

to render the best possible service in the conduct of his business and in the protection of those whose affairs are handled by him.

6. The machinery provided by the organization, coupled with the far-reaching system of representation, has undoubtedly largely contributed to the prompt despatch of the work. An important factor in obviating delay and speeding up the transaction of business is the scheme of decentralization which has been in operation for many years past. The result is that the work is now conducted in well-organized branches throughout the country, in close proximity to the assets and the beneficiaries, and that there is increased opportunity for the cultivation of the personal touch. The possibility of these decentralized units becoming in their turn top-heavy and overburdened is not overlooked, and whenever the volume of business handled by a District Public Trustee warrants it, steps are taken for a further subdivision of his district in such a way as to ensure that each District Public Trustee office will be of easily controlled dimensions. In pursuance of this policy, subdivision of the Napier district was arranged during the year, and additional District Public Trustees established at Hastings and Waipukurau. Arrangements for the subdivision of the Hawera and Hamilton districts are now under consideration.

In addition to the representation provided by the District Public Trustees, the Office has in the smaller centres District Managers working under the control of the District Public Trustees in whose districts they are stationed. Extensions of this representation were made during the year by the appointment of District Managers at Pahiatua and Dargaville. Since the end of the year further appointments have been made at Westport, Taumarunui, Cambridge, Oamaru, Pukekohe, and Rotorua.

7. The Public Trustee discusses the all-important matter of the investment of trust funds, and his remarks illustrate the care that must be exercised by, and the considerations which must weigh with a trustee in his dealings on behalf of his trust. In its Common Fund the Public Trust Office has undoubtedly provided a useful, effective, and distinctly advantageous system of investment for estates. The principal advantages may be conveniently summarized as follows: firstly, the possession of the absolute State guarantee; secondly, the fact that no delay occurs in finding suitable investments; thirdly, the fact that once the money forms part of the Common Fund the interest runs without intermission; fourthly, that the interest is paid promptly, regularly, and in full; fifthly, that immediately capital funds are required for distribution they are available.

Side by side with this Common Fund system provision exists now, and has always existed, for the special investment of estate funds in any instance where a testator or settlor so desires. In such a case the Public Trustee will act as a private trustee acts: he will invest the moneys in trustee securities returning the current mortgage rate of interest, and he will be liable for the funds to exactly the same extent as a private trustee would be liable. It is, therefore, perfectly open to persons who do not favour the Common Fund to provide for special investment. Nevertheless, although the two systems have been operating together since 1891, as the Public Trustee has shown in his report, the vast majority of the clients have shown unmistakable preference for the Common Fund by reason of the many special advantages it has to offer. The advantage of the Common Fund system over that of special investments has been strikingly manifested during periods of financial stringency. In such periods, in common with other lending institutions, the Office must experience difficulty in collecting some of the interest payable under its mortgages, but at the same time the regularity of payment of income to clients whose money is invested in the Common Fund of the Office has always been maintained without interruption.

Whilst on the subject of the Common Fund, I wish to draw attention to the interest in the working of the system shown on the part of trustee concerns outside New Zealand.

8. As will be readily understood, a corollary to the Common Fund system of investment for estates and funds is the finding of investments for the moneys that flow into the Common Fund. The Common Fund can pay no more to the estates and funds whose moneys are invested therein than it earns from the use of these moneys. Unremitting attention on the part of the Public Trustee is therefore necessary to find investments for the moneys in the Common Fund, and the estates