

most progressive trust concerns in the United States, where the principle of corporate trusteeship has been embraced to a larger extent than in most countries.

8. Sometimes the manner in which the Common Fund system of investment functions is subject to criticism. It is well to record, however, that such criticism does not emanate from those directly affected—viz., the beneficiaries in estates and others whose funds are invested in the Common Fund.

It is alleged that too great a proportion of the earnings of the Common Fund is retained by the Office, and that the beneficiaries consequently do not receive a sufficient return for the moneys invested on their behalf. The position was very fully covered in my report for the year ended the 31st March, 1925, and a further statement which would be simply a reiteration of the factors explained in that report would not appear to be called for. The facts set out there will, I am sure, be found to present a full answer to criticism of this nature.

If further argument were necessary, I would stress again that the bulk of the estate moneys placed in the Common Fund for investment is made subject to investment in this manner with the full knowledge of the contracting parties as to the comparative advantages of investment within the Common Fund and outside of that fund, and with their full knowledge of the usual return from the former class of investment. In the very numerous cases where wills or trust settlements are prepared by the Office, constituting the majority of the estates and trusts coming under the Public Trustee's administration, care is taken to place the full facts relating to the alternative systems of investment before the testator or settlor. It is found that the large majority prefer the Common Fund system, with its manifold advantages. Among them are many careful business or professional men whose lengthy experience in matters of investment enables them to appreciate how advantageous a form of investment the Common Fund system is.

#### ECONOMIC POSITION.

9. The year has been, on the whole, a difficult one in many respects for the primary producers, the only satisfactory feature being the good prices obtained at the wool-sales held in the Dominion. The prices showed a tendency to become firmer as the sales proceeded, and the outlook is fairly satisfactory in view of the known fact that the world's supplies of wool are on the low side.

The butter market, on the other hand, has been very depressed, though it is now showing some improvement. Doubtless there were special causes operating last year, such as the distressing coal strike in England, which served to depress the market to an exceptional degree; but apart from these special features it seems clear that in view of the reduced purchasing power of people in European countries and the increasing competition in the production of butter and kindred products in the Argentine, Siberia, and the Baltic States, together with the general world movement in the way of declining prices as contrasted to the inflation which took place in the years following the war, the primary producers of the Dominion will be faced with a position which will call for the utmost economy and care and a constant effort to increase production by the application of improved methods of farming.

It is pleasing to record that in his capacity as mortgagee the Public Trustee has received evidence that many of the borrowers from the Office are fully alive to the need of increased production and improved methods of farming, and are embarking upon an extensive programme of top-dressing for their farms. This applies more particularly to dairying lands, where regular and systematic top-dressing has been proved an absolute necessity if the best results are to be obtained; but the system has been extended in some cases to sheep country also. So important is this question becoming that many mortgagees are now insisting that a definite covenant be inserted in mortgages (especially where dairying-lands are concerned) to provide that a fixed proportion of the property shall be treated each year with an adequate quantity of suitable manures.

The Public Trustee controls large and ever-increasing interests which are vitally affected by the progress of the Dominion, and therefore it is fitting in this report, as on previous occasions, to make brief reference to some factors which are considered to have an important effect on the economic position of the country.