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1932.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1932.

*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 working of the Public Trust Office for the year ended 31st March, 1932.

1. During a period in which the operations of the Department have been attended with special difficulties attributable to the unfavourable economic conditions it has continued to render faithful and capable services to its beneficiaries and clients, and to fulfil in an efficient and economical manner the manifold duties involved in the administration of estates and funds and the performance of the various statutory duties imposed upon the Public Trustee.

2. The figures contained in the Public Trustee's report relating to the new business reported during the year, and the value of the estates and funds under administration at the close of the year, are convincing testimony of this. During the year 3,389 estates of a total value of £6,412,123 were accepted for administration, and it is patent that had the standards of value operating in recent years been maintained the value of the new business would have reached a much higher figure.

3. The estates and funds under administration as at the 31st March, 1932, were of a total value of £59,132,512 as compared with £57,527,263 in the previous year, constituting an increase of £1,605,249. However, as explained in the Public Trustee's report, the growth of the business is in reality much greater than is disclosed by the figures alone, for in sympathy with the general economic position there has been during the year a considerable shrinkage in the market values of land and other assets. This shrinkage has been reflected to a large degree in the aggregate value of the estates and funds under administration at the close of the year.

4. The following figures relating to the value of the business under administration by the Public Trust Office at five-yearly intervals during the past twenty-five years show that the expansion of its activities has been rapid and uninterrupted, and it is interesting to note that the amount of the new business for the year is alone much greater than the total value of the estates and funds under administration in 1907 :—

Year.	Value of Estates and Funds under Administration.
	£
1907	4,969,100
1912	9,493,959
1917	15,065,583
1922	25,497,779
1927	41,043,523
1932	59,132,512

5. During the year the administration of 2,388 estates and funds of a total value of £1,687,212 was closed, but the amount of business completed was, however, much greater, as the above figure does not take account of partial distributions effected during the year in estates and funds of which the administration had not been completed by the close of the year. In view of the general difficulty of realizing to advantage land and many other classes of assets, the completion of the administration or the partial distribution of estates and funds was possible principally where the assets were of a liquid or readily convertible nature, or consisted of moneys invested in the Common Fund of the Office representing the proceeds of assets realized in more favourable times and held pending the arrival

of the periods of distribution, or where the beneficiaries elected to take a transfer of estate assets in specie. In cases where it was clear that the interests of the estates and the beneficiaries would be best served by withholding the assets from sale, and the circumstances of the individual estates have permitted of this being done, the Public Trustee has continued to control and manage them, and the unfavourable consequences of forced realizations have been avoided as far as possible. Where practicable, in view of the nature of the assets and the terms of the individual trusts, the administration has been completed expeditiously, and of the 2,388 estates closed during the year 516 were both reported for administration and closed during the year.

6. The deposit of wills of living testators is also well maintained, and this is important, as apart from assuring a satisfactory volume of business it is a reliable indication that the requirements of beneficiaries and clients are being adequately met. During the year 5,198 wills appointing the Public Trustee as executor were deposited, and on the 31st March, 1932, the total number held in safe custody by the Public Trustee was 77,124, an increase of 3,601 for the year. The statement by the Public Trustee as to the additional precautions which are being taken to ensure that a record of the contents of every will on deposit will be preserved in certain eventualities is evidence of the forethought and care which is given to the interests of the Office clients.

7. In the difficult conditions which have prevailed, and which have affected most classes of investments open to trustees, and, in particular, mortgage investments, the Common Fund system has been of very real benefit to the beneficiaries and clients who are interested in moneys invested in that fund. These persons have continued to receive a regular income, which has been paid without fail on the due dates at the prescribed rates of interest, and have had the constant assurance, supported by the guarantee of the State, that the principal moneys will be available in full when the appointed dates for payment arrive. In consequence of the effect of the economic conditions on the investments of the Office, it was necessary during the course of the year to reduce the rate of interest allowed to estates and funds on moneys held in trust from $5\frac{1}{4}$ per cent. to $4\frac{3}{4}$ per cent. per annum, the reduction taking effect from the 18th December, 1931. Later, on the passing of the National Expenditure Adjustment Act, 1932, which substantially reduced as from the 1st April, 1932, the revenue derived by the Office from its investments and also resulted in a considerable amount of stamp duty becoming payable under the provisions of Part IV of the Act in respect of debenture and other interest which had accrued before that date, a further reduction to 4 per cent. per annum in respect of moneys held in trust and a reduction from 3 per cent. to 2 per cent. of the rate of interest credited on moneys held at call were brought into operation as from the 1st April, 1932, so that the interest payments by the Office should conform to the reduced revenue being received. A 10-per-cent. reduction of the rates of interest payable under current contracts in respect of investment agencies in the Common Fund was necessary for the same reasons and was made operative also from the 1st April, 1932, and the rate of interest which the Public Trustee might offer to investors in respect of future agencies of this description was fixed at 4 per cent. per annum.

It must, I think, be recognized that, especially in combination with the assured safety of interest and principal and the freedom from anxiety regarding individual investments which the system confers on beneficiaries and clients, the rates of interest paid by the Public Trustee represent under existing conditions a very satisfactory return from the moneys held in the Common Fund. From the experience of investors generally over the present period of depression there are good grounds for stating that it is extremely doubtful if equally favourable results could have been achieved under any alternative system for the beneficiaries and clients. When conditions improve and the restrictions imposed by the special legislation cease to operate an increase of the present rates of interest will be brought into effect as soon as possible; but in the meantime, however, the Public Trustee is precluded in most cases by the terms of his contracts with borrowers, and in other cases by the provisions of the special relief legislation and by considerations arising out of the ruling conditions, from calling up the Office investments with the object of obtaining a higher return from the funds which have been invested.

8. The difficulties which under existing conditions have been encountered in the control of estate assets and of investments are referred to in the Public Trustee's report. It will be seen that there has been a very substantial addition to the work of the Department, but that, notwithstanding this, the work has been

performed by the existing organization with a slight reduction in the number of staff employed. At the same time it is evident that the high standard of the administration services which have in the past been rendered to beneficiaries and clients has been fully maintained.

9. Due to the unfavourable market which has existed for the realization of most classes of assets, the lowered earning-power of the assets, and the difficulties of collecting rent, interest and other estate income, the revenue of the Department from commission charges has shown a substantial decline, and this position has been accentuated by the decreased return from the investments of the Office. As the work involved in the administration of the estates and funds, the control of the investments, and the general operations of the Department have not decreased, but have, on the other hand, been greatly added to, a corresponding reduction in the expenditure has not been possible, and in consequence the accounts for the year's working have disclosed a loss of £18,614. As the Public Trustee points out, however, when conditions improve and realizations now deferred are effected the Office will then receive its remuneration for a substantial proportion of the services rendered during the year and these receipts will operate as a set-off against the loss at present shown. In this connection the whole position and the causes thereof are explained in paragraphs 33-38 on pages 14 and 15 of the Public Trustee's accompanying report (especially paragraphs 34 and 37).

10. In the administration of the Hawke's Bay Earthquake Relief Fund very valuable and efficient services were rendered by the Public Trustee and by the organization of his Office. As explained in my foreword to the report on the Public Trust Office last year, the fund has been administered by a central committee in Wellington, with the Prime Minister as chairman and the Public Trustee as executive officer, and by local relief committees set up in the earthquake area to attend to the detail work in regard to relief there. Practical assistance was given by the Public Trustee in the provision, without charge, of a competent and experienced staff to administer the fund upon the general lines laid down by the central committee. The Public Trustee has also held the relief funds at call pending distribution, and has credited interest on the daily balance at trust rates, this resulting in a substantial increment to the amount available for relief. The administration of this large fund, involving very extensive work of an unusual and difficult nature, was practically completed within a period of little more than a year from the date of its establishment, and this achievement was made possible largely by the assiduous attention devoted by the local relief committees to the work and by the expeditious and efficient services of the Public Trustee and his Office in the organization and performance of the work.

It is fitting that I should now place on record the central committee's appreciation of the services rendered by the local relief committees. At its last meeting the committee expressed the feeling that the thanks and gratitude of the people not only of the devastated area, but of the whole of New Zealand, were due to the members of the local committees for the painstaking work rendered by them, especially as the whole of their services were rendered in an honorary capacity.

At this meeting the central committee also expressed itself as being extremely well pleased with the services rendered by the Public Trustee. It recognized that the task of administration was a difficult one, and considered that the excellent and expeditious manner in which the work had proceeded was due to the very efficient organization of the Public Trust Office. It was also within the knowledge of the central committee that the local committees had expressed the keenest appreciation of the assistance given by the Public Trustee in the administration of relief matters. These committees were representative of their communities, and their appreciation of the manner in which the work has been done must be gratifying to the Public Trustee.

11. I have already referred to certain matters which clearly prove that the confidence of the community in the Public Trust Office is well maintained. It is evident that the Office is fully equipped to meet the exigencies of the present position, and that notwithstanding the added difficulties and responsibilities the work of the Department is proceeding to the satisfaction of the beneficiaries and clients. This is further evidenced by the absence of justifiable complaints of any moment from those for whom the Public Trustee acts or with whom the office is brought in contact.

GEO. W. FORBES, Prime Minister.

Wellington, 26th September, 1932.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1932.

Public Trust Office, Wellington, 24th September, 1932.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1932.

PROGRESS OF THE OFFICE.

1. The operations of the Office continue to expand in a healthy manner, indicating that the public confidence in the Department and the reputation for faithful and skilful services which it renders to beneficiaries and clients, combined with economy of administration—a reputation which has been built up and consolidated over a long period of years—are fully maintained. The new business reported for administration during the year amounted to the satisfactory total of £6,412,123, and, though the phenomenal figures recorded in the years immediately preceding the past year have not been equalled, the falling-off is accounted for substantially by the lower basis upon which the value of the new business has been assessed, in consequence of the general fall in the value of assets and investments under the conditions which have ruled.

2. The total value of the estates and funds under administration at the close of the year amounted to £59,132,512, representing an increase of £1,605,249 over the corresponding figure for the previous year and constituting the highest total recorded in the history of the Office. In arriving at the above total, account has been taken of the reduced basis of values now obtaining. As this has made it necessary to write down considerably the value of assets under administration, the growth of the volume of business is correspondingly greater than is indicated by a comparison of the figures for the two years. The unavoidable accumulation of assets has been a marked feature in the administration during the past year, as in the present state of the property and financial markets, as a general rule it has not been possible to realize at prices acceptable to the beneficiaries. In more favourable times the majority of these assets could have been readily and advantageously converted into cash, and distributions and the completion of the administration of estates facilitated. This result of present-day conditions is referred to in another portion of the report, but is mentioned here as, in conjunction with the figures for the new business recorded during the year, it enables a more accurate perspective to be obtained of the growth of the business.

In assessing the value of the estates and funds under administration and the new business reported from time to time it has been the practice of the Office to take into account only the estates and funds for which the Public Trustee performs administration duties of a definite and active nature. Such matters as trusteeships for debenture-holders and those estates of mental patients or aged and infirm persons which are administered privately but are subject to the Public Trustee's supervision are excluded completely from the statistics given above. If the figures relating to these classes of business were included in the general total the value of estates and funds under administration at the close of the year would be increased by £2,392,407.

3. Further evidence of the confidence which is reposed by the public in the Office is found in the figures relating to the wills deposited with the Public Trustee by testators. During the year the number of wills held on deposit increased by 3,601, after making allowance for the wills withdrawn in cases where estates fell in for administration. The total number now held on deposit is 77,124. In addition, it is known that many wills appointing the Public Trustee executor are held by solicitors, banks, and others, so that a large volume of future business is assured.

4. The continued expansion of the business of the Office, both actual and prospective, over recent years is well illustrated by the following table :—

Year.	Value of Estates and Funds.	Moneys at Credit of Estates and Funds.	Number of Wills on deposit.
	£	£	
1921	22,364,319	13,283,869	28,356
1922	25,497,779	14,709,561	31,839
1923	28,904,798	16,793,687	35,502
1924	32,404,724	18,480,516	39,682
1925	35,570,642	20,109,822	44,102
1926	38,009,480	24,426,009	48,957
1927	41,043,523	26,485,917	53,531
1928	44,155,548	28,485,442	58,065
1929	48,334,790	31,043,172	62,841
1930	53,049,437	34,049,290	68,253
1931	57,527,263	36,488,434	73,523
1932	59,132,512	36,859,518	77,124

EFFECT OF ECONOMIC CONDITIONS ON THE OFFICE.

5. During the past year New Zealand, in common with the greater portion of the world, felt to a fuller extent the severities of the general economic depression, and it was therefore to be expected that the Public Trust Office would, by reason of the extensive interests it represents, experience to a marked degree the special difficulties associated with the control of investments and other assets which are the concomitants of the present-day conditions.

Even in normal times the responsibilities of the Public Trustee in the administration of the estates and funds entrusted to his care, and the carrying-out of the numerous duties which are imposed upon him by statute, are heavy and exacting. The assets which are under his control cover the whole range of property rights and interests, and include investments of every description. The responsibilities of managing and controlling them to the best advantage are increased by reason of the fact that for the most part they form the assets of estates each of which is a separate entity with its own requirements and problems. Moreover, each estate has a separate set of beneficiaries, whose individual wishes must be studied and met so far as it is lawful and proper to do so. The rights of those with just claims against the estates must also be protected in the course of administration, so that the liabilities may be provided for out of the portions of the estates on which they are a proper charge.

6. These duties and responsibilities have been added to greatly by reason of the difficult period through which the country as a whole is passing, and the work of the Office has been enormously increased. The effect has been felt in several ways. The principal result has been the accumulation of a large volume of assets, particularly landed interests, which would under normal conditions have been realized in the early stages of the administration, thus enabling the executorship or the trusteeship duties to be completed promptly. The necessity of retaining assets previously referred to has naturally resulted in a very substantial increase in the work of the Office.

In the individual estates the difficulties associated with the administration have been greatly augmented, especially in estates having agricultural, dairying, or pastoral interests, or interests in various commercial concerns. The fall in the price of the staple products has affected not only those estates where farming operations are being actively carried on, but also those where farming-lands were sold at high prices by the owners in their lifetimes and the collection of outstanding purchase-money forms part of the duties of administration.

7. As a result of the continuance of the unsatisfactory financial position it is becoming impossible in many cases for tenants, mortgagors, and others with financial obligations to estates under administration to fulfil their engagements. Concessions are being freely asked for, and in many cases it is idle to hope for

fulfilment of the contracts during the existing depressed conditions. Each case has to be carefully investigated and dealt with separately. The interests of the estate are always of paramount importance, and it is therefore necessary to make the most careful inquiry into the circumstances of the applicant before agreeing to requests for concessions. The particular circumstances of each case are carefully considered and arrangements are made which are considered to be genuinely of assistance to those in need, consistent with the Public Trustee's duty to the estates and beneficiaries. The inquiries involve a great deal of investigation and increased correspondence, and this throws an additional heavy burden on the staff.

The supervision of the mortgage securities held as assets of estates has also called for special vigilance to ensure as far as it is possible to do so that the estate interests are protected, and that the properties on which the moneys are secured do not deteriorate for want of proper attention. The organization of the Office, with its extensive representation and its staffs of competent farm and property inspectors, have enabled close touch to be maintained with and regular supervision exercised over the individual securities, as well as land assets in estates. The control of mortgages and of property subject to leases has, by reason of the special relief legislation passed to meet the needs of the present situation, necessarily been rendered more complicated in those cases where the exercise of the powers conferred by the mortgages or leases has become imperative through the disregard of obligations to the estates. Complying with the procedure laid down by the Legislature and dealing with the applications for relief, particularly as such applications may now be made by a mortgagor or lessee in cases where pressure is not being exercised by the other party, all mean added work for the Office.

In cases where the estate properties are subject to mortgages, or are held on leasehold tenures, it is frequently in the interests of the estates that the rights conferred by the relief legislation should be availed of, and where there is a reasonable prospect of an application being successful proceedings before the Courts and Adjustment Commissions have been initiated. The additional clerical work which is involved is performed without any increased charge as part of the services included in the administration, and this is also the position where proceedings for relief are taken against an estate as mortgagee or lessor.

8. As has been indicated, special difficulties have also been encountered in control and administration of landed interests, particularly in regard to letting and the collection of rentals. Rents have continued to fall during the year, and in view of the wage and salary reductions the purchasing-power of the community has been further diminished. The whole work of arranging tenancies and collecting rents is under the closest supervision, but in spite of this there must be a considerable sum lost due to circumstances which are outside the control of the Public Trustee.

9. In the capacities of executor, trustee, administrator, agent, or otherwise the Public Trustee has extensive holdings of stocks and shares in many companies incorporated in the Dominion and elsewhere. The value of many important shareholdings in which he is interested in these ways is still abnormally depressed in consequence of the state of the financial market. Such holdings are, however, being constantly reviewed, and every effort is made to protect the estates from loss. Beneficiaries are freely consulted where they are available and the position is placed before them so that they may co-operate with the Public Trustee.

10. Difficulties similar to those associated with the control of estate mortgages have also been experienced in a large measure in the management of the investments of the Office, which is dealt with in further detail in a later portion of this report. Though, as explained there, the granting of new loans has necessarily been curtailed in consequence of the reduced flow of funds, the additional work involved in controlling and safeguarding the existing investments has much more than offset the reduction of work under that heading.

11. The additional work has been performed by the existing organization, though this has meant the assumption of additional burdens by a staff that was already working at high pressure. As far as the estates are concerned, there has been no increase in the charges for administration or curtailment of the services which have been provided in the past on the basis of the existing scale of charges. The safeguards which have been imposed to ensure that the interests of beneficiaries

and clients were properly protected have not been relaxed, and they have in some respects been strengthened where it was thought advisable to do so to meet the special needs of the present position. It is gratifying, therefore, to be able to record that despite these special difficulties encountered the work of administration has proceeded to the satisfaction of those who are beneficially interested, and that this has been evidenced by numerous unsolicited expressions of appreciation received from such persons, and by the marked absence of justifiable complaints or criticisms on the part of those for whom the Public Trustee acts.

ADMINISTRATION OF ESTATES AND KINDRED DUTIES.

12. Particulars of the new business reported for administration have already been given. The following additional information regarding the new business reported and the various phases of the administration work will be of interest :—

13. *Wills and Trust Estates.*—This class again forms the most valuable proportion of the new business for the year, comprising 1,591 estates and trusts, of a value of £3,984,705, out of the total of £6,412,123.

The appointment of the Public Trustee to perform executorship or trustee duties is in practically every case voluntary on the part of testators, settlors, or other interested parties, who before making an appointment of such an important nature naturally explore all agencies open to them through which they may have the work performed. That this class of estate forms the main proportion of the business which the Public Trustee is called upon to undertake affords in itself convincing evidence that the confidence placed in the Office is well maintained and that the Office is equipped on all points to which a testator or settlor attaches importance in the selection of a trustee.

14. *Intestate Estates.*—During the year 546 estates of this class, to a value of £361,330, were accepted for administration. In these estates the Public Trustee acts generally at the request of the next-of-kin of the intestate. It is necessary to stress this fact, as it is a common misunderstanding that the appointment of the Public Trustee to administer intestate estates is of an automatic nature.

The figures relating to intestate estates for the past year again show a falling-off as to numbers and value, and this is in conformity with the experience of previous years. As I have stated in earlier reports, the decline is, no doubt, attributable to the fact that the making of a will is a precaution which is being adopted to an increasing extent.

The safety and security which is ensured by administration by the Public Trustee, and the moderate charges made, which cover all the services necessary in the administration of the estates, are of particular value for those small estates which very often represent the sole means of widows and young children.

15. *Agencies.*—The volume of the business recorded under this heading was well maintained during the year. The agency business conducted by the Office forms a large and valuable section of its work. The Public Trustee is requested to act in this capacity principally in cases where property-owners find it necessary or convenient on account of ill-health, advancing years, absence from the Dominion, or similar reasons, to entrust the management of their assets or business interests to another.

16. *Estates of Persons under Disability.*—By the Mental Defectives Act, 1911, the Public Trustee is appointed statutory administrator of the estates of mentally defective persons, where no private committee or administrator has been appointed. In actual practice the great majority of estates of mental defectives are administered by the Public Trustee, it being only on comparatively exceptional occasions that a private committee or administrator is appointed. Even in these cases the Public Trustee, in terms of the Mental Defectives Act, is called upon to exercise supervision over the administration of such committee or administrator.

In acting as statutory administrator of these estates the Public Trustee renders a valuable public service, the extent of which may to some extent be gauged from the appropriate figures. During the year 419 such estates, of a

value of £413,988, were reported for administration, and on the 31st March last a total of 1,848, valued at £2,060,500, were being dealt with by the Public Trustee.

Apart from the case of persons afflicted by mental disorder, the majority of the cases in which the Public Trustee acts for persons under disability arise in connection with the estates of aged and infirm persons. Under the provisions of the Aged and Infirm Persons Protection Act, 1912, the Public Trustee may be appointed as manager of the estate of a person who, by reason of advancing years, mental or physical disability, or other causes, is incapable of managing his or her own affairs, and he is frequently requested to act in this capacity. A number of estates under this heading were reported to the Public Trustee for administration during the past year.

17. *Charitable and Public Trusts.*—A consideration which is of the utmost importance in the administration of charitable or public trusts is that of permanence in the trustee, as in most cases the trust contemplates benefits extending over long periods of years; sometimes, indeed, the trusts are of a perpetual nature. Administration by the Public Trustee fulfils these requirements, and consequently many trusts of this description have been placed under his control.

Of these the most important and most widely known is that established by the will of the late Mr. Thomas George Macarthy, in terms of which one-half of the income from the residuary estate is at present applied for charitable and educational purposes and institutions in the Provincial District of Wellington, in such manner and in such proportions as the Board of Governors decides. On the termination of certain annuities and other interests the whole of the income from the estate will be available for these purposes. The trust has now been in operation for twenty years, and during this period £179,527 has been allocated in the manner specified by the testator.

Other important and valuable endowments of a charitable and public nature administered by the Public Trustee are the Carterton Home for Aged Men founded by the late Mr. Charles Rooking Carter, a resident of Carterton; the Kirkpatrick Masonic Institution for Girls, endowed by the late Mr. Samuel Kirkpatrick, of Nelson; and the Renwick Cottages at Nelson, erected in accordance with the will of the late Miss Adeline Renwick, of that city. Various relief funds, including the Kaitangata Relief Fund, the Brunner Disaster Fund, the Dobson Relief Fund, and the Huntly Disaster Fund, have been administered, or are being administered, by the Public Trustee. The New Zealand Sheepowners Acknowledgment of Debt to British Seamen Fund and the British Mercantile Marine Pension Fund are funds of war time origin which are under his administration.

The Public Trustee also acts as executive officer of the central committee set up to administer the Hawke's Bay Earthquake Relief Fund, and a separate reference is made to this administration.

HAWKE'S BAY EARTHQUAKE RELIEF FUND.

18. My report for the preceding year contained a brief outline of the procedure followed and the assistance rendered by the Public Trustee in the administration of the fund subscribed publicly for the personal relief of sufferers from the earthquake disaster which overtook the Hawke's Bay District on the 3rd February, 1931. It may briefly be restated here that the general administration of the fund was controlled by a committee representative of the whole Dominion and operating from Wellington, of which the Prime Minister was the chairman and the Public Trustee the executive officer. In the earthquake area local committees which were established by the central committee attended to the distribution of the relief fund in accordance with definite directions of the central committee. To each local committee there was attached a representative of the Public Trustee in his capacity of executive officer of the central committee, and a special staff of senior officers of the Department was sent to the district immediately after the earthquake for the purpose of assisting the local committees in the performance of their relief work and keeping a check on all expenditure.

19. The principal matters dealt with in the course of the administration of the fund were the following :—

- (a) The investigation and settlement of claims in respect of liabilities and expenditure for personal relief incurred during the emergency period following the earthquake. This covered expenditure for food, clothing, medical attention, accommodation in temporary camps, and many other items. The total expenditure under this heading amounted to £94,679.
- (b) The granting of financial assistance for the repair of earthquake damage to the private dwellings of residents in the earthquake area.

Details of the number of houses repaired in the various districts and the expenditure involved are shown by the following table :—

			Number of Houses.	Expenditure. £
Wairoa	..	..	441	6,793
Hawke's Bay County	..	..	1,073	35,921
Napier	..	..	3,229	127,236
Hastings	..	..	2,683	47,826
Central Hawke's Bay	..	..	525	11,864
Maori dwellings	..	..	543	11,001
Total..	..	..	8,494	£240,641

- (c) The making of grants to cover personal losses. Assistance of this description was restricted to essential articles, such as furniture, effects, clothes, books, tools of trade, and the like. The amount granted in any one case was limited to £50. Assistance was provided not in cash, but by orders on the local business firms.

The grants made to cover personal losses totalled £8,112.

- (d) The making of permanent provision for persons injured and the dependants of persons injured or killed.

Nearly two hundred applications for assistance of this nature were received in response to the central committee's notification of its intention to make provision in necessitous cases of this description.

It was found that the majority of those requiring assistance were widows, or children, or other dependants, and in such cases the central committee granted assistance by way of weekly allowances, which are subject to review in the event of a material change in the circumstances of the dependants. The sum required to provide these allowances has been set aside from the relief fund and is held by the Public Trustee. Interest is allowed at the rate current from time to time for trust funds.

In certain cases it was considered that the most suitable form of relief would be to set aside sums to be applied for the maintenance and benefit of the persons concerned. These are being held by the Public Trustee and applied in such manner as is considered most suitable for those concerned. Any unexpended balances from these trusts are to revert to the relief fund.

Where it appeared that such a course would be most beneficial for the applicants, the central committee agreed to make immediate cash grants. This method was adopted generally where only a small amount of assistance was considered necessary, or where it was thought that a payment in cash would enable the applicants to set up in business or otherwise re-establish themselves. These grants were paid immediately after authorization by the central committee.

The total amount of £47,070 was set aside to provide the allowances, to set up the individual trusts, and to make the cash grants referred to.

When finally appropriating the earthquake relief funds, the central committee set aside a sum of £2,000 to be applied for the benefit of elderly unemployed people who had lost their employment by reason of the earthquake. A scheme of assistance for these people has been drawn up, and applications are at present being received by the authorities in the earthquake area. Certain payments have already been authorized and other applications are under consideration.

20. The administration of the fund has involved the disbursement of a fund which, with interest added by the Public Trustee, amounted to over £400,000, and attention to the needs of a population exceeding fifty thousand on the lines referred to above. It will be appreciated that a task of this magnitude and unusual nature presented many problems which had to be solved from day to day, and which cannot readily be described in the brief outline of the work which it is possible to give in this report. That a great deal of valuable work was expeditiously accomplished under difficult and unusual circumstances will be clear when it is realized that the whole task of administration and application of the relief fund was carried out in slightly over twelve months.

21. The administration of the fund has been carried out entirely without charge for administration expenses, and the whole of the moneys subscribed were thus made available for relief purposes. In the early stages of the work the Public Trustee, as executive officer, had a large staff engaged solely on relief matters both in Wellington and Hawke's Bay. The special staff in Hawke's Bay remained there until all outstanding matters were completed, notwithstanding that the Public Trust Office met the whole of their salaries and expenses without any contribution from the fund. In addition, the organization of the Office and its branches was at the disposal of the relief committees in the earthquake area for the investigation of claims, dealing with applications for relief, and in making the large number of payments which have been necessary. Interest at trust rates was allowed by the Office upon the daily balance at credit of the relief fund.

WILLS DEPOSITED.

22. I have already referred to the fact that the deposit of wills appointing the Public Trustee executor and trustee has continued in a satisfactory volume throughout the past year. During that period 5,198 such wills were deposited, and the number withdrawn through the death of the testator or otherwise was 1,597, leaving a total of 77,124 wills of living persons on deposit with the Public Trustee at the 31st March last. It is interesting to record that this figure is approximately two and a half times the total number of wills on deposit as recently as ten years ago.

Many testators, through change of circumstances, often find it necessary to modify or vary the provisions of their wills, and in consequence a large amount of redrafting of wills already on deposit has to be undertaken. During the past year 3,831 wills were so redrafted.

The whole of the original wills on deposit with the Public Trustee are stored in a specially equipped strongroom in the Head Office at Wellington. In view of the difficulties which might arise through the destruction of wills in the event of earthquake and consequent fire, although every care has been taken to guard against such a contingency, steps have been taken to ensure that a certified copy of each will is stored in a place of safety in the office of the District Public Trustee for the district where the testator resides. In the case of wills of testators in the Wellington District it has been decided as a precautionary measure that certified copies should be deposited at a district office outside Wellington. The Public Trust Office at Dunedin has been selected for this purpose, as suitable accommodation is available in the modern building recently erected there. In completing these arrangements full precautions are taken to preserve secrecy regarding the contents of the wills.

INVESTMENTS FROM THE COMMON FUND.

23. In my last two reports I have referred to the marked effect which the depressed financial and economic condition of the Dominion has had on the lending operations of the Office. Owing to the difficulty of realizing assets in estates under administration, the usual flow from this source of funds for investment has diminished very greatly. On the other hand, capital moneys have still to be provided out of the Common Fund for payment to beneficiaries of their shares in estates the assets of which have been realized in former years and invested in the Common Fund pending the arrival of the time of distribution of the estate. In normal times a substantial amount of money for investment is derived from payments in reduction of principal made by mortgagors whose mortgages are on an amortization basis, under which half-yearly payments of a fixed amount are applied, firstly, in payment of interest on the balance of principal owing, and, secondly, in reduction of the principal sum. In many cases, however, it has been necessary to grant relief to mortgagors by postponing payment of the principal portion of the instalments falling due under their mortgages. This has further curtailed the moneys available for investment.

24. Until recently the effect of the depressed conditions obtaining throughout the Dominion was, in general, not reflected on mortgages held by the Public Trustee on city and suburban securities. The policy of the Office of granting loans on residential properties on an amortization-table basis only, except where an unusually large margin of security is shown, has had the result that loans have been granted to persons who were in a position to make larger annual payments than would be required if the mortgage had been for a short term of years. Though these borrowers, no doubt, have been seriously affected by the present financial stringency, they have, in general, been in a better position to meet their commitments than others. The same considerations apply to business premises which are under mortgage to the Public Trustee. It is inevitable, however, that urban securities should from now on feel the impact of the depression to an increasing extent, as the effect of decreased returns from business and reductions in rents and salaries will be more marked. It is therefore anticipated that it will be necessary, where borrowers show that they are not in a position to continue principal repayments for the present, to place their mortgages temporarily on a flat basis. Since in many cases mortgages have been substantially reduced by payments in accordance with the table, it will be possible for the Public Trustee to grant concessions without risk of loss where a borrower's circumstances warrant the concession being granted.

25. *Collection of Interest.*—In common with mortgagees throughout the Dominion, the Public Trustee has experienced considerable difficulty in collecting interest on mortgages, and in particular on mortgages of farm lands. Wherever it has been possible to do so, having regard to the paramount duty of the Public Trustee as a trustee to ensure that interest is received under a mortgage if it appears that the mortgagor is able to pay the full amount or a portion of the interest, even at some inconvenience, arrangements have been entered into with mortgagors to extend the time within which payment of interest is to be made. In a large number of cases where the Public Trustee, after examination of the financial position of the mortgagor, has been satisfied that co-operation with the mortgagee of the stock is necessary in order to enable the mortgagor to carry on till his annual returns come in, arrangements have been made with the stock mortgagee under which the surplus income, after providing for living and working expenses, rates, and taxes, is divided in an equitable manner between the two mortgagees, and credited on account of interest due under the respective mortgages.

In some cases, however, stock mortgagees have declined to enter into arrangements of this nature, and it has been necessary for the Public Trustee to call up his mortgage, not with the object of dispossessing the mortgagor of the property, but so as to ensure that the whole of the surplus income is not diverted to the stock mortgagee.

26. *Instalment Table Mortgages*.—I have referred above to the relief which the Public Trustee has been able to afford to mortgagors whose loans are on an amortization basis, by temporarily suspending payment of the portion of the instalments which represents repayment on account of principal. For some years past it has been the policy of the Office to induce mortgagors, when their loans fell due, to renew their mortgages on this basis. When such a mortgage has been current for a number of years, the principal sum has been substantially reduced without inconvenience to the mortgagor. It is evident that this system of lending is advantageous both to the Public Trustee as lender and to the borrower; for the Public Trustee has the advantage of a continuous increase in the margin of security shown by the valuation on which the loan was granted, while the borrower is gradually reducing his indebtedness, and if a change occurs in his circumstances it is always open to him to approach the Public Trustee with a proposal that the mortgage should temporarily or permanently revert to a flat term.

27. *Mortgagors Relief Act, 1931, and its Amendments*.—Reference has already been made to the general policy adopted by the Court of granting relief against action by the Public Trustee as mortgagee on condition only that the mortgagee of the stock should undertake to share equitably the surplus income derived from the security, after payment of working and living expenses.

The amending Act passed in the second session of Parliament during the year 1931, besides conferring on the Court power to postpone the date for payment of principal or interest for two years, to reduce the rate of interest, and to remit the whole or any portion of any arrears of interest, if the mortgage was secured over a farm property, contained provision for the establishment of Mortgagors' Liabilities Adjustment Commissions for the purpose of encouraging voluntary settlements between mortgagees and mortgagors. The Commissions were not established till towards the close of the year under review, and, though in a number of instances the Court referred to Commissions applications in which the Public Trustee was concerned, finality had not been reached before the year closed.

The Mortgagors and Tenants Relief Act, 1932, extended the provision for relief of mortgagors by enabling them to apply for relief in cases where the mortgagee had not taken any steps to exercise his powers under the mortgage, by making the existing provisions for reduction of the rate of interest and the remission of arrears under mortgages of farm lands applicable to all classes of mortgages, by giving the Court power to postpone the term of table mortgages and all payments thereunder for any period not exceeding two years, and by authorizing the Court to postpone the right of the mortgagee to take action against a mortgagor (including a former mortgagor), if thought proper. The Act also provided for all applications for relief in respect of mortgages of land to be referred to Adjustment Commissions, unless the parties agree to have the application forthwith disposed of by the Court.

Although in a number of applications for relief mortgagors asked for a reduction of the rate of interest, or a remission of interest already owing, in no case did the Court grant this form of relief during the year under review, though since the close of the year the power to do so has been exercised in a certain number of cases. The majority of such applications have been referred by the Courts to the Adjustment Commissions.

28. *Hawke's Bay Earthquake Act, 1931*.—It is gratifying to report that in only one case has it been necessary to grant relief under the Act in respect of a mortgage to the Public Trustee securing moneys of the Common Fund. At the hearing of the application proposals were put forward on behalf of the Public Trustee under which, after provision had been made for living and working expenses and for repair of fences damaged by the earthquake, the revenue from the property up to June, 1933, was to be equitably divided between the mortgagee of the stock and the Public Trustee as mortgagee of the land. At the conclusion of the proceedings the Chief Justice (the Right Hon. Sir Michael Myers, P.C., K.C.M.G.) expressed the appreciation of the Court for the trouble which the Public Trustee had taken to help the Court, and of his sincere desire to meet the position in a fair and reasonable way. In his application to the Court the mortgagor asked for remission of

certain interest under the mortgage to the Public Trustee, but His Honour, while reserving leave for the application to be renewed at a later date, stated that he was not at that stage prepared to make an order which would deprive the Public Trustee of any of his interest, as it was impossible to say what would be the position of the mortgagor in 1933.

RATES OF INTEREST ON MONEYS INVESTED IN THE COMMON FUND.

29. The rate of interest allowed on moneys invested in the Common Fund is necessarily determined by the return derived by the Public Trustee from the investment of the moneys which in the aggregate make up the fund. Though every precaution was taken in the past to ensure that the investments were made only on the most attractive classes of security, and, where the security consisted of a mortgage of land, well within the conservative margins fixed by statute, the unprecedented severity of the depressed conditions which have been experienced throughout the Dominion has inevitably had its effect on the investments. The difficult position in which the mortgagors are at present placed has rendered it impossible for a large number to meet their interest payments, and losses of interest falling due or already accrued and, in some cases, losses of portions of the principal moneys invested must be faced. The position of the Public Trust Office regarding the investments is, of course, no different from that of other lending institutions and private investors in the Dominion, and, indeed, throughout the world, at the present time.

For these reasons it was not possible to continue payment of the rate of interest allowed during more prosperous years on moneys invested in the Common Fund, and a reduction from $5\frac{1}{4}$ per cent. to $4\frac{3}{4}$ per cent. was made on the 18th December, 1931, in respect of moneys held in trust, the reduction being effected by an Order in Council of that date published in the *New Zealand Gazette* of the 24th December, 1931.

30. The passing of the National Expenditure Adjustment Act after the close of the year under review made a subsequent revision of the Office rates of interest imperative. Under the statutory provisions governing the investment of moneys forming the Common Fund, investments have been confined largely to liquid investments such as Government securities and the securities of local authorities in the Dominion, and to mortgage investments for fixed terms, and the greater proportion of the investments consists of mortgages. Under the provisions of Part III of the National Expenditure Adjustment Act the rates of interest in respect of the classes of mortgage securities held by the Office were subjected to reductions up to 20 per cent. of the rates prescribed by the contracts, and, though the Act was passed on the 10th May, 1932, the reductions took effect from the 1st April, 1932. Under Part IV of the Act a special stamp duty was made payable in respect of the periodical instalments of interest on Government, local-body, and certain other securities which became payable on or after 14th May, 1932, and the effect of the statutory provisions was to reduce by 10 per cent. the amount of interest received by the Office on or after that date from its investments. A substantial amount of duty became payable in respect of a large amount of interest which, though it had accrued in respect of periods prior to the 1st April, 1932, was included in half-yearly instalments of interest payable on or after the 14th May, 1932.

The duration of the legislation was in both regards fixed at a period of three years. The effect of the Act was therefore to reduce to a very large extent and for a considerable period the revenue derived by the Office from the investments of the Common Fund, and, though new contracts were not affected, the Public Trustee is in practical effect precluded by the terms of his contracts with borrowers, and by other considerations arising out of the special relief legislation and the conditions prevailing, from taking any effective steps to increase the rate of interest from the Office investments. Furthermore, the benefits received by the Public Trustee from the operation of the legislation are negligible in comparison with the reduction of revenue which has been sustained.

In the circumstances, it was not possible to continue payment of the existing rates of interest, and a further reduction to 4 per cent. in respect of moneys held

in trust and a reduction from 3 per cent. to 2 per cent. of the rate of interest in respect of moneys held at call were brought into operation as from the 1st April, 1932, by an Order in Council dated the 20th May, 1932, and published in the *New Zealand Gazette* of the 26th May, 1932. A notice, dated the 26th May, 1932, issued by the Hon. the Minister of Finance under the power reserved in section 48 of the Finance Act, 1932, and published in the *New Zealand Gazette* on the 26th May, 1932, also imposed a 10-per-cent. reduction from the 1st April, 1932, of the rates of interest payable by the Office under existing contracts in respect of moneys invested in the Common Fund on investment agencies, and the maximum rate of interest payable in respect of future contracts of this nature was fixed at 4 per cent. per annum.

31. Though these reductions have been necessary for the time being in sympathy with the general financial position and in consequence of the special legislation which has been passed by Parliament, it can justly be claimed that the Common Fund system has been of inestimable benefit to beneficiaries and clients by reason of the fact that with the assured safety of both capital and interest—supported by the guarantee of the State—they have continued during the whole period of depression to receive their interest at the fixed rate without fail on the appointed dates, and have had the constant assurance that the capital will be preserved intact and will be available immediately the appointed time for payment or distribution arrives. Their position is in marked contrast with that of many beneficiaries dependent on the return from moneys separately invested on behalf of estates privately administered, who have had their income seriously reduced or even stopped, and are, in addition, frequently faced with the possible or ascertained loss of portion of the capital invested.

32. The reductions of the Common Fund rates of interest are of a temporary nature, and when an improvement in the general position is recorded and the compulsory reductions and the special stamp duty imposed by the legislation referred to cease to be operative an increase in the rates at present allowed will be made as soon as possible.

FINANCE.

33. The control of the finances of the Office has presented greater difficulty than in previous years, as in consequence of the unfavourable market for realization of assets, and the difficulties associated with the collection of estate interest and rent, the commission earned has shown a substantial decline in comparison with the amount received during the previous year, despite the fact that new business exceeding £6,000,000 was accepted for administration. Although an increased amount of work has been entailed in the administration of the estates and funds, the effect of the prevailing conditions has been to postpone in many instances the time when the Public Trustee's remuneration for the services rendered will be received. In the meantime, therefore, the revenue of the Department has been considerably reduced.

34. The conditions have, however, rendered it impossible to make any corresponding reduction in expenditure. The amount of business in hand represents an increase in volume which, as I have stated elsewhere, is much greater than the comparative statistics alone indicate, and the difficulties under prevailing conditions of administering the estates and funds and controlling investments have added greatly to the work of the Department. In these circumstances it has not been possible to effect any substantial reduction in the number of the staff employed, though this would be the main avenue of savings, as the greater portion of the expenditure of the Office is accounted for by the salaries of the staff. Nevertheless, savings of a substantial amount, more marked when the increase of staff which would normally be required is considered, have been effected, chiefly through the non-replacement of officers who during the year left the Service through transfers, retirements, resignations, or other reasons, their duties being taken over or absorbed by the existing personnel. A reorganization of the reviewing system also made the services of four officers available for other staff requirements. As a result the numerical strength of the staff at the close of the year showed a reduction of sixteen compared with the number of officers employed at the commencement of the year.

Apart from the foregoing, the benefit of the salary-reductions effected by the Finance Act, 1931 (No. 1), did not enure to the Office, for it was provided by a section of the Finance Act, 1931 (No. 2), that the amount of the salary-reductions should in the case of the Office be paid to the Consolidated Fund. The amount involved was £23,121. The Office was permitted to retain the further salary-reductions effected after the close of the year by the National Expenditure Adjustment Act, 1932; but they did not affect the finances for the year under review.

35. The remaining expenditure, which had received the closest attention in past years, was with the advent of the depressed conditions subjected to a most searching examination, and it has since been periodically reviewed to ensure that savings are effected wherever it is possible to do so, in view of the increasing volume of work, without impairing efficiency.

36. The following table showing the total expenditure of the Office over the past ten years in comparison with the business being dealt with is informative:—

Year.			Value of Estates and Funds.	Number of Wills on deposit.	Gross Expenditure and Percentage of Value of Estates and Funds.	
			£		£	Per Cent.
1921	..	..	22,364,319	28,356	233,399	1·02
1922	..	..	25,497,779	31,839	210,109	0·82
1923	..	..	28,904,798	35,502	190,315	0·66
1924	..	..	32,404,724	39,682	208,015	0·64
1925	..	..	35,570,642	44,102	222,948	0·63
1926	..	..	38,009,480	48,957	251,218	0·66
1927	..	..	41,043,523	53,531	244,189	0·59
1928	..	..	44,155,548	58,065	248,401	0·56
1929	..	..	48,334,790	62,841	269,849	0·56
1930	..	..	53,049,437	68,253	301,223	0·57
1931	..	..	57,527,263	73,523	312,701	0·54
1932	..	..	59,132,512	77,124	300,819	0·51

It will be seen that the percentage of the expenditure to the value of estates and funds under administration has dropped from 1·02 in 1921 to 0·51 during the past year, a very substantial reduction. Moreover, the expenditure from 1928 onwards includes the cost of the services rendered by the Office to the Rural Intermediate Credit Board and refunded by the Board; but the statistics relating to the business do not, however, contain any representation of the additional work performed by the Office in this regard.

37. In another portion of the report it has already been explained that after the close of the year the Office sustained a retrospective deduction from the revenue of the year as a result of the operation of Part IV of the National Expenditure Adjustment Act, 1932, which imposed a special stamp duty on interest derived from certain classes of debentures and like securities. The duty which became payable on interest which had accrued during the year amounted in all to £7,049, and the loss represented by this duty has had to be borne by the Office, as the net amount of the interest had by the close of the year been credited to the individual accounts and in many cases paid to the persons beneficially interested, so that no recovery was possible at the time when the stamp duty was imposed.

38. As the result of the various factors which have been referred to, and also because in common with other institutions the Office has suffered some losses of interest in respect of its investments through deficiencies arising out of the realization of securities and remissions ordered by the Courts under the mortgagors-relief legislation, the operations of the Office over the past year resulted in a loss of £18,614, despite the restricting of the expenditure to a minimum. It will be observed that this figure is considerably less than the total amount involved in the salary-reductions under the Finance Act, 1931 (No. 1), which the Office was not permitted to retain, and the stamp duty which after the close of the year became payable retrospectively. There will, moreover, be a substantial offset from the commission earnings, which will, when times improve and realizations can be effected, be received as remuneration for services actually rendered during the year.

39. *Investment of Funds.*—The investments completed during the year on behalf of the Office amounted to £468,471, and additional investments totalling £493,795 were made on behalf of estates or funds under administration. The investments held by the Office on the 31st March last, including special investments held on behalf of estates and funds, totalled £36,321,484.

40. *Advances to Estates and to Beneficiaries.*—One of the special advantages attaching to the administration of estates by the Public Trustee is the facility afforded by the statutory provisions under which advances may be made from the Common Fund to estates on the security of the estate assets, and to beneficiaries on the security of their respective interests.

It is in times such as those through which the Dominion is now passing that the extent of this advantage becomes most apparent. The financial assistance afforded to estates and to beneficiaries in this way during the year has proved of most material benefit, and has been availed of in many cases to enable estates to meet pressing liabilities, such as death duties, debts, mortgage instalments, outgoings, &c., thus obviating the need which must otherwise have existed of realizing assets on a depressed market.

Beneficiaries who required financial help for business purposes or to meet living-expenses have also been assisted by the Office, which has advanced money to them on the security of their interests in estates in cases where the assets have provided an adequate margin of security but it has not been possible to realize them at present at prices acceptable to the beneficiaries.

The amount of advances current on the 31st March, 1932, was £665,538.

OFFICE ORGANIZATION AND REPRESENTATION.

41. The organization which has been built up over a period of many years, and which has been described in detail in previous reports, has been well tested as a result of the difficult conditions which have been encountered, and it may justly be claimed that it has proved equal to the exceptional demands made upon it. This being so, there has not been any occasion to embark upon many important changes. During the year a change in the Office system of inspecting the work at the Branch Offices was brought into effect, and this alteration is dealt with in the portion of the report relating to the inspection work. At the Head Office a new division—the Administrative Division—was set up to attend to the numerous matters of a general nature which in the case of a large institution are associated with the administration and conduct of the operations. This amounted to only a reorganization of the existing staff and organization, and it did not involve the appointment of any additional officers. The division commenced to function as from the 1st January, 1932.

The only changes effected in the local representation of the Office were the establishment of District Manager offices at Thames and Marton, where the Office had previously been represented by non-permanent Agents, and where the business transacted had reached sufficient dimensions to warrant the establishment of Branch Offices. The Thames office, which is under the control of the District Public Trustee, Te Aroha, was opened on the 1st September, 1931, and the Marton office was opened on the 13th February, 1932, under the control of the District Public Trustee, Palmerston North.

Apart from the resignations of the Agents at Thames and Marton, there were two changes in this form of local representation. The Agent who had represented the Office at Norsewood, in the southern Hawke's Bay District, intimated his desire to retire from the position, and the agency was closed as from the 31st December, 1931, it being decided not to appoint a successor, as the work in the district could without inconvenience to clients be conducted from the controlling office at Dannevirke. On the 25th May, 1931, a new Agency was opened at Warkworth, in the Auckland District.

As at the close of the year, the Office was represented throughout the Dominion by twenty-three District Public Trustee offices, nineteen District Manager offices, and forty-one non-permanent Agents. This wide representation enables the work

to be conducted in close proximity to the assets under administration and to the beneficiaries ; and not only does this lead to the more effective control of the assets and facilitate the conduct of the work, but the ready accessibility of a representative of the Office is greatly appreciated by those with whom the Office has business relations.

STAFF.

42. The principal staff appointments made during the year were the following :—

HEAD OFFICE.

- (a) Mr. W. G. Baird, Controller, Estates Division, to the position of Assistant Public Trustee, *vice* Mr. E. O. Hales, appointed Superintendent of the State Advances Office.
- (b) Mr. C. J. Playne, Assistant Controller, Estates Division, to the position of Controller, Estates Division.
- (c) Mr. J. Byrne, Special Administration Officer, Head Office, to the position of Assistant Controller, Estates Division.
- (d) Mr. C. E. Cole, Assistant Solicitor, Head Office, to the position of First Assistant Solicitor, *vice* Mr. F. E. Kelly, deceased.
- (e) Mr. D. R. White, District Solicitor, Dunedin, to the position of Assistant Solicitor, Head Office.
- (f) Mr. W. D. P. Kitching, Special Estates Administration Clerk, Head Office, to the position of Controller, Administrative Division, Head Office, newly established.

DISTRICT OFFICES.

- (a) Mr. D. Scannell, Assistant District Public Trustee, Hamilton, to the position of District Public Trustee, Greymouth, *vice* Mr. A. Bell, who after the close of the year assumed the position of District Public Trustee, Nelson.
- (b) Mr. W. R. Millier, Assistant Reviewing Inspector, Napier, to the position of Property Officer, Wellington District Office.
In consequence of the growing needs of the Wellington Branch, where a large volume of business and residential properties of considerable value is administered, it was decided to set up a special organization to control this phase of the administration.
- (c) Mr. F. K. McNatty, Estates Administration Clerk, Christchurch, to the position of District Manager, Wairoa.
- (d) Mr. L. C. Kerr, Clerk, Palmerston North, to the position of District Manager, Thames.
- (e) Mr. E. V. King, Clerk, Palmerston North, to the position of District Manager, Marton.

In furtherance of the policy of making each Branch Office a complete and self-contained organization, four appointments of Legal Clerks as additions to the personnel of branch offices were made during the year. The officers chosen for the positions were members of the staff of the Office, and their appointments did not involve any additions to the staff.

43. The efficient performance of the duties of trustee administration calls for the employment of officers with technical qualifications in law and accountancy, as well as experience in business and financial matters. It is therefore of interest to record that the staff of the Office includes 123 officers who have passed the Law Professional Examination, a number being qualified also as barristers, and 107 officers who have passed the Professional Accountants Examination, five of whom have also graduated in Commerce.

44. At the close of the year Mr. Alfred Smith, who had filled the position of Financial Adviser for a number of years, with advantage to the Office, relinquished this position, and the duties have from the commencement of the new financial year been assigned to a permanent officer of the staff.

45. It is with the deepest regret that I have to record the death during the year of Mr. F. E. Kelly, LL.B., who had been a member of the legal staff of the Office for a period of over nineteen years, and had for the last eleven years acted as First Assistant Solicitor to the Department. Mr. Kelly, besides being an officer of the highest professional qualifications, with a specialized knowledge of trustee and administration law, was one whose personal qualities had justly made him popular with the staff and with the members of the public with whom he came in contact. He had performed the important duties of his position with distinction to himself and to the Office, and his death at a comparatively early age was keenly felt by the Executive and the staff.

OFFICE BUILDINGS.

46. The restoration of the Napier building, which was damaged during the earthquake in February, 1931, was completed during the year, and in conjunction with the repairs some additional strengthening-work which appeared desirable was carried out. The major portion of the cost of the work was covered by insurance. The building was reoccupied by the staff on the 21st January, 1932, and prior to this date the local staff was housed in temporary premises in Napier. During the emergency period immediately following the earthquake it was necessary, in view of local conditions, to transfer the main staff of the Branch to Dannevirke, but a small staff was nevertheless retained at Napier, so that the Office representation in the district was not interrupted, and the earliest arrangements were made for the return of the complete staff.

The damage sustained by the Hastings and Waipukurau buildings during the earthquake was of a minor nature only, and the work of the Branch Offices was not disturbed to any extent on that account.

The expenditure incurred during the year on other Office buildings was largely confined to maintenance work.

LEGAL DIVISION.

47. The activities of the Office involve a considerable amount of legal work, consisting principally of the preparation of wills, the preparation and perusal of documents, general legal advising, applications to the Court, and the representation of the Public Trustee in Court proceedings in which he is directly concerned or in which he is directed by the Court to represent any party.

During the year 900 probates and 210 orders to administer intestate estates were granted; 610 "elections to administer" estates where the value of the estate did not exceed £400 were filed. Other Court applications for leave to take steps necessary in the administration of the estate, but not authorized by the will or by statute, numbered 113, while in thirty-seven cases it was necessary to file a certificate under Part IV of the Administration Act electing to administer the estates concerned as insolvent. Thirty-one exemplifications of probates granted abroad were sealed to enable the administration of assets situated in New Zealand, and forty-four exemplifications of New Zealand grants were sealed and forwarded to representatives out of the Dominion to deal with assets situated in their respective countries.

As in previous years, the Legal Division has in several cases investigated the possibility of claims for compensation under the Workers' Compensation Act in respect of estates administered by the Public Trustee, and obtained orders for the apportionment of compensation which has been awarded or paid.

INSPECTIONS AND AUDIT.

48. The administration of estates and other duties devolving on the Public Trustee by various special statutes are carried out by the Branches, subject to general control by the Public Trustee. In view of the specialized nature of the work, it is essential that close supervision be exercised to ensure that the safeguards instituted are functioning in a proper manner. Periodical inspections of each Branch have therefore been made by a staff of Inspectors conversant with all branches of the Office activities. Until recently the inspection work was divided into two branches,

the general inspections dealing with matters relating to staff, organizations, and systems, and the reviewing system, covering the administration of individual estates and the investments of the Office funds. In view of the high standard of efficiency now attained by the Branch officers and the necessity for rigid economy, the two systems of inspection have been amalgamated, and the scope of the general inspections has been enlarged to cover the more important aspects of the reviewing system, which has been discontinued. The amalgamation has enabled the services of four officers to be made available for other duties.

In addition to the inspection system, there is in operation an internal check of accounting matters and systems. Part of this work is conducted by independent officers at the Branches and the remainder by the Government Audit Department, while the whole is supervised by the inspectorial staff.

RURAL INTERMEDIATE CREDIT.

49. The Office has continued to act as agent for the Rural Intermediate Credit Board (of which the Public Trustee is the principal executive member) in the administration of the rural intermediate credit system, and senior officers of the Office have acted as the principal executive officers of the Board.

Although the loans granted by the Board during the year under review did not equal in number or amount those granted during the previous year, the administration of the system has not been less exacting, and the increasingly unfavourable conditions which have ruled in the farming community have rendered more difficult the work of those engaged in the administration.

The position of the loans continues to be very satisfactory, the arrears of interest being comparatively small and there being few cases where any loss is anticipated. The Rural Intermediate Credit Board has placed on record its appreciation of the close watch on the accounts kept by the officers and of the care exercised in the administration.

During the year the Government made available to the Board a special fund of £100,000 for the purchase of fertilizer by farmers on extended credit. Farmers did not, however, make on the fund the demands which were expected, and only a small proportion of the amount available was used. As the Board's discounting system mainly was followed in making loans from the fund, the moneys were advanced with little expense to the borrowers, and no legal or valuation fees were incurred.

CONCLUSION.

50. Though the conditions which have been experienced during the year have been generally unfavourable, the Public Trustee is able to assure the Right Hon. the Prime Minister that no effort is being spared to ensure that the interests of those whose property is entrusted to the Office for administration are being properly safeguarded, and that the management of the Office is being conducted with the utmost economy which is rendered necessary by present conditions. In these matters I have had the whole-hearted assistance of the Executive and the staff throughout the year, and I take this opportunity of recording my appreciation of the services which they have loyally rendered during a period in which it has been necessary to make unusually heavy demands upon them. I also desire to place on record the valuable services rendered by the Agents of the Office who ably represent the institution in many parts of the Dominion.

I have, &c.,

J. W. MACDONALD, Public Trustee.

The Right Hon. the Prime Minister.

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