £277,368 and the payments £276,941.

Common Fund Investments.—A particularly busy year has been experienced under this heading both as regards new loans and the renewal of old ones. A large number of loans matured during the year, and the work involved in attending to renewals has been considerable. In addition, there were a large number of applications for loans, but only a small proportion could, of course, be entertained. The securities obtained were selected with considerable care, and are all of a good class. In all, during the year fifteen fresh loans were granted, of a total value of £53,450. The amount of Common Fund investments in this district are as follows :—

	Number.	Value. £
Mortgages	75	291,272
Local-body debentures	10	69,900
Other funds invested	15	96,175

Staff.—The total staff under the control of this Branch shows an increase of three during the year, the total now being twenty-three. There were a few staff movements during the year, and the additions actually represent an additional typist and two cadets for training. Training of junior officers has received attention, and generally the whole of the staff are studying with a view to advancing themselves in the Office. The Farm Inspector paid two short visits during the year and inspected certain estate properties and Common Fund mortgage securities.

Advertising.—The policy of newspaper advertising has been carried on during the year, and I consider with good results. The advertising has been of use in bringing before the public the power to appoint advisory trustees. Advertising by the distribution of booklets has also been carried out actively during the year.

Branch Offices.—The offices under the control of the Invercargill Branch comprise a District Manager's office at Gore, part-time offices in five towns, and agencies at Queenstown and Mataura. Business at the Gore Branch was slack during the earlier part of the year, but during the latter portion a number of estates were reported, and there was considerable activity during the last three months. The business in this district is sufficient to warrant a successful future. The attendance at the part-time offices has been cut down considerably. It has been found that a great deal of business cannot be transacted at these offices, and is limited practically to business in the towns themselves.

The agencies at Mataura and Queenstown are working satisfactorily. The Mataura Agency is a comparatively recent one, and the business obtained has justified its establishment.

11. MASTERTON.

The year that has just passed has been one of steady growth, due to the increased confidence in the Office administration, the wider knowledge of the functions of the Office, the efficient work of the staff, and the activity of the Office Agents. As evidence of growth, attention is drawn to the following facts and figures :—

Estates and funds under administration—	Number.	Value. £
Year ending 31st March, 1924	318	797,906
„ „ 1925	358	806,633
Increase	40	£8,727

The net increase in value is small, due to the fact that a number of large estates have been closed and distributed during the year and to the fact that in others partial distributions have been made, although the estates cannot yet be finally closed.

New estates and funds accepted—	Number.	Value. £
Year ending 31st March, 1924	92	147,880
„ „ 1925	83	111,225
Estates and funds closed and distributed—		
Year ending 31st March, 1924	59	40,435
„ „ 1925	44	47,661

Wills deposited : There has been a healthy growth here, as is evidenced below :—

	Number.	Value.	Average Value per Estate.
		£	£
Year ending 31st March, 1924	99	260,014	2,626
„ „ 1925	125	479,390	3,835
Increase	26	£219,376	

It is gratifying to see that the wills of testators with considerable means, including those of many farmers, are being received for deposit, and that the average value of the declared assets of the testators per estate has grown from £2,626 to £3,835.

The number of wills redrafted for the year total 55. The total number of wills of living testators deposited to the 31st March, 1925, was 1,110.

Sinking funds (cash and investments)—					Number.	Value. £
Year ending 31st March, 1924	..	..	..	..	85	42,514
„ 1925	..	..	..	..	93	51,311
Increase	..	..	..	..	8	£8,797

Benefit funds: There are no funds as such controlled from the Branch, but in the district is the Carter Home, situated just out of Carterton. This Home was established on the death of the late C. R. Carter, who endowed it with 2,188 acres of land, the rental from which is utilized in maintaining the Home. The Carter Home accommodates twelve or thirteen aged men, and the whole of the management of the estate, outside of the actual administration of the Home itself, is controlled by the Public Trustee.

Cash held at credit of estate funds: For the year ending 31st March, 1924, £150,360; 1925, £154,009: increase, £3,649.

Cash receipts and payments—					Receipts. £	Payments. £
Year ending 31st March, 1924	..	..	..	..	149,511	149,387
„ 1925	..	..	..	..	319,656	319,797
Increase	..	..	..	..	£170,145	£170,410

The large increase in both cases can be attributed partly to the large number of new loans paid out and the natural increase in the growth of business at the Branch.

Common Fund investments—					Number.	Value. £
Flat mortgages	..	..	..	..	147	877,726
Instalment mortgages	..	..	..	..	2	2,504
					149	£880,230
Local-body debentures	..	..	..	..	49	190,005
Loans granted from other funds	..	..	..	..	66	246,441
					115	436,446

Total amount invested in district on all accounts—264 loans, amounting to £1,316,676. Loans granted during year on securities situated in this district numbered twenty-six—Value, £161,675.

From this it will be seen that there is invested in the Wairarapa district a very considerable portion of the total funds loaned by the Public Trustee, which is further evidence of the soundness of the district. It is worthy of note that not one penny of interest has been lost on the money invested.

The Wairarapa, in common with other parts of New Zealand, has experienced a favourable season, and as much of the land is utilized for sheep-farming a large share of the proceeds of wool, lamb, and mutton has found its way into this district. This has resulted in prompt payment of interest and rent.

Carterton.—There are some seventy-six estates in this Agent's district, many of them of considerable value. The Agent has a wide experience of the work of the Office, and is well and favourably known in the Carterton district. During the year thirteen estates, of a value of £56,067, have been accepted from this Agent's district, and a considerable number of new wills were secured by the Agent. The functions of the Public Trustee are well known in this part of the Wairarapa.

Eketahuna.—This Agency is yet in its infancy, but there are signs of growth, and the present Agent is fully alive to the opportunities of giving the people in this part of the district the benefit of the efficient administration of the Public Trustee.

Martinborough.—This is a rich part of the Wairarapa, where prospects are bright. The Agency is also a new one, gradually winning ground, and, when the advantages of administration by the Public Trustee are better known, will be an important centre for the control and management of estates.

Pahiatua.—An old-established Agency with many fine estates under control. The prospects for this end of the Wairarapa are exceedingly bright, and there has been much progress during the year, especially in new business. The number of wills of living testators received was twenty-three, with considerable assets. The Agent is well known and highly esteemed in the district.

Staff.—The staff has grown in keeping with the growth of business, and now totals fourteen, as compared with eleven on the 31st March, 1924. It is useful to note that there is on the staff one solicitor, three qualified accountants, three others with partial passes in the same examination, while one of the officers has completed a portion of his solicitor's examination. Three typists are kept constantly employed.

Training of Junior Officers.—Particular care is taken of this important phase of office management and there are attached to the two senior officers on the administration side two junior officers as understudies. The latter carry out the practical work under close supervision, and are thus brought into touch with all the problems of administration in addition to the routine work common to all estates.

Realizations.—The following sums were collected in connection with estate assets realized during the year: Realty, £15,306; mortgages, £4,400; shares, &c., £1,139; fixed-deposit receipts, £2,550; life policies, £3,015. In addition, many smaller items were received, such as balances at bank and Post Office Savings-bank accounts. The amount received from all sources during the year have greatly exceeded outgoings, and surplus funds actually remitted to Head Office amounted to £187,300.

Farm Inspector.—There is increasing recognition of the fact, especially from the farming community, that the appointment of Farm Inspectors, allowing of periodical inspections varying from six months to two years of farm properties removes any apprehension that such property will not be closely controlled. The work of the Office Farm Inspector is most valuable, and enables a close supervision to be exercised over all farm properties, especially leaseholds. It is generally known throughout the district that in leases granted by the Public Trustee the covenants are enforced, and much of the success in this direction is due to regular inspections by the Office Farm Inspectors. Many farm properties fall in for administration that are not in good order, and it is the aim of the Office, acting in conjunction with the Farm Inspectors, to improve such properties.

Publicity.—A standing advertisement published twice weekly in Masterton, Carterton, and Pahiatua serves to keep the public acquainted with the advantages of administration by the Public Trustee. New business is undoubtedly derived from this method of advertising, but a great deal more comes through the public coming into touch with satisfied beneficiaries and those who have experienced the efficient administration that characterizes the work. There is a growing knowledge of the functions of the Office, but a great deal has yet to be done. The growth of the Branch, of course, is evidence of the popularity of the Office, and the best evidence of good service.

Mortgages Final Extension Act.—The action called for under provisions of the above legislation has been extremely light at this Branch; only one notice of intention to apply for an extension order was served, and this was subsequently withdrawn and the mortgage repaid. It has been necessary to send notices calling up mortgages in some half-dozen cases only.

Decentralization.—The policy of decentralization has been fully justified in this district, and has been greatly appreciated by the public coming into business contact with the Office. The fact that all of the accounting work is done at Masterton, enabling prompt settlement of claims and early payment to beneficiaries, has been favourably commented on, and removes any fear of delay. With the growth of the Branch staff will be made available to cope with the work, and there will be no lack of that personal control and contact that goes so far in the administration of estate work.

Future Business.—Prospects were never brighter. The year just closed has been one of the best ever experienced in the Wairarapa, and although there were setbacks to certain portions of the district in the two heavy floods experienced at an unseasonable time, and heavy mortality among the ewe flocks, yet generally the whole community has prospered. Work is plentiful, a good deal of building is being gone on with, and a feeling of confidence generally to be noticed.

12. NAPIER.

Generally speaking the past year has been a very favourable one for the work of the Public Trustee in Hawke's Bay. The effect of the recent slump was keenly felt, and the recovery has naturally been correspondingly slow. The indications now point to a return to the former prosperity known by the district, in which this Branch has been fortunate to share. The year, of course, has just closed, but indications point that on all hands the work of the Branch has increased enormously. The following information is set out in order that the operations might be more clearly followed:—

					Number.	Value. £
Estates and funds under administration—						
On 31st March, 1924 .. .. .	..	..	..	..	491	1,066,741
„ 1925 .. .. .	..	..	..	..	597	1,193,991
Increase .. .. .	..	..	..	..	106	127,250
New estates accepted during the year—						
Wills .. .. .	..	..	..	..	42	83,530
Trusts .. .. .	..	..	..	..	15	41,741
Intestate .. .. .	..	..	..	..	34	11,672
Mental Patients .. .. .	..	..	..	..	10	24,551
Miscellaneous .. .. .	..	..	..	..	7	40,316
Sinking Funds .. .. .	..	..	..	..	13	109,274
Common Fund investments .. .. .	..	..	..	..	20	18,069
Special investments .. .. .	..	..	..	..	50	47,830
Totals .. .. .	..	..	..	..	191	376,983
Estates closed and distributed during the year					86	64,183
Estates both accepted and closed during the year					24	24,508

During the year 345 wills have been deposited, of a total value of £1,207,689. The total number deposited to 31st March, 1925, is 2,490.

Number and value of sinking funds in district (cash and investments): 101 sinking funds are administered in the district in respect of which £59,632 is held in cash and £4,750 in investments.

The value of securities held in safe custody on behalf of estates is £37,896, and held on behalf of testators, £13,163.

The cash held at credit of estate funds is £275,394.

Cash receipts and payments: Cash receipts amounted to £539,472, whilst the payments totalled £539,278.

Total amount of Common Fund investments in the district: Flat mortgages, £951,271; local body debentures, £340,897.

Loans granted from other funds, £270,468.

Brief Review of Work of Branches.—The work at the District Offices has been well maintained, and the following figures disclose the salient features respecting the various Branches:—

Hastings Branch.—The number and value of estates and funds under administration on 31st March, 1924, was sixty-five estates, at a total value of £89,108, whilst at 31st March, 1925, ninety-four estates were under administration, of a total value of £170,164; from which it will be seen that the value has nearly doubled in twelve months. During the year forty new estates were accepted, valued at £84,667, whilst eighteen estates were closed, valued at £9,026. Eighty-five wills were deposited, the assets of which aggregate in value £397,403. The cash receipts amounted to £106,914, compared with £46,407 during the previous year, showing an advance of £60,000.

During the year a tender was let for the construction of new offices and the work is well in hand. This district contains probably the best land in Hawke's Bay. The population of Hastings is approximately fifteen thousand. It is a noticeable feature of the operations of the Office in the locality that during the year we have obtained the wills of numerous wealthy testators, indicating the general favour with which the Department is viewed. Three officers are employed at the Branch.

Waipukurau Branch.—The number of estates under administration on the 31st March, 1924, was sixty, valued at £119,454. The number on the 31st March, 1925, was eighty, valued at £154,561. During the year thirty-three new estates were accepted, valued at £45,557. Fourteen estates were closed during the year, valued at £11,221, of which three, valued at £248, were both accepted and closed. During the year seventy-eight wills were deposited of a total approximate value of £344,456, making a total of 428 wills on deposit for the Branch. The cash receipts totalled £48,802, whilst payments amounted to £28,376. Thirty-nine Common Fund mortgages are in existence, totalling £335,907, six mortgages having been arranged during the year, amounting to £38,550.

The year just closed is the best since the Office opened in 1920; in fact, each year during the period has shown a big increase on the previous one. Eighty estates have been accepted during the last four years, valued at £140,930.

The staff throughout the year has numbered three, no alterations taking place. The training of the junior officers is being attended to as far as is possible for a small office.

The prospects of the district are particularly bright, a number of the wealthier residents of the district gradually transferring their business to the Office.

Waipawa Sub-Branch.—This Sub-Branch has been visited weekly during the year, and fair progress has been made in the district. There is every indication that a steady increase may be looked for in Waipawa.

Takapau Agency.—The Agent is gradually making the Office better known in the district, and it is expected will be the means of introducing considerable business into the Office.

Wairoa Branch.—Twenty-four estates and funds were under administration on the 31st March, 1924, valued at £53,791. On the 31st March, 1925, thirty-two estates were under administration, valued at £62,300. Fifteen estates were accepted during the year, valued at £8,614, whilst eight estates were closed, of a total value of £730. Twenty-nine wills were deposited, valued at £95,926, making the total now on hand 180. The cash receipts were £15,845, whilst the payments totalled £8,705. The part-time offices at Frasertown and Nuhaka have been visited regularly during the year. Two officers are employed in the district. Wairoa is a large agricultural and pastoral district, and the prospects of the Office are good.

Staff.—The total number of staff employed at Napier is twenty-one, there being no additions during the year.

Training of Junior Officers.—The training of the juniors at the Branch has been carried on by the senior officers.

Review of Future Prospects.—The prospects for future business in Hawke's Bay are promising, and if the increase in business which has been apparent during the past year is maintained there is no doubt but that the operations of the Department will reach large proportions. There is no doubt the Office is gaining the confidence of the public.

Realizations.—The following are approximate details of the realizations of estate assets during the year: Mortgages repaid, £32,266; shares sold, £286; realty sold, £15,342; miscellaneous, £36,585: total, £84,479. In addition assets amounting to £67,296 were transferred to beneficiaries during the year, making a total of £151,775, representing assets either realized or transferred to beneficiaries.

Farm Inspectors.—During the year the Farm Inspector has paid several visits to the district, and his advice on matters appertaining to farming operations is greatly valued.

Office Advertising.—The advertising of the functions of the Office has been a means of educating the public to some knowledge of the activities of the Department, and I am sure is responsible for a great amount of work which has been placed in the hands of the Public Trustee during the year.

13. NELSON.

The following statistics give an indication of the business done through the Nelson Branch :—

Estates and funds under administration —				Number.	Value. £
As at 31st March, 1924	..	..	..	357	473,439
As at 31st March, 1925	..	..	..	373	488,538
Estates closed	..	..	..	78	42,200

No less than twenty-four estates, of the value of £13,649, were both accepted and closed within the twelve months ended 31st March, 1925.

New wills deposited during the year numbered 153, and the total number held on deposit on 31st March, 1925, was 1,768.

There are thirty-seven sinking funds in the district under administration, and the present cash value of these funds is £26,992.

There are three benefit funds under administration. One was created by public subscription, another by lodge members, and another by the will of a deceased person.

The value of securities held on account of estates under administration was £43,639, and for safe custody for living persons was £5,756, making a total of £49,395.

The total cash held on account of estates and trusts under administration was £136,792 as at 31st March, 1924, and this was increased to £145,694 as at 31st March, 1925.

Cash receipts were £103,845, as against £82,767 for the previous year, and cash payments amounted to £103,869, as against £82,602 for the previous year.

There were 101 mortgages, of the total value of £81,284, held by estates under administration by this Branch.

The total amount of Common Fund investments in the district was as follows: Flat mortgages, £12,350; Instalment mortgages, £2,896; local body debentures, £191,068: total, £206,314.

Loans granted from other funds were as follows: Railway Superannuation Fund, £6,670; Public Service Superannuation Fund, £3,500; Teachers' Superannuation Fund, £6,500; National Provident Fund, £1,150: total, £17,820.

The following is an approximate summary of the realizations during the year ended 31st March, 1925: Bank accounts, £769; Post Office Savings-bank accounts, £4,595; fixed deposits, £3,529; shares, £261; life policies, £1,591; real property, £7,372; mortgages, £8,245; miscellaneous, £16,903: total, £43,265.

The Office has made steady progress in the district during the year. Almost 45 per cent. of the estates of persons dying in this district have been administered by the Office during each of the past three years. The district is a large one, but very scattered, and the total population is not very large. The business done, however, shows that the Office is very popular in the district. The public generally appear to be well satisfied with the manner in which estates are being administered, and do not hesitate to express their appreciation of the work done by the Office.

14. NEW PLYMOUTH.

During the past year this Office has made steady progress. The following statistics give an indication of the business transacted.

The number of estates under administration at 31st March, 1925, was 213, of a total value of £257,720.

During the year thirty-five estates, of a total value of £44,656, were closed and distributed, and forty-five new estates, of a total value of £63,236, were reported and accepted.

During the year 105 new wills were deposited, making the total number 775.

The cash held at credit of various estates under administration is £96,458.

The cash receipts for the year totalled £75,220, and the cash payments totalled £85,687.

The investments in this district are as under: Mortgages, £184,586; local body debentures, £139,580.

The staff at the Branch now totals ten, the increase in the work having necessitated the appointments of an additional typist and an additional cadet. During the year a further step was taken to decentralize the Office work by the appointment of a Legal Clerk, and all the legal work, including the preparation of wills and other documents, is now performed locally.

The prospects of the Office in this district are particularly bright, as is evidenced by the number of wills held on deposit for living testators, and also the number of new wills being deposited every month.

Inspection of Farms.—Arrangements have been made for the Office Farm Inspector to visit the district at regular intervals, thereby ensuring that every farming property and mortgage security in the district is inspected at least once per annum, and more often if required. In addition the practice has been adopted of obtaining an initial report from the Farm Inspector immediately a farming property comes under the control of the Office, thereby ensuring a continuity of supervision by a practical man from the time the farming property comes under the control of the Office to the time it is disposed of or transferred.

Part-time Office.—The only part-time office in this district is that at Inglewood, which is visited regularly once a week on sale days by an experienced officer of the staff. The results obtained are entirely satisfactory, and, as many Office clients cannot spare the time to come to town, they appreciate the convenience of being in constant touch with the Office and of being able to transact their business in their nearest town.

Advertising.—The policy of regularly advertising in the daily newspapers throughout the district has been maintained, and it is recognized that this is the most satisfactory method of getting in touch with those who have not yet come in contact with the Office. While it is recognized that the Office has in the past obtained the greater portion of its large business from satisfied clients and those connected with them, it is necessary to reach others, and the regular newspaper advertisement supplies the best means of achieving this.

15. PALMERSTON NORTH.

Satisfactory progress has been made during the year, as the following report indicates.

Administration of Estates.—At the 31st March, 1925, the total number of estates and funds was 524, valued at £925,841, as compared with 443, valued at £750,729, on the 31st March, 1924. During the year the following estates were accepted:—

	Number.	Value. £
Wills	27	175,325
Trusts and Agencies	15	16,678
Intestate	29	44,283
Mental Patients	11	15,431
Investment Agencies	19	25,863
Miscellaneous	3	12,102
Sinking funds	19	..

—a total of 123 estates, of an aggregate value of £289,682, being an increase of four in number and £131,123 in value over the previous year's figures. During the same period forty-five estates, of a value of £68,119, were distributed and closed, and of this number fifteen estates, valued at £37,153, were accepted and closed within the year.

The cash held at credit of estates and accounts as at the 31st March, 1925, shows an increase of £60,733, and amounted to £331,124. Interest amounting to £11,428 was credited to estates last year. The following negotiable securities were held at the end of the year: Estates, £13,572; special investments, £21,770; in safe custody, £2,400.

The total realization of all assets for the year reached £123,796; sales of realty amounted to £26,305; repayment of mortgages, £23,495; bonds, scrip, shares, &c., £65,202; sundries, £8,794.

A stronger demand for farm properties was evident towards the end of the year, due no doubt to the continuance of satisfactory prices for primary products, but the high price of farm stock is militating against ready sales, and accounts for the difficulty of obtaining substantial cash deposits.

There has been great activity in the building trade during the year, adversely affecting the market for houses not of modern design. Government bonds, &c., and shares have realized freely.

The number of sinking funds now totals 150, and £82,142 in cash and £2,300 in investments are held in this connection.

Common Fund Investments.—The Office has now invested in this district the sum of £2,477,499, represented by 383 mortgages, £1,632,768 being invested on flat mortgage and the balance, £844,731, in local-body debentures. During this year fifty-three loans, of a total value of £238,535, were granted, the sum of £151,435 having been lent to forty-two private mortgagors and £87,100 to local bodies. In addition to loans granted from the Common Fund the Office controls on behalf of the Public Service Superannuation Board, Teachers' Superannuation Board, and the National Provident Fund 108 investments, amounting to £584,260, to private mortgagors, and £29,050 to local bodies.

The generous spirit displayed by the Office to its clients during the period of depression has been fully justified and appreciated by many mortgagors, who, by the bountiful season and satisfactory price for farm-products, have been enabled to retrieve their position and meet interest payments punctually.

Cash Transactions.—These show a considerable increase over the previous year's figures, the receipts totalling £604,055 and payments £593,800, the increases being £142,682 and £130,660 respectively.

Wills of Living Testators.—307 new wills were deposited during the year, of a declared value of £966,795, making the total number of wills for the Branch 1,170. The number represents an increase of 102 over last year's figures, whilst the value indicates that increased confidence in the Office is displayed by testators possessing substantial estates.

Farm Inspector.—The services rendered by the Farm Inspector have been invaluable in connection with the administration of farm properties, and have been the means of extending the business of the Office amongst the farming community. The practical advice tendered, and the careful supervision exercised by him in this work, are not only appreciated by the beneficiaries interested and are of the greatest advantage and help to the District Public Trustee, but also are closely watched by prospective clients, and in this district at any rate are regarded as a most favourable feature of the Office administration of farm properties.

Staff.—Including sub-offices the staff now numbers twenty-one. During the year the staff was strengthened by the appointment of a Legal Clerk to perform the legal work at the Dannevirke and Palmerston North Branches, and the volume of work has kept him fully employed. Two new cadets were appointed for training, whilst one officer has resigned. The officers are all keen and enthusiastic, and practically all the juniors are studying either for the accountancy or the law

professional examinations. Every facility is afforded the junior officers to acquire a thorough knowledge of the work of the Office and to attain the utmost efficiency.

Feilding Branch.—Fifty-two estates, of a total value of £105,803, and nine investment agencies, amounting to £9,458, were under administration at this Branch at the 31st March, 1925. During the year twenty-nine new wills, of a declared value of £96,531, were deposited, the total number of wills held by the Branch being 214. The Town of Feilding is the centre of a rich agricultural and pastoral district which affords good prospects for extension of office business.

Taihape Branch.—Very satisfactory progress has been made by this Branch during the year, the new estates accepted being twenty-three of a total value of £42,301. Sixty-four estates, of an aggregate value of £88,044, and six investment agencies, amounting to £3,699, were under administration at the 31st March last. Thirty-six wills were introduced during the year, of a declared value of £151,962, making a total of 320 for the Branch.

Marton Agency.—Steady progress is being maintained at this Agency, and the business of the Office is conducted in a very satisfactory manner by the Agent and his staff, who are optimistic regarding the prospects of increased business in the future.

Raetihi Agency.—Through pressure of his official duties, Constable McCowan was obliged to resign the position, and Mr. Herbert Rieper was appointed Agent in his stead. As pointed out in previous reports, the opportunity of developing the Office business in this district is limited, and it is satisfactory to record that progress has been made during the year.

Advertising.—The policy of the Office in enlightening the public by way of advertising regarding its functions has been fully justified. Instead of being known to but a few, the advertising is bringing prominently before the public generally the advantages and service that the Office makes available to its clients. It is abundantly evident that the majority of the public are ignorant of the functions and activities of the Office, and advertising is an effective means of acquainting the public with the work of an institution that exists for its benefit.

Prospective Business.—The district controlled by the Palmerston North Branch affords considerable scope for the expansion of Office business, and the prospects are encouraging. The advertising is stimulating an interest in the Office, and the efficient organization which it possesses for the administration of estates is becoming more generally known. This has been quite evident in the satisfactory record for last year; and as the knowledge of the Office extends and the advantages and safeguards it offers become more extensively known, it can be safely anticipated that further progress will be manifested. A satisfactory feature of last year's work was the fact that the Office attracted all classes of testators, indicating that the influence of the Office was becoming widespread.

16. TIMARU.

Conditions obtaining in the District.—Generally speaking the year just closed has been a prosperous one for this district. Following on a previous dry summer and consequent shortage of feed for stock, we were favoured with a very mild winter, which was much appreciated by the farming community. Very beneficial rains were experienced during the spring, with the result that in a short space of time the whole country was looking better than it had done for many years past. The amount of growth was phenomenal—in fact, too much for the liking of many of the grain-growers. A number of crops went to straw, and the quality of the grain was not good, besides being very light. The prices for wool were very good for the first two sales of the series, but after that there was a decided drop in the market. Taken all round, however, the prices for this product were very satisfactory. There still appears to be a great demand for sheep, with the result that prices have been high. As a result of the year's work the financial position of a large portion of the farming community has been decidedly improved, and they are gradually overtaking the losses incurred during the slump period of previous years.

Administration.—The administration of estates has received careful attention during the year, and the progress made has been very satisfactory. Numbers of complimentary remarks have been made by clients in respect of the prompt and satisfactory manner in which their affairs have been handled by the Office. The regular reviews of all Branches of the Office work conducted by the Office Reviewing Inspector ensures promptness in dealing with our business, and at the same time affords considerable protection to our clients in that they are assured of their affairs being carefully scrutinized by high-class experienced officers. The adverse financial conditions which were in existence during the previous year were not nearly so acute this year, and as a result very little difficulty was experienced in the collection of rents and interest moneys on behalf of estates. With one or two exceptions all tenants and mortgagors in this district can be classed as good. During the year several farm properties came into the hands of the Office, and in those cases where a sale was necessary it is very pleasing to report that in every case very successful sales were effected. The subsequent clearing sales were also a decided success, and were capably conducted by the mercantile firms concerned. Large numbers of the public were present, and splendid prices were obtained. A number of town properties were also put up for sale, and with only one or two exceptions these were all disposed of at prices acceptable to the beneficiaries concerned. Successful realizations are of considerable assistance in the administration of our estates.

New Business.—The new business introduced into the office during the year is easily a record. In obtaining this new business due credit must be given to the very able assistance rendered by the Agents at Waimate, Temuka, and Geraldine. These men take a keen interest in the welfare of the Office, and their services have been valuable indeed.

Work of the Office during the Year.—In order that the work of the Office may be gauged, the following information will be of interest :—

						Number.	Value. £
Estates under administration—							
31st March, 1924						263	384,782
,, 1925						313	502,313
Estates accepted during the year—							
Wills						35	108,781
Trusts						3	6,356
Intestate						15	15,186
Mental Patients						14	6,668
Investment Agencies (Common Fund)						15	6,140
Investment Agencies (special)						9	4,850
Sinking funds						8	196,360
Miscellaneous						1	680
Totals						100	345,021
Estates closed and distributed during the year						50	41,319
Estates both accepted and closed during the year						13	5,186
Wills deposited during the year						181	..
Total wills on hand as at 31st March, 1925						1,084	..
Total sinking funds (cash and investments) as at 31st March, 1925						41	43,598
Benefit funds as at 31st March, 1925						1	1,031
Value of securities held on behalf of estates as at 31st March, 1925 .. .. .						..	14,379
Cash held to credit of estate funds .. .. .						..	177,741
Cash receipts .. .. .						..	185,374
Cash payments .. .. .						..	185,075
Common Fund investments as at 31st March, 1925—							
Flat mortgages .. .. .						..	246,687
Local-body debentures .. .. .						..	19,000
Loans granted during the year						35	86,860
Total of loans from other funds as at 31st March, 1925 .. .. .						..	58,910
Realizations of properties during the year						26	31,601

Agencies.—There are four Agencies at this Branch—viz., Waimate, Temuka, Geraldine, and Fairlie. The Agency at Fairlie was opened on the 17th March last. Prior to that date the town was served by a part-time office, monthly visits being paid by myself. The Agents' offices are visited regularly throughout the year. This district is most fortunate in its choice of Agents, and the work done by them on behalf of the Office is of material assistance, not only to the Office but to the clients connected with it. The amount of new business introduced by the Agents is most satisfactory, and the best thanks of the Office is due to them in this respect.

Staff.—The total staff at the Branch as at 31st March, 1925, was—Permanent (male), 8; temporary (female), three: total, eleven. This represents an increase of two during the year. I desire to record my appreciation of the loyal and efficient service rendered by the staff throughout the year.

Farm Inspector.—The services of the Farm Inspector were made full use of during his visits to this district. His expert knowledge of farming properties and conditions rendered very material assistance to the estates in which properties required inspections. The farming community greatly appreciate the fact that the Office employs such a qualified officer to look after their interests and to see that properties are regularly inspected.

Advertising.—The Office regularly advertises in the local newspaper, which has a wide circulation throughout the district. The results have been satisfactory, as quite a lot of new business has eventuated from the advertisements.

General.—It is pleasing to again report on the very friendly relationship existing between the Office and the legal profession in the district. The nature of the Office work of necessity brings it into close contact with the legal practitioners, and it has been a pleasure on my part to transact business with them. Due credit must also be given to the various mercantile firms whose services are frequently availed of. Their assistance and advice where required have always been cheerfully given and have proved invaluable to the Office in the carrying out of its functions.

The provisions in the Office Act for the appointing by testators of advisory trustees is an excellent one, and is freely availed of by testators. In those estates under administration where there are advisory trustees their services have been given in an excellent spirit, and the advice and assistance rendered by them has been in all cases of material advantage to the estates concerned.

There has been a satisfactory increase in the amount of loans made by the Office during the year. The securities offering in this district are very good, and loans from the Office are becoming very popular amongst those people requiring financial assistance. One reason for their popularity, and one which is frequently mentioned by mortgagors, is that provided the security is right they are not harassed by having to find a new loan at the end of their term, as the Office is always willing to renew its mortgages if same are required. It is interesting to note that quite a number of table mortgages have been granted over approved house and shop properties in the Town of Timaru.

In conclusion, I desire to bring under notice the popularity of the Common Fund as the most favoured means of investment amongst testators for their estate funds. When its advantages are explained to them fully 99 per cent. of the testators in this district favour the Common Fund, and many of them have expressed to me their appreciation and approval of the advantages and protection which this mode of investment offers.

17. WANGANUI.

Estates and funds under administration—					Number.	Value. £
On 31st March, 1924	..	..	..	..	291	809,961
„ 1925	..	..	..	..	325	1,100,826
New estates accepted during the year—						
Wills	..	..	..	..	33	203,212
Trusts	..	..	..	..	13	88,545
Intestate	..	..	..	..	9	20,156
Mental Patients	..	..	..	..	5	19,670
Miscellaneous	..	..	..	..	31	41,791
Totals	..	..	..	..	91	£373,374
Estates closed and distributed during the year					57	58,084
Wills deposited during the year					147	..
Total number of wills held at Branch on 31st March, 1925					1,080	..

Value of securities held, £47,737.

Cash held to credit of estate funds, £144,016.

Cash receipts, £309,449 ; cash payments, £309,000.

Common Fund investments in the district.—Flat mortgages, £639,371 ; local body debentures, £262,857. During the year loans to the value of £91,900 were granted.

The loans granted from other funds at this Branch are as follows : Railway Superannuation Fund, £31,400 ; Public Service Superannuation Fund, £52,027 ; Teachers' Superannuation Fund, £52,820 ; National Provident Fund, £41,050.

On the 31st March, 1924, there was a staff of fourteen employed at this Branch and on 31st March, 1925, fifteen, the addition being the appointment of a Legal Clerk to the Branch.

Training of Junior Officers.—The junior officers when first appointed to their cadetship are instructed in the use of the typewriter as time permits, and later are either attached to the Administration Clerks or the Accounts Clerks with a view to acquiring a knowledge of the duties they may later be called upon to perform.

The prospects of the Office in this district are remarkably bright. All the business shows a steady increase, and the satisfactory additions in the number and value of the wills deposited give every reason to view with much satisfaction the prospects of the Office in this district.

Although the year just ended could hardly be classed as altogether favourable towards realization in view of the restricted money-market during the greater portion of the year, none the less assets to the value of £98,101 were realized during the period under review.

The Farm Inspector visits this district at least three or four times a year, and during his visits inspects the various farm properties under the control of the Office and directs the work in connection with them.

The serial advertisements regarding the various duties performed by the Public Trustee appear in both of the local papers, and no doubt these advertisements are bringing the Office more and more under the notice of the public.

18. WELLINGTON.

The information furnished below will disclose that the progress of this Branch is well maintained, and the volume of business steadily increasing. Particulars are as follows :—

Estates and funds under administration.—					Number.	Value. £
On 31st March, 1924	..	..	..	..	1,552	5,449,309
„ 1925	..	..	..	..	1,726	5,141,281

It will be noted that the number of estates has increased while there has been a decrease in value. The explanation lies in the fact that certain funds formerly held by this Branch are not now under its administration. Actually the average value of the estates is maintained.

New estates accepted during the year—					Number.	Value. £
Wills	..	..	..	..	125	287,112
Trusts	..	..	..	..	54	134,351
Intestate	..	..	..	..	75	41,942
Mental Patients	..	..	..	..	41	37,198
Miscellaneous	..	..	..	..	22	11,476
Total	..	..	..	..	317	£512,079
Estates closed and distributed during the year					227	161,427
Estates both accepted and closed during the year					72	59,481
Wills deposited during the year					703	..

The increase in the new wills is very marked. During the year ended 31st March, 1924, there were 592 new wills deposited, as against 703 shown above for the current year. A pleasing feature of these new wills is the large number of beneficiaries that have deposited their wills with the Office. It exemplifies better than words the confidence displayed in the Office by those affected by its administration.

Benefit funds under administration—

Coal-miners' Relief Fund—

Value	£
Relief granted	13,775
	2,034

Permanent Force Reward Fund—

Value	1,885
Payment	50

Value of securities held, £313,681.

Cash held to credit of estate funds, £1,001,369.

Cash receipts and payments: Receipts, £1,518,995 15s. 4d.; payments, £1,509,603 11s. 5d. These figures bear favourable comparison with those of the year immediately preceding. The receipts for 1924 were £1,076,084 and payments £1,078,989. The increase is nearly £500,000 in each case.

Levin Branch.—The Levin Branch is gradually increasing its business. The figures show that as at 31st March, 1925, there were forty estates under administration: this is an increase of seven on the previous year. The value of the estates is approximately £40,000.

The Office is establishing itself in Levin, and it is hoped that the growth will be very marked in the course of the next few years. The wills held include those of substantial people, giving an indication that confidence in the Office is growing in the district.

Staff.—Total staff as at 1st April, 1924, seventy-four; additions during the year, four: total seventy-eight.

Training of Junior Officers.—This Branch has for some years specialized in the training of its junior officers to equip them for better service in the Office in the future. Two learners' classes have been established, one on the administration section and the other on the accountancy. The learners have been afforded the opportunity of attending lectures at Head Office in connection with the Office business and its routine. Most of them, if not all, are attending University lectures at night or special classes in connection with the examinations they are working for. The opportunities afforded are unequalled, and the results have more than justified the special measures that have been taken for the furtherance of the interests of the Office. Many of the lads prove by their work that they have become more useful members of the Office staff much in advance of the time that they would normally have been expected to carry the responsibility of their duties.

Prospects of the Office.—The Public Trust Office, so far as Wellington is concerned, is well known and safely established. Special steps are taken to meet the beneficiaries in every way, as it is well recognized that if the beneficiaries are satisfied with the work of the Office the future of the Branch is assured. The figures above demonstrate that the growth in the past has been continued and steady, while the increase in the number of wills portends that the progress of the Office is assured.

Realizations during the Year.—The realizations during the year ended the 31st March last show a total of £316,272, particulars of which are shown below:—

	£
Bank accounts	7,471
Life-insurance moneys	14,383
Mortgages	71,634
Shares	12,664
Fixed deposits	17,974
Debentures, inscribed stock and war bonds	24,774
Post Office Savings-bank moneys	27,509
Sundry personalty	5,287
Realty	134,576

Compared with the previous year there has been a steady increase under each heading other than that of mortgages and realty. During the year ended 31st March, 1924, there were realizations of large properties and the property-market was more active than it has been of recent times. In that year there were 128 sales, of a total value of £184,700. The sales of real estate for the year just ended total £134,576. The realization of the other assets has more than set off the difference in these figures.

Work of Farm Inspector.—This Branch has not many farm properties under its jurisdiction; the Farm Inspector's services are consequently not in the same demand as in the country districts. Nevertheless, in the estates affected his services have been most helpful and of special benefit to the beneficiaries, who have profited by his expert services.

Accommodation.—During the year further rooms for the interviewing of clients have been supplied and they have met a long-felt want on this Branch. The beneficiaries appreciate the added comfort and privacy.

Rents and Interest.—A special feature of this Branch is its operations in agency business. The rent-rolls are steadily increasing, and the figures disclose development that is most pleasing. The total rents received for the year ended 31st March, 1925, amount to £96,979; the total interest on mortgages received during this year was £30,500: making a grand total of rent and interest £127,479. Tenants are not encouraged to make payment of their rent at the Office, as the Branch has its own rent-collectors, who have definite itineraries to follow. Of the total rents collected, the rent-collectors accounted during the year for £50,913. It is well known that the rentals charged for

properties in this district are probably the highest of any in New Zealand, and the fact that the losses bear a very small proportion to the total collections illustrates the energy with which the collections are pursued and watched by the Office.

Staff.—It can be seen that a business of the size reflected by the above figures requires careful supervision and makes heavy demand on its officers. The staff during the year has loyally co-operated, and, in spite of the many changes that are from time to time necessary, has succeeded in maintaining a good standard in its work.

19. WHANGAREI.

The Whangarei district comprises the whole of the area north of a line from the Mangawai Inlet on the east, along the southern boundary of the Otamatea County to the Kaipara Harbour on the west, and includes the following seven counties: Otamatea, Hobson, Whangarei, Hokianga, Bay of Islands, Whangaroa, and Mangonui. The District Office is situated at Whangarei, which is the main town in the north, and there are Agencies established at Dargaville, Kaitaia, Maungaturoto, and Rawene.

Estates under Administration.—On the 31st March, 1924, there were 255 estates under administration, with the approximate value of £312,887. On the 31st March, 1925, there were 272, with an approximate value of £323,357.

New Estates.—A total of sixty-seven new estates was delegated during the year, having a value of £53,354. This shows an increase of three estates on the previous year.

Estates closed.—During the year administration was closed in fifty estates with a distributive value of £37,600. This is an increase in number of six estates and an increase in value of £11,828 over the previous year.

Wills deposited.—A total of 118 wills was executed at this Branch during the year, having a value of £405,185. The approximate average per will is £3,433. This is an increase of eleven in number and £4,575 in value over the previous year. The total number of wills deposited to 31st March, 1925, is 721.

Sinking Funds.—In this district there are ninety-seven local body sinking funds, covering loans to the amount of £659,284 10s. The capital value of the instalments paid as at the 31st March, 1925, is £30,532.

Cash held on behalf of Estates and Funds.—The total cash held at credit of estates and funds at the 31st March, 1925, is £127,645.

Cash Receipts and Payments.—The total cash receipts for the year amounted to £143,615, while the payments (including remittances to Head Office) amounted to £143,396.

Common Fund Mortgages.—The total amount of Common Fund investments in the district is £714,841, made up as follows: Flat mortgages, £349,239; instalment mortgages, £14,411; local body debentures, £351,191. During the year a sum of £64,061 was advanced on mortgage in this district to thirty-four mortgagors.

Loans granted from other Funds.—Loans granted from other funds controlled by the office amounted to £124,830 made up as follows: Railway Superannuation Fund, £11,400; Public Service Superannuation Fund, £51,870; Teachers' Superannuation Fund, £11,560; National Provident Fund, £50,000. The investments in this district are highly satisfactory as, throughout the period of financial stress, comparatively little difficulty has been experienced in collecting interest as it fell due.

Agencies.—Under control of this Branch there are four Agencies: Dargaville, Kaitaia, Maungaturoto, and Rawene. In May last the Agency at Kohukohu under Mr. T. Hartley was closed, and an Agency opened at Rawene under Mr. G. Clendon. A new Agency at Maungaturoto, under Mr. W. Collins, was opened in October last. The Agency at Dargaville is under Mr. T. C. French, and the Agency at Kaitaia is under Mr. L. Bell. Good work has been accomplished by the Agents, and a number of the wills deposited during the year has been the result of their work. Regular inspections of the Agencies are carried out, and personal assistance is rendered where there is an estate presenting difficulties.

Staff.—There have been several changes of staff during the year, but the number remained the same until the 30th March last when an additional cadet was appointed, now making the total eleven. The work of the staff on the whole has been very satisfactory throughout the year; officers have at all times evinced a willingness to perform extra duties and have displayed enthusiasm in their work. The office accommodation is very indifferent, and has militated against the best efforts of the staff, but this disability will pass when occupation of the new premises is secured.

Realizations of Real Estate.—Real estate to the value of £17,480 was sold during the year: this is slightly less than the previous year. In and round Whangarei properties have sold freely, but of no other part of the district can this be said. Dargaville is stagnant and farm properties right through the north, even at greatly reduced prices, are not moving.

Farm Inspector.—The Farm Inspector visited the Branch in October, 1924, and in February, 1925. He compassed the necessary inspection work in the district, which in October was done under unfavourable weather and road conditions. He furnished reports and gave useful and reliable advice on the properties inspected, for the guidance of administration officers.

Advertising in Newspapers.—At the close of the year advertisements were appearing in the newspapers in the following centres: Whangarei, Dargaville, Kaitaia. It is difficult to gauge directly the amount of benefit the Office derives from newspaper advertisements, but it is safe to attribute a proportion of the additional interest displayed in the office by the public to this source.

Future of the Branch.—The progress of the Branch has not been in the nature of a boom: it has been steady and well maintained. When the Branch was opened in 1920 there was very little

interest taken in the workings of the Department in this district, but during the four and a half years the Branch has been established there has been a very appreciable change. The volume of new wills secured is proof of this; and the periodical visits of the Public Trustee have had a very helpful effect. The district is rich in agricultural and pastoral lands, of which there is an enormous area. It is also rich in coal and limestone. It is true that these assets are as yet not fully developed, and it is also safe to forecast that the Branch will develop with the country.

New Premises.—The new office building which has been in progress during the last two years is probably the largest and most up-to-date building of its kind in the north. It is designed to accommodate all the Government Departments, and is almost ready for occupation. All classes of the community have expressed gratification concerning it, and it is certain that better business will follow. The comfortable accommodation provided for the staff will be much appreciated after the trials endured in the present premises and better work will result.

Industry and Development.—The North Island Main Trunk Railway, which was linked up in December, 1924, has been steadily consolidated. Many improvements have been made in the timetable and an express train three times weekly now runs from Auckland to Okaihau. This gives access to a large tract of northern country never before linked up. An up-to-date railway-station has been erected at Whangarei, and was opened for the public on the 11th March last; at the same time the official opening of the new Public Trust building took place. Further railway development is in progress towards Dargaville, and it is the hope of the Dargaville people that in the near future Whangarei and Dargaville will be connected by rail.

There are many large works in progress in Whangarei, the country townships and districts. There is the bridging of the Northern Wairoa River at Dargaville. This bridge will bring within easy distance of Dargaville about 130,000 acres of flat land capable when developed of carrying a cow to the acre. There is the Hikurangi Swamp drainage scheme, which when completed will drain approximately 80,000 acres of first-class swamp land. There is the Kaitaia Swamp drainage scheme which will drain another 80,000 acres of first-class swamp land. The Whangarei Harbour Board is spending a large sum of money on harbour-works, which must benefit the whole district when the work is completed.

With the wealth of minerals that are proved in the north industries will develop here in the future. At present there is the Portland cement works about five miles from Whangarei. It has its own coal-mine at Hikurangi, and also extensive limestone deposits. The prospects for the development of new industries in the district are good, owing to the convenient coalfields, the through railway connection, and the good harbour.

It is pleasing to be able to state that the "roadless" north is slowly but surely disappearing. The local bodies and Public Works Department are pushing on with roads and bridges, and each year sees a large improvement in this direction. The Wheki Valley Road, which is the direct route to Dargaville from Whangarei, will be metalled before the winter, and the construction of the Ruakaka-Waipu Road has been commenced. Both these roads will affect the Office directly in that the former will give better access to Dargaville and the latter leads to the newly established agency at Maungaturoto. The prospects for the north are good, and there is every reason to look forward to a steady and satisfactory development of the Office in this district.

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