

FINANCE.

17. As the affairs of the Department are so bound up in trade conditions in the Dominion, it is no matter of surprise that the adverse economic situation which has prevailed throughout the year is reflected in the annual accounts. Not only has it been practically impossible to realize house or farm property at a satisfactory figure, but it has also been very difficult, and in some cases impossible, to collect rent and interest due to estates. In many cases, too, mortgagors have been unable to make arrangements to repay maturing mortgages. Then, again, farming operations which have in past years been conducted by the Public Trustee on behalf of estates at a substantial profit have this year resulted in many cases in a loss. These factors account for the comparatively small profit, amounting to £1,525, disclosed by this year's Profit and Loss Account. As shown elsewhere in this report, the new business exceeded £9,000,000 in value, and in normal times would have resulted in increased commission to the Department. On this occasion, however, notwithstanding this huge addition to the volume of work undertaken, the commission received was substantially less than it was for the previous year, simply by reason of the fact that the adverse conditions prevailing have practically precluded the realization of assets. It should be borne in mind, however, that later, when a general improvement in the economic and financial position occurs and conditions for realization of land and other forms of property and the collection of rent, interest, and other moneys outstanding become more favourable, a large accumulation of assets will be dealt with, so that in future years the Department will receive the benefit of the commission the receipt of which has this year been delayed on account of the depression.

INVESTMENTS.

18. In the earlier part of the year funds were freely available for advances by way of mortgages or for loans to local bodies. In the latter half of the year, however, conditions had changed to such a degree that practically all moneys received were needed to meet the requirements of estates and funds under administration by the Office, and it was therefore necessary to curtail the usual lending operations.

The investment work of the Office is referred to at length in another portion of this report. It is sufficient here to state that investments completed during the year amounted to £3,519,340, and that the total investments held by the Office on the 31st March last, including special investments held on behalf of estates and funds, was £36,230,830.

ADVANCES TO ESTATES AND BENEFICIARIES.

19. One of the material advantages which the Public Trustee is able to offer in connection with the administration of estates is the facility for giving financial accommodation at times when it is inexpedient to arrange the realization of assets, or when, owing to adverse market conditions, realization could not be effected excepting at a substantial loss. During the year assistance was given in this way to many estates, which were thus enabled to meet obligations which otherwise might have caused serious embarrassment and perhaps heavy loss.

Of the advances made during the year those granted for the purpose of meeting the payment of death duties were the most numerous, and a number of them were for large amounts. Owing to the revenue requirements of the Dominion, the Commissioner of Stamp Duties found it necessary to insist on the prompt payment of duty if the statutory penalty was to be avoided, and thus estates without liquid assets were called upon to find at very short notice large sums of money. The power which the Public Trustee possesses to finance estates under his administration was therefore of material benefit to the estates concerned.

A feature of this means of financing estates is the absence of expense. The Public Trustee is given a statutory charge over the assets of the respective estates to which advances are made, so that no special documents of security are needed. Further, by filing with the Commissioner of Taxes a certificate to the effect that such a charge exists, the Public Trustee is entitled to claim for the estate the same exemption for land-tax purposes as he would receive if the charge had been secured by a registered mortgage.