

1935.

NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1935.

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, 1935.

1. In succession to the late Mr. J. W. Macdonald, Mr. E. O. Hales, Superintendent of the State Advances Office, and formerly Assistant Public Trustee, was appointed Public Trustee and assumed office as from the 1st October, 1934.

2. A pleasing feature of the year's operations has been the increase recorded in the new business reported to the Public Trustee for administration. In both the number of estates and funds, 2,980, and the value of the business, £6,284,883, there was a marked advance upon the figures for the preceding year, when 2,637 estates and funds of a total value of £5,468,643 were accepted for administration. This represents an increase of approximately 13 per cent. in numbers and 15 per cent. in value.

3. The slight decline in the number of estates and funds under administration, from 21,058 to 20,264, and in the aggregate value of the business, from £60,760,493 to £60,706,016, is due to the conversion of local bodies' loans under the provisions of the Local Authorities Interest Reduction and Loans Conversion Act, 1932-33. The Public Trustee, who held sums exceeding five million pounds as Commissioner of the sinking funds of local authorities, has assisted greatly in the conversion operations by allowing, within certain limits, the premiums payable on conversion to the holders of the debentures and the expenses associated with the conversion operations to be met from the sinking funds held by him in respect of the individual loans and also by agreeing to the sinking funds being applied in reduction of the loans where he was both lender and Sinking Fund Commissioner. The aggregate amount of the sinking funds has thus been considerably reduced. Moreover, the loan indebtedness of the individual local authorities has been amalgamated to a considerable extent in the process of conversion, and the sinking funds have likewise been amalgamated, reducing the number of the separate funds under the control of the Public Trustee. The total value of the estates and funds, apart from sinking funds, under the Public Trustee's control has increased by approximately half a million pounds, being the net increase after making allowance for the funds distributed or assets transferred to beneficiaries and clients during the year.

4. The expansion of the Public Trust Office over the past twenty years is shown by the following table, giving the value of the business under administration at ten-yearly intervals—

| Year. | Value of Estates and Funds under Administration. | | | | |
|-------|-----------------------------------------------------|----|----|----|------------|
| | | | | | £ |
| 1915 | .. | .. | .. | .. | 13,580,936 |
| 1925 | .. | .. | .. | .. | 35,570,642 |
| 1935 | .. | .. | .. | .. | 60,706,016 |

5. The deposit of wills appointing the Public Trustee executor and trustee also continues in satisfactory volume. Altogether 83,740 such wills, representing the greatest number ever held by the Public Trustee, are now deposited and constitute a large reserve of future business for the Office. The making of wills for clients is a very important activity of the Office, which it is well qualified to

perform because of its unparalleled experience in matters relating to wills and the technical qualifications of the officers engaged upon the work, and the extent to which its services are resorted to by the people of the Dominion is shown by the statement in the report that 4,177 wills (which were, with very few exceptions, prepared by the Public Trust Office) were deposited by new clients and 3,726 wills were redrafted for existing clients to meet their altered wishes regarding the distribution of their estates.

6. The complete organization of the Public Trust Office, its long and varied experience in dealing with assets of every description, and its staff of officers with professional and business qualifications make it eminently suitable for the performance, not only of fiduciary work on behalf of private individuals, but also of duties of a State or public character, and the Government, by arrangement with the Public Trustee, has frequently entrusted to the Public Trust Office important services on behalf of or under the supervision of the Government. In the past the Public Trust Office has, for example, undertaken the control of enemy property under the War Regulations during the war, and after the conclusion of peace, the liquidation of ex-enemy interests and the control of the clearing-office procedure for the settlement of debts owing by or to ex-enemy nationals, and the administration of important benefit and relief funds, such as those contributed for the relief of sufferers from the Hawke's Bay and Wairoa earthquakes of 1931 and 1932. The duties so undertaken were efficiently discharged by the Public Trust Office, and when during the past year it was thought advisable as a result of the investigations of a Commission to appoint a Receiver for a number of companies operating in New Zealand the Government decided to have recourse to the services of the Public Trustee, who, by the Companies (Temporary Receivership) Act, 1934, was appointed to act as Receiver for the companies. Later, when as a result of the investigations of Inspectors appointed by the Governor-General under the authority of the Companies (Special Investigations) Act, 1934, it was decided to wind up the majority of the companies the Public Trustee was appointed by the Companies (Special Liquidations) Act, 1934–35, to act as Liquidator. Responsible and onerous duties involving not only the administration of a large aggregation of assets and investments, but also considerable inquiry into the position of a number of the companies, have so been entrusted to the Public Trustee.

7. It will be seen from the Public Trustee's report that, following on an extended period during which the lending operations of the Department ceased owing to financial circumstances, the Public Trustee has resumed lending on the security of mortgages of town and country properties. The investments available have, however, been insufficient to absorb all the available funds, as the cessation of Government borrowing and the restricted financing by local authorities have led to the accumulation of large sums of money in the hands of lending institutions and private persons for lending purposes.

8. The charges for the services of the Public Trustee in the administration of estates and funds are based mainly on a commission charged on the realization of assets or their transfer to beneficiaries and on the collection of estate income. Pending the development of a market favourable for the realization of assets and an improvement in the return from land and other assets, the revenue of the Public Trust Office from commission is necessarily much below that obtained in the more prosperous years preceding the depression, but it is pleasing to record that for the past year there has been an increase over the corresponding figures for each of the preceding three years. Having regard to the circumstances referred to and the fact that the work involved in the administration of estates and funds and in the control of the mortgage investments of the Common Fund has undoubtedly increased greatly over the past few years, it is satisfactory that the year's working has resulted in a profit of £6,718 after making provision for bad and doubtful debts.

9. The Public Trust Office continues to render faithful and efficient service to the beneficiaries and clients for whom it acts, and its satisfactory progress in the future is assured.

GEO. W. FORBES,
Prime Minister.

Wellington, 23rd October, 1935.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1935.

Public Trust Office, Wellington, C.1, 22nd October, 1935.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1935.

NEW BUSINESS.

1. During the year 2,980 estates and funds of a total value of £6,284,883 were accepted for administration. Both the number and value show a marked increase over those for the previous year—viz., 2,637 and £5,468,643 respectively.

2. The aggregate number of estates and funds under administration by the Public Trustee decreased slightly from 21,058 to 20,264 and the value from £60,760,493 to £60,706,016. The decrease of total business in the face of a large increase in new business is attributable to the effect of the Local Authorities Interest Reduction and Loans Conversion Act, 1932–33. Under this Act numerous local bodies have effected conversion and amalgamation of loans and the Public Trustee, although under no obligation to do so, has met their wishes by allowing (within certain limits) the premiums and expenses of conversion to be met from sinking funds under his control as Sinking Fund Commissioner and, where the Public Trustee was both lender and Sinking Fund Commissioner in respect of a loan, by allowing the sinking fund to be applied towards repayment of the loan. The effect of these concessions has been to reduce considerably the total value of sinking funds controlled by him. The number of such sinking funds has been reduced consequent on the amalgamation of loans.

The figures quoted do not take into account such matters as trusteeships for debenture-holders where the duties of the Public Trustee are not of an active nature or the supervision, in accordance with statutory requirements, of the administration of the estates of mental patients by private committees or of aged and infirm persons by private managers. By including these figures in the general total the value of the estates and funds under administration at the close of the year would be increased by £1,916,036.

3. The wills held in safe custody on behalf of living testators who have appointed the Public Trustee their executor and trustee increased during the year from 81,403 to 83,740, which represents the highest figure recorded in the history of the Office. The total number of wills deposited during the year was 4,177, and the net increase, after allowing for wills withdrawn on the death of testators or otherwise, was 2,337. In addition to preparing most of the new wills deposited, the Office redrafts wills to conform to the altered wishes of testators, and the number redrafted during the year was 3,726.

4. The true indication of the growth of the Office and of its retention of public confidence is the new business, both in estates and in wills deposited, and it is satisfactory to note that both of these show an increase on the previous year.

5. The development of the business of the Office, both present and prospective, is indicated by the following table:—

| Year. | Value of Estates and Funds. | Moneys at Credit of Estates and Funds. | Number of Wills on Deposit. |
|------------|-----------------------------|----------------------------------------|-----------------------------|
| | £ | £ | |
| 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 |
| 1933 | 59,757,449 | 36,815,941 | 79,535 |
| 1934 | 60,760,493 | 37,155,883 | 81,403 |
| 1935 | 60,706,016 | 36,666,196 | 83,740 |

ADMINISTRATION OF ESTATES AND KINDRED MATTERS.

6. The difficulties of administration arising from economic conditions have shown a tendency to diminish, although they are still much greater than in normal times. The realization of assets, particularly land, at prices acceptable to the beneficiaries is still a matter of difficulty; the collection of overdue mortgages is hampered, despite the plenitude of money available for investment, by the fact that present-day valuations, in a great many cases, do not support the advances required; but the management of unrealized assets has been simplified to some extent. In particular, some working-arrangement has been arrived at either through the medium of the Adjustment Commissions or the Court or by mutual arrangement with most mortgagors or lessees who are unable to meet their obligations in full. Furthermore, the difficulty of finding tenants is not so pronounced as before.

Despite the signs of improvement, however, the administration of estates still calls for much care and anxious thought, and recent legislation, particularly the Rural Mortgagors Final Adjustment Act, 1934–35, is likely to present some novel problems.

Particulars of the main classes of estates and kindred matters dealt with by the Office are given below.

7. *Wills and Trust Estates*.—This class, which represents the most valuable business under administration, covers those estates in which the Public Trustee acts as executor and trustee of the wills of deceased persons or as trustee of trusts constituted by settlors during their lifetime. Most of these estates arise out of the appointment of the Public Trustee by the testator or settlor personally, but some represent estates previously administered by private trustees and taken over by the Public Trustee at the request of the interested parties.

The number of such estates accepted during the year was 1,507, of a total value of £3,829,526.

8. *Intestate Estates*.—This class represents a relatively small proportion of the Office business, as most people possessed of property take the precaution, by means of testamentary dispositions, of ensuring that the distribution of their estates shall be in accordance with their wishes and will not be left to the statutory provisions governing intestate estates.

The number of such estates accepted during the year was 451, of a total value of £334,819.

9. *Agencies*.—Appointments to act as attorney form a considerable part of the Office business. These appointments are made not only by persons proceeding overseas, but also by others who, by reason of ill-health, advancing years, or other reasons, desire to entrust the management of their assets or business interests to another.

The Public Trustee also acts for a number of overseas executors and administrators in dealing with assets in New Zealand of persons who died domiciled outside New Zealand.

10. *Estates of Persons under Disability*.—Under the Mental Defectives Act, 1911, the duty of safeguarding the assets of a mentally defective person, if and so long as no committee or administrator is appointed by the Court, devolves on the Public Trustee. Furthermore, when a committee or administrator other than the Public Trustee is appointed the Public Trustee is required by statute to supervise the accounts and administration of such committee or administrator. In the great majority of cases the estate is administered by the Public Trustee under his statutory powers, the number coming under his administration during the past year being 417, with assets amounting to £506,983 in value. The total of such estates under administration by the Public Trustee as at 31st March, 1935, was 2,136, of an aggregate value of £2,551,296.

The Public Trustee is frequently appointed manager under the Aged and Infirm Persons Protection Act, 1912, of the estates of persons who by reason of advancing years, mental or physical disability, or other causes are incapable of managing their own affairs. Where a private person is appointed as manager

the duties of perusing and reporting on the accounts submitted by such manager devolves on the Public Trustee.

The administration of the estates of convicts, with the exception of Natives, is entrusted to the Public Trustee by a general appointment made by the Governor-General pursuant to Part III of the Prisons Act, 1908.

11. *Workers' Compensation.*—The Public Trustee is, unless the Court of Arbitration otherwise orders, statutory custodian of compensation-moneys paid in respect of the death of a worker, and, in practice, virtually all such cases are handled by the Public Trustee.

Frequently the Public Trustee is called upon to investigate the sufficiency of the amount tendered by way of compensation or the question of taking action to obtain compensation. Such work calls for specialized knowledge, and the Office, by reason of its wide experience in such matters, is well fitted to carry it out. When the amount of compensation has been settled the Public Trustee is required either to make application to the Court of Arbitration for an order apportioning the money among the dependants of the deceased worker or to report to the Court on an application made by an outside solicitor.

When making the application for apportionment it is the Public Trustee's duty to report to the Court as to the best and most equitable method of apportionment, having regard to the circumstances of the dependants. This is required in all cases and obviously necessitates a great deal of inquiry and investigation in order that reliable information may be placed before the Court. Very frequently the dependants consist of a widow and children who are possessed of no means beyond the amounts to be received from the compensation claim, and in any case the dependants can never be considered to be in really prosperous circumstances. For these reasons the Office has always endeavoured to carry out the work required in connection with compensation claims at as low a cost as possible. The fee charged by the Office in such cases is limited to 1 per cent. on the amounts received. This is a very small charge when it is remembered that it is the only remuneration for the services rendered, comprising, usually, protracted negotiations, applications to the Court for an order of apportionment, the payment of maintenance-allowances very often over lengthy periods, and, in some cases, the disbursement of portion of the capital of the compensation-moneys in the purchase of a home for the dependants. All these services, together with the preparation of any documents, are covered by the afore-mentioned charge. In addition, interest runs without interruption from the date of receipt while any portion of the funds is held by the Public Trustee.

12. *Charitable or Public Trusts and Benefit Funds.*—The Public Trustee controls several trusts and funds of this nature. The most important is that established by the will of the late Mr. Thomas George Macarthy, in terms of which, in the events which have now happened, the whole of the income from the residuary estate is available 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. The trust has now been in operation for twenty-three years, and during this period the sum of £213,342 has been allocated to charitable and educational purposes specified by the testator.

13. *Resealing and Administration of Assets Abroad.*—During the year the Public Trustee has acted frequently on behalf of executors and administrators abroad relative to obtaining grants of administration in New Zealand and conducting administration of assets situated here. Generally the process known as "resealing" has been adopted, as by this method representation in this country is greatly simplified. Conversely, the Public Trustee has, on behalf of estates under administration, found it necessary to deal with assets outside New Zealand. In such cases it is necessary to appoint a suitable representative in the country concerned. Throughout the British Empire it is usual to appoint those State officials whose functions are similar to those of the Public Trustee. There often arise cases, however, where circumstances render it desirable to employ private legal firms, and in those instances the usual procedure is departed from.

RECEIVERSHIP AND LIQUIDATION OF CERTAIN COMPANIES.

14. As a result of the report of the Commission set up by the Government, the Public Trustee was, in pursuance of the Companies (Temporary Receivership) Act, 1934, appointed as receiver and manager of certain companies as set out hereunder:—

The Investment Executive Trust of New Zealand, Ltd.
 The Sterling Investments Co. (New Zealand), Ltd.
 The Investment Securities Association, Ltd.
 The British National Investment Trust, Ltd.
 The New Zealand Shareholders Trust, Ltd.
 Wynwood Investments, Ltd.
 The Pacific Exploration Co., Ltd.
 Farms and Farmlets, Ltd.
 The First Mortgage Freehold Securities Company of New Zealand, Ltd.
 The Transport Mutual and General Insurance Co., Ltd.
 V. B. McInnes and Co., Ltd.
 Alcorn Trower and Co., Ltd.

By the terms of the Act the receivership was to continue pending completion of an investigation into the affairs of the companies concerned, in accordance with the Companies (Special Investigations) Act, 1934. The investigation was duly made by Inspectors appointed by the Government, and as a result it was decided to wind up the above companies, with the exception of Wynwood Investments, Ltd., and the First Mortgage Freehold Securities Company of New Zealand, Ltd. In respect of these two companies the Public Trustee continues, in the meantime, to act as receiver and manager, pending a decision as to their future.

Moreover, in addition to the companies enumerated in the above schedule, it was decided by the Government to wind up the following companies:—

Auckland Provincial Town Properties, Ltd.
 New Zealand Freeholds and Buildings, Ltd.
 Freeholds Ltd.

The Government's decision was brought into operation by the Companies (Special Liquidations) Act, 1934–35, under which the Public Trustee was appointed Liquidator of the companies mentioned therein. The Act was deemed to come into operation on a day to be specified by the Governor-General by Proclamation issued in the *Gazette*. The Proclamation was duly issued on the 16th April, 1935, and from that date the Public Trustee has undertaken the duties of Liquidator.

A great deal of work was involved during the period in which the Public Trustee acted as Receiver, but this has been greatly increased by his appointment as Liquidator in all but two cases. A large amount of inquiry and investigation into the position of each company has been necessary, and the work is proceeding systematically and as quickly as circumstances permit. In view of the large additional duties involved it became necessary to set up a special staff to deal with the matter.

INVESTMENTS FROM THE COMMON FUND.

15. *Lending Operations.*—After a long interval during which no applications for loans were entertained, there has been a resumption of lending on mortgage of farm lands and city properties. In common with other large financial institutions, difficulty was experienced during the year in finding suitable investments for moneys falling into the Common Fund. In normal times most of the moneys held in the Common Fund are invested in Government securities, local bodies' loans, and mortgages. During the past year, however, the Government ceased accepting moneys for investment in inscribed stock and debentures. Local-body borrowing was restricted and, although every effort was made to attract borrowers, the unsettled conditions and the fact that other investors were also actively seeking mortgage investments made it impossible to obtain a sufficient number of suitable securities to absorb all the funds available. There has, however, been a steady flow of applications for loans both on rural securities and town properties, although few have been for loans of

considerable amount. The greater number of the applications received have been for loans for the repayment of existing indebtedness and not for new developmental purposes.

As a result of the decline in the prices obtained for primary produce as compared with those for the previous year, the collection of interest has become somewhat more difficult. While many sheep-farmers have been able to meet current interest in full, the cases in which any substantial reduction in arrears has been effected have been few in number compared with those of the previous year, when the high prices obtained at the 1933–34 wool sales, especially those held in January, 1934, were reflected in the more favourable interest yield for the financial year which ended on 31st March, 1934.

Since my last report was submitted the results of the “pooling” schemes for the farming season ended 30th June, 1934, numbering 299, have been analysed. As the majority of the securities concerned were sheep-farms the amounts available for distribution were in most cases substantially higher than was anticipated when the estimates for the season were prepared. In some instances the arrears of interest were completely liquidated, and in others satisfactory reductions were made. In view of the subsequent decline in prices it is improbable that such satisfactory results will be obtained for the season ended 30th June, 1935.

Under the provisions of section 20 of the Finance Act (No. 3), 1934, the Public Trustee is empowered, on the application of a mortgagor, to grant any relief that the Supreme Court could grant if application for relief were made to that Court under the Mortgagors and Tenants Relief Act, 1933, subject to the concurrence of the Public Trust Office Investment Board. Relief under the provisions of this Act will be afforded mortgagors where the circumstances warrant it, but in view of the Public Trustee's duty to protect the trust-moneys under his control it can be granted only after the financial position of the mortgagor has been fully investigated and demonstrates that the mortgagor is entitled to relief.

As in the past, the Public Trustee has freely acceded to applications by mortgagors whose mortgages are on an instalment table basis for the suspension of one or more principal repayments, and numbers of mortgagors have taken advantage of this concession under which the mortgage is treated as being on a flat basis so long as the mortgagor's financial resources do not permit of payment of instalments of principal.

16. *Loans to Local Bodies.*—Steady progress has been made with the conversion of the large number of loans by the Public Trustee to local bodies. Since the operation of the Local Authorities Interest Reduction and Loans Conversion Act, 1932–33, the Public Trustee has made application for the conversion of loans to 165 local bodies. With very few exceptions, the local authorities have given assent to a suggestion by the Public Trustee that, in place of forwarding the old debentures to the local authority, a certificate should be furnished showing the particulars of the debentures held and an undertaking given that on receipt of the new debentures the old will be destroyed in the presence of an officer of the Audit Office, who will furnish a certificate of destruction. This procedure facilitates the work involved in connection with the conversion and at the same time safeguards fully the interests of the local authority concerned.

It is gratifying to report that as a result of the system of Commissioner control in connection with the Thames Borough and the Matakaoa County an improvement has been shown in the financial position of these bodies and the payment of interest on their loans.

17. *Ragwort-clearing.*—By the Noxious Weeds Amendment Act, 1934, more effective provision is made for the control of ragwort on farming properties. It may be necessary for the Public Trustee, as mortgagee, to pay out any amount for which a mortgagor is liable if default is made in clearing the weeds and to add the cost to the amount of his mortgage. Where budgets are prepared, whether in connection with pooling arrangements or otherwise, in respect of properties in ragwort areas every endeavour is made by the Public Trustee to have proper provision for the control of the weed and for the cost of control to be regarded as a working-expense under the pooling arrangement.

FINANCE.

18. *Investment of Funds.*—The investments completed during the year totalled £1,689,427. On the 31st March, 1935, the investments held by the Office, including special investments on behalf of estates and funds, totalled £35,617,059.

19. *Public Trustee's Bank Accounts.*—In accordance with the provisions of section 21 of the Reserve Bank of New Zealand Act, 1933, the Public Trustee's bank accounts in Wellington were transferred to the Reserve Bank of New Zealand on 27th September, 1934.

20. *Annual Accounts.*—Although the commission and other earnings, as a result of the slightly better conditions which prevailed during the year, showed an increase on the figures for the three previous years, the total revenue of the Office was still much below normal. An improvement in this respect is not to be expected until such time as the property market improves sufficiently to enable the realization of estate assets, which are steadily accumulating, to be effected at satisfactory prices and until the rental from properties and the income from other estate assets and enterprises show a better return on the capital invested. The reason for this is that, with a few exceptions, commission is chargeable only on the proceeds of assets realized and on the amount of income actually collected.

As explained elsewhere in this report, the work entailed in the administration of estates and the management of investments of the Office has, owing to accumulation of assets and the added responsibilities involved as a result of the difficult times experienced, increased the amount of work to be performed. Thus, although the earnings of the Office for the year were comparatively small, the extra work referred to precluded the expenditure being reduced proportionately to the earnings. It is satisfactory to report, however, that, after making provision for bad and doubtful debts, the accounts disclose a net profit of £6,718.

21. *Advances to Beneficiaries and to Estates.*—The power enabling the Public Trustee to make advances to estates is of great assistance to estates under administration and to the beneficiaries concerned in these times when difficulty is being experienced in realizing assets.

During the year under review a large number of advances were made to estates possessing insufficient liquid assets to provide for the payment of administration expenses, death duties, legacies, debts, &c., as well as the current living-expenses of dependants. Beneficiaries in estates possessing assets which, owing to the state of the market, it has not been possible or desirable to sell, but which show an adequate margin of security, have also received advances against their interests in such estates.

Current advances to estates and beneficiaries at the 31st March, 1935, amounted to £568,603.

22. *Insurance Companies' Deposits.*—In pursuance of the provisions of the Insurance Companies' Deposits Act, 1921–22, and its amendments, all foreign insurance companies carrying on business in New Zealand, excepting those the operations of which do not extend beyond life, earthquake, and marine insurance, are required to lodge with the Public Trustee deposits varying in amount according to the nature of the business conducted. The capital amount of deposits held at 31st March, 1935, on behalf of thirty-eight companies was £1,137,500.

During the year one company, which was already in business, increased its deposit to £50,000 as required by section 30 of the Finance Act (No. 3), 1934.

In terms of the Life Insurance Act, 1908, and its amendments, securities and cash totalling £750,575 were also held by the Public Trustee on behalf of seventeen life-insurance companies.

STAFF.

23. On the 31st March, 1935, the staff employed by the Public Trustee numbered 909, of whom 692 were on the permanent staff and 217 (mainly female officers) were employed on a temporary basis. Over the past year there was a staff-increase of 35, which was accounted for by the appointment of juniors for

training and by necessary additions to the shorthand-typing staff. The work of the Office is constantly increasing in volume, and provision is necessary not only for immediate requirements, which are met principally by the promotion of officers who have gained experience in the Office, but also for the certain needs of the future which necessitate a steady supply of junior officers with training in the office work and routine.

The staff of the Office contains a high proportion of officers with technical as well as business qualifications for dealing with the highly specialized work which is undertaken. One hundred and twenty-nine have passed the degrees or other examinations entitling them to admission as barristers or solicitors, and one hundred and thirty-one have passed the accountants' professional or a higher examination in accountancy. The juniors are encouraged to undertake a course of study which will be of mutual benefit to the Office and to themselves in the performance of more advanced duties, and in practically every case they are engaged in the study of law or accountancy. In addition, the Office employs competent staffs to advise upon questions relating to town and country properties, so that all phases of the work, technical and practical, are fully provided for.

OFFICE ORGANIZATION AND REPRESENTATION.

24. *District Representation.*—On the 21st November, 1934, Mr. W. J. Baigent, who had as an agent represented the Office in the Tauranga district for a period of seventeen years, tendered his resignation owing to ill-health, and in view of the volume of business dealt with in the district it was decided to establish a District Manager office. This was opened in January last, an officer of the Public Trust Office having been stationed temporarily in the Tauranga district in the meantime. An agency was opened at Paeroa on the 14th September, 1934.

With these changes, the Office had on the 31st March last twenty-three District Public Trustee offices, twenty District Manager offices, five part-time offices, and thirty-six agencies. This total of eighty-four district offices and agencies provided a very wide representation throughout the Dominion and was sufficient for the existing needs of the Office.

25. *Organization of Work.*—A year's experience of the further delegation of powers to controlling officers at the Head Office and to district officers in regard to the administration of estates and the investment work, which was referred to in last year's report, has shown that the expectation then expressed that they would facilitate the performance of the work was well founded, whilst the fact that all but the most important phases of the work are dealt with in the district offices without reference to the Head Office has enabled an increasing amount of work to be handled without a corresponding increase in the expenses of management. The measure of decentralization adopted was substantial and there was no occasion therefore to consider any further delegations of moment during the past year, but the working of the new powers conferred upon district officers is being closely watched, and should it appear that further benefits are likely to accrue from the granting of still more extended powers they will be brought into operation.

The internal Office instructions which were last reprinted in 1924 have been revised and will be reprinted during the present year. On this occasion the instructions will be issued in loose-leaf form, and it is hoped in this way to avoid for many years to come the reprinting of the complete set of instructions.

26. *Inspections and Audit.*—The system covers an annual review of all phases of the Office work, particularly the administration of estates, investment of Office funds, and internal auditing checks. The staffing of the branches and the organization and co-ordination of the work also receive careful consideration in order to promote efficiency and effect economies where desirable.

As a result of the progressive extension of the decentralization policy and the delegation of additional and wider powers to district officers the work of the Inspectors has been steadily increasing and, as stated in the last report, it was found necessary, in order to keep the work up to date, to appoint an additional officer during the year under review.

OFFICE BUILDINGS.

27. No new buildings or sites were acquired for Office purposes during the year, but the building at Greymouth, which had become inadequate to accommodate the staff was extended and modernized, provision being made not only for immediate needs, but also for the probable requirements of the near future.

It will shortly be necessary also to provide improved accommodation for the staffs of the Head Office and the Wellington district office, which are at present housed partly in a building erected specially for the Public Trust Office in 1909 and partly in an annex building acquired by purchase in 1918. The accommodation in both buildings is now heavily taxed and there is little scope for further expansion. The present arrangement of the various divisions is, moreover, inconvenient and unsatisfactory, and considerable economy in the time of the staff and in the movement of records would be achieved if a better arrangement were possible. Owing to the limitations of the present buildings it is not possible to improve matters, and the erection of a larger building on the site of the present annex building, which appears to be the most practical solution, will require early consideration.

As a measure of preservation the renovation of a number of the Office buildings, previously postponed for reasons of economy, was undertaken during the year.

RURAL INTERMEDIATE CREDIT.

28. The arrangement under which the Office acts as agent for the Rural Intermediate Credit Board in the administration of the intermediate credit system has been continued and has proved mutually satisfactory to the Board and the Office. The position of the loans is generally sound, and there are few cases where losses by the Board are anticipated. The arrears of interest are comparatively small, and the Board has placed on record its appreciation of the work of the officers responsible for the collection of payments and the excellent results obtained.

The amount of advances made during the year under review exceeds that of the previous year, though the net investments of the Board have decreased owing to the maintenance by a large number of the borrowers of annual repayments of the principal of loans. The administration has again proved exacting because of the need for exercising close supervision over investments, and it has also been necessary to review periodically the position of many loans and afford relief to borrowers by means of concessions.

The Board has maintained its policy of gradually delegating to the district organizations the power to grant loans and deal with certain matters arising in the course of the administration, and it may now be said that, generally, loans not exceeding £350 in amount are administered largely in the districts; and that in respect of loans exceeding that amount only certain matters require to be submitted to the Central Board. The administration of the loans by the district organizations is, of course, subject to the general supervision, direction, and control of the Board.

CONCLUSION.

29. In submitting this report I desire to place on record my appreciation of the co-operation and assistance given to me by the Assistant Public Trustees and of the services rendered by the staff at the Head Office and the district offices and by the agents throughout the Dominion. The satisfactory results recorded during the year contain in themselves a tribute to their devoted and efficient services.

Cordial thanks are also due to the members of the Investment Board for their assistance in matters relating to the investment of moneys in the Common Fund.

I have, &c.,
E. O. HALES,
Public Trustee.

The Right Hon. the Prime Minister.

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