

which calls for note in connection with applications for renewal is the fact that in certain cases, owing to the reduction of the valuations as a result of the general deflationary tendency which is now operating, the revised figures do not show quite the requisite statutory three-fifths margin for the renewal of the full amount of the mortgage. Thus in some cases, although the reports show that the properties are well farmed and have perhaps improved since the original loan was granted, a renewal cannot be granted unless the mortgage is reduced by the mortgagor. It would be of great benefit and save considerable hardship if the Board were given a statutory discretion in suitable cases to grant a renewal notwithstanding that the latest valuation showed a slightly reduced margin, provided that the reports showed that the management and maintenance of the property were entirely satisfactory, and that the position had been created purely as a result of a general decline in values and was not due to any deterioration of the property. Such a power would, of course, be exercised conservatively by the Board, and would not confer any rights on mortgagors to secure a renewal under such circumstances. As the law stands at present, the mortgagor must in every case find the necessary reduction to enable the renewal to be effected, and where this cannot be done at once it is the practice of the Board to allow the mortgage to run on as overdue on condition that the outstanding principal is reduced by suitable amounts each year until it is brought within the margin of the latest valuation.

As at the 31st March last the investments of the Common Fund and allied funds under administration amounted to the very substantial total of £33,764,342. It will be readily realized that the control, supervision, and management of this large volume of investments imposes an important responsibility upon the Public Trustee and his staff.

#### DECENTRALIZATION OF INVESTMENT WORK.

145. Following the raising of the Hastings and Waipukurau offices to the status of District Public Trustee offices, the necessary arrangements were made for the transfer of the Common Fund and Special Fund securities and accounts relating to those districts to the District Public Trustees. The transfers were effected without inconvenience to the mortgagors.

A period of three years has now elapsed since the decentralization of the investment work throughout the Dominion was first effected. For many years previously the accounting work and a large portion of the administration work relating to the administration of estates by the Public Trustee had been delegated to district officers, with good results, but considerable doubt had been felt whether the system of delegation could usefully be extended to the investment work of the Office. In 1927 delegation of the mortgage accounts and certain portions of the administration work to the Christchurch office was effected by way of trial, and the result was sufficiently favourable to warrant the extension of the system to the other district offices. The delegation was completed in 1928, and the resulting experience has been such as to justify the statement that the system has proved an undoubted success, bringing, as it does, the district officers in closer and more effective contact with the work. Under the system the accounts and subsidiary records are held at the district offices, together with the mortgage-deeds and documents of title, and it has been found possible to have a large number of the Board papers which are required for the Investment Board prepared in the districts. Reference to the mortgage-deeds when information is required locally, and the production of documents of title for the registration of subsequent dealings, has also been greatly facilitated, whilst special arrangements have been made to ensure that the decision of the Investment Board or of the Public Trustee on matters of policy is promptly obtained. As a result of the delegation the district officers have been enabled to exercise a closer and more intelligent supervision over the various securities in their respective districts.

It should be added that all investments in local-body debentures are controlled from the Head Office, and that with regard to the mortgage investments generally, all questions relating to the entertaining of applications and the granting or renewal of loans are reserved for the decision of the Public Trustee or the Investment Board, as the case may be.

As a corollary to the delegation of the investment work, a system of close periodical inspection of the work on both the accounting and administration sides, including the receipt and custody of deeds, is carried out by the Reviewing Inspectors. Visits of officers from the Head Office to the district offices from time to time also serve to co-ordinate the work.