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1936.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1936.

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, 1936.

1. The new business reported for administration during the year was of a total value of £6,675,965, representing the aggregate value of 2,719 estates and funds, as compared with the corresponding total of £6,284,883 for 2,980 estates and funds during the preceding year. It will be seen that the figures for the new business have been well maintained.

2. The aggregate value of the estates and funds under administration has shown a slight decline from £60,706,016 to £60,660,310, and there has been a decrease in the number of estates and funds from 20,264 to 19,123. This, however, is due to two special factors.

3. Firstly, in connection with the conversion of local bodies' loans under the Local Authorities Interest Reduction and Loans Conversion Act, 1932–33, where the Public Trustee was both lender and Sinking Fund Commissioner he agreed to apply the sinking funds in reduction of the loans when they were converted, and in other cases he agreed to release out of the sinking funds the amounts required to meet the expenses of conversion and discharge the premiums which became payable to the debenture-holders. The amount held by him to the credit of the sinking funds of local authorities was through this cause greatly reduced. Furthermore, many of the sinking funds relating to the loans converted were amalgamated, so that in place of separate sinking funds for each of the loans raised by the local authority there are now in most instances only the one sinking fund for the local authority or, at the most, only a few such funds. So the number of separate accounts was also reduced.

4. The second factor was the limited extent to which under the prevailing financial conditions moneys were accepted by the Public Trustee for investment on investment agency in the Common Fund, the amount held under this heading being substantially reduced by the repayment of the investment agencies on maturity.

5. It is estimated that but for the operation of these factors the aggregate business would have shown an increase over the past year of approximately £750,000.

6. It will be seen from the Public Trustee's report that the deposit of wills continues in satisfactory volume, the aggregate number, 85,878, being the highest total recorded up to the present time. The Public Trust Office is therefore assured of a continued large inflow of estates for administration in future years. The preparation of new wills and the revision of existing wills for clients of the Department constitute a very important phase of the activities of the Office, as will be seen from the fact that during the past year 4,014 new wills appointing the Public Trustee executor and trustee were deposited, and 3,497 wills already on deposit were redrafted at the request of clients.

7. In the foreword to last year's report reference was made to the appointment of the Public Trustee by special legislation to act as liquidator of a number of companies and as receiver of some further companies. It will be seen from the Public Trustee's report that these duties have received close attention, but, for various reasons, cannot be brought to finality for some considerable time yet.

8. It is pleasing to record that, despite the fact that in many estates assets are being withheld from sale at the direction of beneficiaries in the hope of an increase in market values with the result that the receipt of the Public Trustee's remuneration for his services is deferred, there has been a further improvement in the commission and other earnings of the Public Trust Office, and although there were increased expenses to meet in the management of the Office the result of the year's working was a profit of £5,419 after making provision for bad debts.

9. With the growth of business in various districts it has been necessary to provide additional accommodation for the staffs at several district offices, the need being met in some cases by resuming possession of parts of the buildings previously let to tenants as surplus accommodation and in others by alterations or additions to the buildings, and like proposals are at present under consideration in relation to further buildings. The Public Trustee's report also indicates that it will, at some date not far distant, be necessary to embark upon the rebuilding of portion of the Wellington building.

10. The Public Trust Office deals with the business affairs of private persons to a very large aggregate value, and the transactions which it handles are frequently of an involved, technical, and difficult nature. The progress which the Office has made up to the present time and the continued recourse of the public to it to a large extent for the transaction of fiduciary business plainly testify to the satisfactory discharge of its duties and responsibilities.

H. G. R. MASON,
Minister in Charge of the Public Trust Office.

Wellington, 28th October, 1936.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1936.

Public Trust Office, Wellington, C. 1, 28th October, 1936.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1936.

NEW BUSINESS.

1. The operations of the Office continue to expand in a satisfactory manner, a result which indicates that the services rendered have given satisfaction to those concerned. In a business of the magnitude of that of the Public Trust Office it is, of course, inevitable that some actions of the Public Trustee in accordance with his duty should meet with disapproval from persons who may be adversely affected. In general, however, it may fairly be stated that those whose affairs have been handled by the Office are well satisfied with and have confidence in the administration. The number of voluntary expressions of appreciation, both written and oral, which the Office is constantly receiving is ample evidence of this.

2. During the year 2,719 estates and funds of a total value of £6,675,965 were accepted for administration. Despite the large volume of new business reported for administration during the year, the total number of estates and funds under administration, 19,123, and value, £60,660,310, are slightly lower this year than the corresponding figures for last year, when they were 20,264 and £60,706,016 respectively. This is due partly to the effect, as explained in last year's report, of the conversion of local-body indebtedness on the sinking funds held by the Public Trustee and partly to the limited extent to which, under the prevailing financial conditions, the Public Trustee has accepted funds for investment on investment agency in the Common Fund combined with the repayment of existing investment agencies on maturity. If the effect of these factors is disregarded, the increase in business is estimated at approximately £750,000.

3. These figures do not take into consideration such matters as trusteeships for debenture-holders where the duties of the Public Trustee are not of an active nature, the custody of securities deposited by certain life and trustee companies in accordance with statutory requirements, 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 £1,664,780.

4. The wills held by the Office in safe custody on behalf of living testators who have appointed the Public Trustee their executor or trustee increased during the year from 83,740 to 85,878, which represents the highest figure recorded in the history of the Office. The total number of wills deposited during the year was 4,014, and the net increase after allowing for wills withdrawn owing to the estates falling in for administration or for other reasons was 2,138. Apart from these wills, it is known that many wills appointing the Public Trustee executor and trustee are held by banks, solicitors, or others.

In addition to preparing most of the new wills deposited, the Office redrafts wills to conform to the altered wishes or financial resources of testators, and the number redrafted during the year was 3,497.

ADMINISTRATION OF ESTATES AND KINDRED MATTERS.

5. As a result of the depression the difficulties of administration increased greatly owing to the accumulation of assets which in the ordinary course would have been realized, the difficulty of collecting rents and interest, and the various problems which inevitably arise in times of economic stress. With the return to more prosperous times these difficulties have diminished, although they have by no means disappeared. The administration of a large number of estates, the assets of which cover the whole range of property rights and interests, will, however, always present a variety of problems and call for a wide and diversified experience in business matters, as well as legal and accounting knowledge. The work of the Office can therefore never become stereotyped and requires the attention of a staff not only highly skilled, but also able to exercise initiative and sound judgment when faced with some novel situation.

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

7. *Wills and Trust Estates*.—This class covers those estates the administration of which is governed by the wills of deceased persons or by trusts constituted by settlors during their lifetime. In the majority of cases the appointment of the Public Trustee is made by the testator or settlor personally, but some of the estates have been under the administration of private trustees and have subsequently been handed over to the Public Trustee.

The number of wills and trust estates accepted during the past year was 1,471, of a total value of £3,760,808.

8. *Intestate Estates*.—The number of such estates accepted during the year was 429, of a total value of £309,228.

These estates, which are usually of comparatively small value, are distributable among the deceased's relatives in accordance with certain statutory rules. There is a widespread but erroneous belief that where a person dies intestate the Public Trustee or the Crown, in consequence of such intestacy, confiscates the whole or a substantial portion of the estate. Actually the Public Trustee assesses his charges for administration in such cases on the same scale and the Crown levies the same death duties as if the distribution had been made under a will. The only difference is that the beneficiaries in an intestate estate are fixed by statute, while those under a will are nominated by the testator.

9. *Agencies*.—There is an increasing number of persons who prefer to be relieved of the worry and trouble of managing their assets and to hand the work to a skilled and reliable agent such as the Public Trustee. These agencies, although occasionally troublesome, are often the means of establishing valuable business connections.

Many overseas executors and administrators have appointed the Public Trustee their agent to deal with assets in New Zealand of persons who have died domiciled outside New Zealand.

10. *Estates of Persons under Disability*.—An important duty performed by the Office is the safeguarding of the assets of mentally defective persons. Under the Mental Defectives Act, 1911, a private committee of the estate of a mentally defective person can be appointed by the Supreme Court, but in the absence of or pending the appointment of a private committee or administrator the administration of the estate devolves on the Public Trustee. In actual practice the great majority of such estates are administered by the Public Trustee, and even where a private committee is appointed the Public Trustee is required to exercise supervision over the administration.

During the year the Public Trustee undertook the administration of 430 estates of mentally defective persons of a total value of £446,686. These figures do not include estates the administration of which by a private committee was supervised by the Public Trustee.

The administration of the estate of a mentally defective person differs from that of the estate of a deceased person in that in the former case the paramount consideration is the interest of the patient himself. It is the primary duty of the administrator of a patient's estate to preserve the assets as far as possible intact

and unchanged without regard to the interests of the mentally defective person's successors or even of his creditors. The administration is often rendered difficult by the attitude of persons who fail to appreciate the necessity for the intervention of the Public Trustee.

The Aged and Infirm Persons Protection Act, 1912, provides that the Supreme Court may appoint a manager of the estate of any person who by reason of advancing years, mental or physical disability, or other cause is incapable of managing his or her own affairs. The Public Trustee is frequently appointed as manager in such cases, and where a private manager is appointed the duty of perusing and reporting on the accounts submitted by the manager devolves on the Public Trustee.

By a general appointment made by the Governor-General pursuant to Part III of the Prisons Act, 1908, the Public Trustee is appointed administrator of the estates of convicts other than Natives.

11. *Workers' Compensation.*—When the estate of a deceased person or a mentally defective person is reported to the Public Trustee careful inquiry is made as to the possibility of establishing a claim for workers' compensation or for damages arising out of the death or disability of such person. Frequently such claims are made by the Public Trustee and, if a compromise is not effected, are settled by Court action. This phase of the Office work is one to which special attention is given and in which a high degree of skill and experience has been reached.

In addition, practically all compensation-moneys arising out of the death of a worker, even though his estate is not under administration by the Public Trustee, are paid to the Public Trustee as statutory custodian. The Public Trustee in such cases usually administers the moneys subject to the terms of an apportionment order made by the Court after consideration of a report by the Public Trustee. Where compensation is awarded to an infant or a person under disability this amount also is usually paid to the Public Trustee to be held in trust.

RECEIVERSHIP AND LIQUIDATION OF CERTAIN COMPANIES.

12. In the report for the year ended 31st March, 1935, reference was made to the appointment of the Public Trustee as liquidator of thirteen companies and as receiver and manager of two other companies. Since this report was made the work in connection with the affairs of the various companies has progressed as expeditiously as possible.

13. The main company is the Investment Executive Trust of New Zealand, Ltd., and at the date of liquidation, 16th April, 1935, the total number of debenture-holders in this company was 768. In August, 1935, the Public Trustee forwarded to all debenture-holders a comprehensive report on the position of the company, supported by a balance-sheet as at 30th June, 1935.

14. During the passage of the Companies (Special Liquidations) Act, 1934–35, through Parliament, an assurance was given that there would be no haste in the commencement of the actual realization of the assets of the Investment Executive Trust of New Zealand, Ltd., and that there would be an opportunity, if it were promptly availed of, for those debenture-holders who wished it to submit to the Supreme Court any reconstruction scheme which they desired to put forward for consideration. A debenture-holder made application to the Court for leave to convene a meeting of debenture-holders for the purpose of considering and, if thought fit, approving a scheme of arrangement for reconstruction. The application was finally dismissed by the Court in December, 1935.

15. Early in 1936 active realization of the assets was commenced, and by the end of March last a sufficient sum was available to enable payment to debenture-holders of a first dividend of 2s. in the pound. Realization is still proceeding where the market is favourable, and a further dividend will be paid to debenture-holders as soon as sufficient funds are in hand.

16. On the 30th April and 1st May, 1936, a meeting of debenture-holders was held in Wellington. This meeting was convened by the Public Trustee in pursuance of a requisition under section 193 of the Companies Act, 1933, signed by more than 10 per cent. of the debenture-holders. Various matters in connection with the affairs of the Investment Executive Trust of New Zealand, Ltd., were discussed,

and four resolutions framed by those requisitioning the meeting were submitted for consideration, only one being carried. A report on the meeting has been forwarded to all debenture-holders.

17. Some of the companies are interested in property situated in and around Putaruru, and on 27th March, 1936, a combined auction sale was held. A few sales were effected either at the auction or soon afterwards, and endeavours to effect further sales are being made. Generally, however, it may be said that the prospects of realization of many of the properties are decidedly unfavourable.

18. The work entailed in connection with the companies is arduous and exacting, and investigations into various matters are still proceeding. It is obvious that it will be a very long time before all the outstanding matters are settled and the liquidation of the various companies is completed.

INVESTMENTS FROM THE COMMON FUND.

19. *Lending Operations.*—During the year applications were received for new loans and further advances, mainly for the erection of residences, for the discharge of existing mortgages over farm lands, or for the acquisition of rural properties, while there has been a marked increase in the number of applications for renewals. As a general rule, both new loans and renewals have been granted for terms of five years; and where a loan has been desired on a reducing basis, the wishes of the mortgagor have been met by provision for repayments as under a twenty-year instalment table during the period.

20. *Collection of Interest.*—While current interest was satisfactorily met during the year, there was no general improvement in the position of the arrears of interest, mainly on account of the lower level of prices of dairy-produce, although in certain individual cases it has been possible to arrange with the mortgagor for payment of the arrears by instalments over a period or for capitalization of the arrears. Portions of some long-standing arrears have been remitted by the Court of Review in terms of the Mortgagors and Tenants Relief legislation.

21. *Pooling Arrangements.*—During the season ended 30th June, 1935, 257 pooling arrangements with stock mortgagees were entered into by the Public Trustee, but, as was anticipated in my last report, the results compared unfavourably with those for the preceding season, when the higher prices received for produce particularly by sheep-farmers, were reflected in the substantial amounts available on account of interest. The application of a pooling arrangement, however, ensures that, after provision has been made for the reasonable living and working expenses of the mortgagor, an equitable proportion of the surplus income is made available to meet current interest on the mortgage over the land.

22. *Suspension of Principal-repayments.*—Although the position of many mortgagors has shown an improvement, it is still necessary in a number of instances for the Public Trustee to grant a postponement of the principal-payments under table mortgages. This concession is readily granted by the Public Trustee where it is shown that the mortgagor is experiencing difficulty in meeting the payments.

23. *Trustee Amendment Act, 1935.*—Under the provisions of the Trustee Amendment Act, 1935, trustees are empowered to renew a mortgage notwithstanding that the latest valuation may not show the statutory margin of security. The Public Trustee avails himself of these provisions when the obligations under the mortgage have been promptly met, the property on which the advance was granted has been satisfactorily maintained, and the decrease in value is due to a decline in the general level of valuations, and not to any unsatisfactory features in connection with the security.

24. *Rural Mortgagors Final Adjustment Act.*—In a limited number of cases application has been made by mortgagors of the Office for adjustment of their liabilities under the provisions of the Act, or it has been the duty of the Public Trustee to apply to have the mortgage brought under the provisions of the Act so as to ensure that the mortgagor's farming operations are strictly controlled on a budgetary system.

25. *Local-body Loans.*—The Local Authorities Interest Reduction and Loans Conversion Act, 1932–33, required applications for conversion of local-body loans to be made not later than the 31st December, 1935. Of the 292 local bodies which

had raised loans from the Public Trustee and which were entitled to apply for conversion, 242 exercised their right. The great majority of the conversions have now been completed, and the assistance which the Public Trustee has been able to afford many local bodies in carrying out the required formalities and in reducing to a minimum the work involved has been appreciated. The improvement in the position of the Thames Borough and the Matakaoa County under Commissioner control, which was mentioned in my last report, has been satisfactorily maintained.

FINANCE.

26. *Investment of Funds.*—The investments available to the Public Trustee were insufficient to absorb all available funds. As there were no new issues of Government securities and comparatively few loans were raised by local bodies, the principal trustee investments offering were mortgages upon rural securities and town properties. As most other financial institutions were also meeting with difficulty in placing their available funds, competition for such investments as were offering was keen, and although there has been a steady flow of applications for loans on mortgage it has not been sufficient to check the accumulation of uninvested funds.

The investments completed during the year totalled £1,401,151. On the 31st March, 1936, the investments held by the Office, including special investments on behalf of estates and funds, totalled £35,324,321.

27. *Annual Accounts.*—Although there is a large accumulation of assets, especially those comprising house and farming properties, realization of which has been deferred at the request of the beneficiaries in the hope that prices will increase, it is satisfactory to report that the commission and other earnings of the Office have shown a further improvement. The increase in revenue, however, was substantially offset by the higher expenditure, due principally to the partial restoration of the salary cuts, which affected not only the direct charge for salaries of staff, but also the cost of services rendered to the Office by other Government Departments and by commercial firms.

The net profit for the year, after making allowance for bad debts, amounted to £5,419.

28. *Advances to Beneficiaries and to Estates.*—One of the material advantages which the Public Trustee is able to offer in the administration of estates is the power to grant financial accommodation to estates and to beneficiaries at times when funds are immediately required and when the assets could be realized only at a sacrifice. During the year substantial sums were advanced to estates and to beneficiaries in need of financial assistance. A feature of these advances is the low rate of interest combined with the fact that they are repayable as soon as funds become available in the estate for application in reduction of the amount advanced. Current advances to estates and funds as at the 31st March, 1936, amounted to £582,050.

29. *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, 1936, on behalf of thirty-eight companies was £1,137,500.

During the year one insurance company gave notice that it was ceasing to carry on business in New Zealand and desired to withdraw its deposit of £27,500. A refund of the deposit will be made as soon as the statutory requirements relating to withdrawals of deposits have been satisfied.

In terms of the Life Insurance Act, 1908, and its amendments, securities and cash totalling £750,355 were also held by the Public Trustee on behalf of sixteen life-insurance companies.

STAFF.

30. The staff employed by the Office on the 31st March, 1936, comprised 940 employees, of whom 722 were on the permanent staff and 218 (principally female officers) were employed on a temporary basis. During the past year there was an increase of 31 in the number of staff, due principally to necessary additions to the shorthand-typing staff and to the appointment of a number of additional cadets for training. As in previous years, both the replacement of senior officers who had left the employ of the Office and the filling of senior positions which have been created to meet the needs of the Office have been effected by the promotion of members of the existing personnel, and such measures as the appointment of cadets for training are necessary to provide for future requirements.

31. The Office continues to number among its staff a large proportion of officers with technical qualifications in law and accountancy. One hundred and thirty-four officers have passed the degree or other examinations entitling them to admission as barristers or solicitors, and one hundred and forty-six have passed the Accountants' Professional or a higher examination in accountancy. Practically without exception the junior officers are engaged upon the study of law or accountancy. In addition, officers experienced in matters relating to farm properties and town properties respectively are employed by the Department. These factors, together with the business qualifications of the members of the staff and the wide and varied experience which officers gain in the course of their duties, ensure that all phases of the work are adequately provided for.

OFFICE ORGANIZATION AND REPRESENTATION.

32. *District Representation.*—On the 15th November, 1935, Mr. J. Laurenson, who had acted as agent of the Public Trustee at Carterton for over twenty-six years, tendered his resignation for health reasons, and at his request arrangements were made to relieve him of his duties early in December. It was decided to establish a District Manager office, and pending completion of the necessary arrangements a departmental officer was stationed there. The District Manager appointed took up duty on the 19th March, 1936.

The only other changes in district representation during the year were the appointment of an agent at Te Puke on the 2nd March, 1936, and the establishment of a part-time office at Matura on the 10th March, 1936.

As at the 31st March, 1936, the Public Trustee was represented in eighty-six towns in the Dominion. This representation, comprising twenty-three District Public Trustee offices, twenty-one District Manager offices, six part-time offices, and thirty-six agencies, was found adequate for the requirements of the Office.

33. *Organization of Work.*—The organization of the work at the Head Office and the district offices as set forth in previous reports continues to prove satisfactory, and there was no occasion to make any important changes during the year.

The reconsolidation of the standing instructions of the Department, which was stated in last year's report to be then under way, was completed, and the new instructions have been issued. As they are in loose-leaf form it is expected that there will be no need for many years to come to reprint them at the substantial expenditure of time and money that was necessary on the present occasion.

34. *Inspections and Audit.*—Internal checks in regard to the custody and handling of cash, securities, and other valuables are carried out by specially selected officers, and the monetary transactions are subjected to a supplementary audit by the Government Audit Department. This work is supervised by the inspection staff, which, in addition, reviews at yearly intervals the administration of estates and the staffing and organization of branch offices.

OFFICE BUILDINGS.

35. During the year a new site was purchased at Nelson with the object of putting up a new building to replace the existing building, which had become unsuitable for the needs of the Office. The erection of the new building is at present

under consideration, and in the meantime temporary accommodation has been leased for the district office and the property formerly occupied by it has been sold.

36. The continued expansion of the business has made it necessary to provide additional accommodation for the staff at some of the district offices. In some cases portions of buildings let to tenants as surplus accommodation have been resumed to meet such needs, but where this has not been possible alterations have been made or are at present under consideration. I mentioned in last year's report that the renovation of a number of office buildings, previously postponed for reasons of economy, was undertaken during that year, and during the present year further buildings were renovated. In that report I also mentioned that it would shortly be necessary to provide improved accommodation for the staffs of the Head Office and the Wellington district office. Further consideration of the position confirms the view which I then held, and it will be necessary to consider at no distant date the demolition of part of the present buildings and the erection of a larger and more up-to-date building.

RURAL INTERMEDIATE CREDIT.

37. The Rural Intermediate Credit Board has continued to utilize the organization of the Office for the conduct of the administration of the intermediate-credit system, and senior officers at Head Office have acted as executive officers, and District Public Trustees and District Managers have acted as District Supervisors and District Officers respectively of the Board. This arrangement has proved a very suitable one, and the Board has on several occasions recorded its satisfaction with the services rendered by the Office and its officers.

38. The Board has from the commencement of its operations pursued a policy of gradual delegation to district organizations and branch officers of the power to grant loans and deal with other matters of administration, and a large proportion of the work is now carried out in the districts under the direction and control of the Board. The volume of business transacted in the year under review did not quite equal that of the previous year, but the work has continued to be exacting because of the need for the exercise of care in the choice of investments and the supervision of the securities, which consist principally of stock and other chattels.

CONCLUSION.

39. I desire once again to record my appreciation of the loyal and unstinted services which have been rendered by the Assistant Public Trustees, the staffs at the Head Office and the district offices, and the agents of the Office. The maintenance of the reputation which the Public Trust Office has gained for prompt, efficient, and sympathetic administration is largely in their hands, and I am pleased to report that there has been no falling away from the high standard which has obtained in previous years.

40. 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 Hon. the Minister in Charge of the Public Trust Office.

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1937.

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(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1937.

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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, 1937.

1. The new business reported for administration during the year was of a total value of £5,968,109, representing an aggregate value of 2,770 estates and funds, as compared with the corresponding total of £6,675,965 for 2,719 estates and funds during the preceding year.

2. The principal reason for this decrease in value is the fact that the business accepted for the year ended 31st March, 1936, included assets of a total estimated value of £639,000 held in the various companies, the liquidation of which is being carried out by the Office under the provisions of the Companies (Special Liquidations) Act, 1934–35. However, the normal business reported for administration during the last financial year showed a satisfactory increase.

3. The aggregate value of the estates and funds under administration on the 31st March, 1937, was £60,770,814, as compared with £60,660,310 on the 31st March, 1936, an increase of £110,504. But for the fact that sinking funds amounting to more than £600,000 were repaid during the year, and that considerable progress was made in the realization of assets in the companies referred to in the preceding paragraph, the aggregate business at the close of the year would have shown an increase over the previous year of more than £1,200,000.

4. The deposit of wills appointing the Public Trustee executor and trustee also continues in satisfactory volume. The extent to which the services of the Office were resorted to by the people of the Dominion during the past year is shown by the statement in the report that 4,408 wills (which were with very few exceptions prepared by the Public Trust Office) were deposited by new clients and 3,898 wills were redrafted for existing clients to meet their altered wishes regarding the distribution of their estates.

5. Altogether 88,321 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 preparation of wills on behalf of testators is a very

important activity of the Office, which it is well qualified to perform on account of its long and varied experience in all matters relating to wills and the technical qualifications of the officers engaged upon the work.

6. 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 and the number of wills on deposit at regular intervals :—

Year.						Value of Estates and Funds under Administration.	Number of Wills on Deposit.
						£	
1917 ..	..	..	..	..	..	15,065,583	19,565
1927 ..	..	..	..	..	..	41,043,523	53,531
1937 ..	..	..	..	..	..	60,770,814	88,321

7. Special reference was made in last year's report to the duties and responsibilities devolving upon the Office by the passing of the special legislation appointing the Public Trustee as liquidator of a number of companies and as receiver of some further companies. It will be seen from the Public Trustee's report that a large amount of work was entailed in the carrying-out of these duties and that a considerable time will elapse before the liquidation of the various companies and the realization of the assets are complete.

8. Although conditions generally have continued to show improvement, the work entailed in the management of the individual assets of estates and in the collection of income from estate assets and the investments of Office funds has continued to be more onerous than in normal times. Notwithstanding this the operations of the Department over the past year resulted in a profit of £21,892 after making suitable provision for depreciation and for losses of interest in respect of investments, and this result is to be regarded as satisfactory.

9. The steady increase in the business of the Office has necessitated the provision of additional accommodation at a number of branches.

10. A vacant section of land adjoining the Office premises at Auckland has been purchased to provide for future requirements, and proposals for the erection of a new office building at Nelson are in hand.

11. Notwithstanding the fact that a very wide system of decentralization and local administration has been established and extended as far as appears possible at present, the accommodation at Wellington has become both insufficient and unsuitable. The working of the Office is made both difficult and expensive by reason of the fact that it is conducted in two separate buildings which do not permit of a proper classification of the work or arrangement of the staff and entail the covering of long distances in the transport of papers and the necessary and unavoidable intercourse of senior and executive officers. The Wellington district office is working under great disadvantages, and with estates in its charge of a value exceeding £9,000,000 it is evident that the provision of some better accommodation is becoming a matter of urgency. It is clear that the rebuilding of a portion of the Wellington premises will have to be taken in hand at an early date.

12. The continued expansion of business affords ample evidence that the confidence of the community in the Public Trust Office is well maintained. 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 into contact.



Minister in Charge of the Public Trust Office.

Wellington, 22nd November, 1937.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31st MARCH, 1937.

Public Trust Office, Wellington, C. 1, 11th November, 1937.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1937.

NEW BUSINESS.

1. During the past year 2,770 estates and funds of a total value of £5,968,109 were accepted for administration, compared with 2,719 of a value of £6,675,965 the previous year. Notwithstanding the reduction in values, the new business for the year was satisfactory.

2. The total number of estates and funds under administration at the close of the year was 18,874, of an aggregate value of £60,770,814, as against 19,123, valued at £60,660,310, at the end of the previous year. There is a decline in numbers and a comparatively small increase in total value as compared with the large volume of new business, and this is accounted for mainly by the circumstances referred to in last year's report—namely, the effect of the conversion of local-body indebtedness upon the sinking funds held by the Public Trustee and the repayment of existing investment agencies upon maturity. In addition, considerable progress was made during the year with the liquidation of the Investment Executive Trust and related companies. In the other estates and funds under administration the aggregate business has shown an increase exceeding £1,200,000.

3. In addition to the business referred to in the previous paragraph there are many cases where the Public Trustee is required to supervise the administration by private persons of the estates of mental patients and aged and infirm persons. In other cases the duties are not of an active character—*e.g.*, trusteeships for debenture-holders. By including these figures the value of the estates and funds under administration at the close of the year would be increased by £1,862,210.

4. The number of wills appointing the Public Trustee executor or trustee deposited by testators during the year was 4,408, representing a substantial increase over the corresponding figure of 4,014 for the previous year. The majority of the wills were prepared by the Office. The number of wills withdrawn during the year through the death of testators or otherwise was 1,965. The number of wills on deposit at the close of the year, 88,321, therefore showed a substantial increase of 2,443 over the corresponding figure at the close of the previous year, which itself constituted a record in the history of the Office.

5. During the year 3,898 wills were redrafted to provide for alterations desired by testators, as compared with 3,497 redrafts for the previous year.

ADMINISTRATION OF ESTATES AND KINDRED MATTERS.

6. Except in two respects, the position in regard to the administration of estates and funds has remained fairly constant during the past year as compared with the previous year.

In the first place the keen demand for dwellinghouses and business premises in most parts of the Dominion has facilitated the letting or leasing of such properties, and the collection of rentals is not so difficult as in the past few years. There has been some improvement in the market for the sale of landed properties, though as regards dwellinghouses many intending purchasers are awaiting the results of the Government housing schemes before entering into contracts for the purchase of properties.

In the second place the passing on the 1st October, 1936, of the Mortgagors and Lessees Rehabilitation Act, 1936, has caused a considerable amount of additional work in the protection of the interests of estates under administration, much of the work having to be performed within a very limited time. During the year under review this work came under three main headings.

The Act provided, briefly, that a guarantor of leases or mortgages should cease to be liable unless prior to 31st December, 1936, he was served by the mortgagee, lessor, or other person to whom he was liable with a notice specifying the nature and extent of the guarantor's liability, or unless an application for the adjustment of the liabilities of the guarantor was filed in accordance with the provisions of the Act. The word "guarantor" had a special meaning for the purposes of the Act, and, stated generally, all persons liable in respect of the covenants of a lease or mortgage other than the person who at the time of the passing of the Act held the property comprised in the lease or owned the property subject to the mortgage were guarantors for the purposes of this portion of the Act. It was therefore necessary to conduct a thorough investigation of the position of all leases of properties owned by estates and all mortgages owing to estates so that notice could be given within the prescribed time to the persons within the definition of guarantor for the purposes of the Act whose personal liability it was desired to preserve.

The Act also made provision for mortgagors and lessees, and guarantors served with notice of liability under the provision already mentioned, to apply for the adjustment of their liabilities under the mortgages, leases, or guarantees. The 31st January, 1937, was the date fixed for lodging such applications, but by leave of the Court of Review an application could be filed at any time up to the 28th February, 1937. In many instances where an application by a mortgagor, lessee, or guarantor for an adjustment was contemplated this step was obviated by mutual arrangements entered into before the closing-date for applications. In the Office it was necessary in consequence of these provisions of the Act to conduct within the limited time available a comprehensive investigation of the great majority of the estates under administration to decide whether or not it was necessary or advisable to lodge an application for adjustment in respect of any liabilities which could be the subject of such an application. It was necessary to put forward in some cases proposals for mutual arrangements outside the provisions of the Act in relation to estates which were liable as mortgagor, lessee, or guarantor, or where the interest of the estate was that of mortgagee, lessor, or creditor to consider like proposals submitted on behalf of the mortgagors, lessees, or guarantors. All these matters led to a great volume of additional work of a difficult and responsible nature during the last months of 1936 and at the beginning of the present year.

Since this initial activity there has been a large volume of work beyond that normally included in the administration of estates in prosecuting applications made on behalf of estates for the adjustment of their liabilities, in defending similar applications lodged by persons under liability to estates, and in negotiating voluntary adjustments in terms of the Act in both sets of circumstances mentioned. Frequently proceedings before the Adjustment Commissions and the Court of Review have to be undertaken on behalf of the estates where finality cannot be reached in other ways. It is likely that this position will continue throughout the current year.

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

8. *Wills and Trust Estates.*—The largest number of estates and funds and the most valuable business under administration come under this heading, and consist of those estates where the Public Trustee acts as executor or trustee of the wills of deceased persons or as trustee of trusts constituted by settlors during their lifetimes. The majority arise out of appointments of the Public Trustee by the testator or settlor personally, but in addition there are numerous cases where the estates were previously administered by private trustees and are taken over by the Public Trustee at the request of the interested parties or where the persons appointed as executors ask the Public Trustee to act in their stead.

The number of such estates accepted during the year was 1,602, of a total value of £3,683,669.

9. *Intestate Estates.*—Four hundred and fifty-five intestate estates of a total value of £351,417 were accepted for administration during the year at the request of the next-of-kin of the deceased persons. Estates of this class constitute a comparatively small proportion of the business of the Office, due in large measure to the fact that persons, whether of small or of considerable means, are alike becoming increasingly aware of the advisability of leaving testamentary provision for the distribution of their estates. Generally, the intestate estates are of comparatively small value, but for these estates particularly, administration by the Public Trustee, with its security and moderate charges, coupled with the fact that it is not necessary to obtain administration bonds, provides special advantages.

10. *Estates of Persons under Disability.*—The principal class of estates coming under this heading is that of mentally defective persons. 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 majority of the estates of mental defectives are administered by the Public Trustee. Even where a private committee or administrator is appointed, the Public Trustee, in terms of the Mental Defectives Act, is called upon to exercise supervision over the administration of such committee or administrator.

During the past year 438 estates of mentally defective persons, of a total value of £527,145, were reported to the Public Trustee for administration.

Under the Aged and Infirm Persons Protection Act, 1912, the Public Trustee may be appointed by the Supreme Court to act 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.

Where a manager other than the Public Trustee is appointed the Public Trustee is required to peruse the accounts of the administration and to submit a report on the administration to the Court. The Public Trustee has to satisfy himself that the accounts delivered to him are in order, that the management during the period under review has been proper and efficient and in the best interests of the protected person, and that there is proper authority for any investments arranged during the period and for all disbursements made. These duties are cast upon the Public Trustee by section 18 of the Aged and Infirm Persons Protection Act, 1912, which provides, *inter alia*, that the manager of every protected estate shall at such times and in such manner as is prescribed prepare and file in the Court a statement, verified by affidavit, of his administration of the protected estate. Until last year there were no regulations prescribing the time and manner of filing the required statements. The Public Trustee thus had no means of knowing when an appointment of a private manager was made, and could not be certain that all private managers were complying with the important statutory requirements regarding the rendering of accounts. Rules prescribing the time and manner of filing statements were, however, made on the 16th June, 1936, and were gazetted in the *New Zealand Gazette*, No. 42, of the 25th June, 1936, page 1223, and arrangements were made at the same time with the Justice Department for the Registrars of the Supreme Court to notify the Public Trustee when protection orders are made.

By a general appointment by the Governor-General, pursuant to Part III of the Prisons Act, 1908, the Public Trustee is also appointed administrator of the estates of convicts, other than Natives. Comparatively few estates are administered by the Public Trustee under this provision.

11. *Workers' Compensation.*—The duties which devolve upon the Public Trustee in relation to the Workers' Compensation Act have been fully explained in previous reports. Briefly, in almost every case compensation arising out of the death of a worker is paid to the Public Trustee as statutory custodian, and it then becomes his duty to report to the Court of Arbitration upon the apportionment of such moneys among the dependants, and thereafter to administer the moneys in accordance with the order of the Court. Compensation awarded to an infant or a person under disability is also usually paid to the Public Trustee to be held in trust.

In every estate of a deceased or mentally defective person coming within the Public Trustee's control inquiry is made whether the death or disability is due to an accident giving rise to a claim for compensation. If such a claim is found to exist it then becomes the Public Trustee's duty to pursue it and, if necessary, to take Court proceedings to establish it.

By reason of its long and wide experience in such matters the Office has acquired a special knowledge of matters relating to workers' compensation.

RECEIVERSHIP AND LIQUIDATION OF COMPANIES.

12. Since the last report steady progress has been made in the general administration and the realization of the assets of the various companies which are subject to the provisions of the Companies (Special Liquidations) Act, 1934-35.

In the Investment Executive Trust of New Zealand, Ltd., which is the principal company under administration, the realization of the stocks, shares, debentures, and other assets has been given constant attention, and sales amounting to a substantial sum have been arranged during the year. The Public Trustee has had the benefit of expert advice in deciding what holdings were to be sold, and every effort has been made to obtain the best prices for the various assets. In those cases where it was considered that the prospects of a satisfactory sale were unfavourable the assets have been withheld from sale pending an improvement in the market.

During the year the Trust Building, Sydney, was sold. This was the principal asset in New South Wales and was vested in the Public Trustee, Sydney. In accordance with the terms of the special legislation in New South Wales the Investment Executive Trust was entitled to two-thirds of the proceeds of the sale, and the major portion of the amount due to the company has been received from the Public Trustee of New South Wales and distributed to debenture-holders.

As a result of this remittance and the realizations of other assets it has been possible to pay to debenture-holders to date five dividends totalling in all 9/9 in the £. The payment of a dividend entails a considerable amount of work as the number of debenture-holders is substantial. As soon as sufficient funds are available a further distribution will be made.

There have been several Court actions arising out of the liquidation of the various companies, and much work has been done by the Office in assembling the available information and in assisting counsel in the preparation of each case.

In the Transport Mutual and General Insurance Co., Ltd., a writ was issued by the Public Trustee against one of the salesmen, and judgment was obtained for the full amount of approximately £1,800.

In the Sterling Investments Co. (New Zealand), Ltd., and in the Pacific Exploration Co., Ltd., a writ was issued by the Public Trustee against Mr. J. W. S. McArthur in connection with the yacht "Morewa." Judgment in the Supreme Court was for the defendant, but the Public Trustee, on the advice of his counsel, decided to appeal against this decision. The Court of Appeal reversed the decision of the Supreme Court, and judgment has now been given in favour of the Sterling Investments Co. (New Zealand), Ltd., for £8,931, with costs. Mr. McArthur subsequently applied to the Court for leave to appeal to the Privy Council and for a stay of execution in regard to the judgment. Conditional leave to appeal was granted by the Court subject to the giving of security, but the Court refused the application for stay of execution, and the Public Trustee is now considering the action necessary to endeavour to enforce the judgment.

In the Investment Executive Trust of New Zealand, Ltd., a writ was issued against Mr. J. W. S. McArthur for misfeasance. The action was successful, and judgment for £19,340 was given in favour of the Public Trustee, as liquidator.

As mentioned in the previous report, several of the companies were possessed of blocks of land at Putaruru. An attempt was made to dispose of these properties by auction, but the results were disappointing. Efforts have been continued since the auction to dispose of the land, and during recent months the Office has been successful in selling several holdings.

The First Mortgage Freehold Security Co. of New Zealand, Ltd., was one of two companies allowed to remain in receivership when the other companies were directed to be wound up. The affairs of this company were investigated by the Public Trustee and two reports were made to debenture-holders at different times, setting out the position of the company and supplying particulars of the assets, and requesting debenture-holders to give directions as to the future of the company. As a substantial majority favoured liquidation, the Attorney-General directed that further legislation should be submitted to Parliament for the purpose of putting this company into liquidation. The necessary legislation will be promoted during the present session of Parliament.

The other company in which the Public Trustee continued to act as receiver was Wynwood Investments, Ltd. An application was recently made to the Court by the debenture-holder of the company, and an order was made directing that it be wound up. The Official Assignee, Auckland, is the provisional liquidator. The assets have been handed over to him, and the Public Trustee's duties in respect of this company have now ceased.

No small amount of work in connection with the winding-up of the companies still remains to be done, and it is obvious that considerable time will elapse before the companies are finally wound up. The Public Trustee is, however, making every endeavour to expedite the completion of the liquidation of the various companies.

INVESTMENTS FROM THE COMMON FUND.

13. *Lending Operations.*—During the earlier part of the period under review very little lending business was transacted, intending applicants no doubt holding off until details of the new relief legislation were available. Since the passing of the legislation applications have come in more freely, including a considerable number from existing mortgagors for further advances to enable them to readjust subsequent encumbrances or for improvement of the securities. A new method of lending on a redemption-table basis has been instituted, under which the rate of interest is fixed for the first five years of the term, with provision for a review of the rate at the end of this period and at five-yearly intervals thereafter; the mortgagor having the right to repay the loan at the end of any five-yearly period if the rate fixed for the succeeding period is not acceptable.

Except where applications for adjustment are pending under the new legislation, the rights and remedies of mortgagees are now unrestricted; and this has resulted in applications being received for renewal of a large number of mortgages which were running on overdue under the protection afforded by the repealed Mortgagors and Tenants Relief legislation.

14. *Margin of Security.*—The Public Trustee's powers of lending upon the security of freehold land have been brought into line with those of private trustees by section 20 of the Finance Act (No. 2), 1936. Previously the Public Trustee was not authorized to grant loans exceeding three-fifths of the value of the proffered security, but under the section mentioned he is now empowered to lend an amount not exceeding two-thirds of the value of the security. The practice of valuing farm properties on a productive basis has resulted in a substantial reduction of values; and in most cases the amount which the Public Trustee is now authorized to lend on a property is not more than could have been lawfully advanced some years ago when loans were restricted to three-fifths of the amount of the valuation. The statutory margin for loans on Crown and Native leaseholds has been altered in the same manner.

15. *Loans on Government and Local Body Debentures.*—Though by section 34 of the Public Trust Office Act, 1908, the Public Trustee is authorized to purchase bonds and debentures issued by the Government and certain local bodies, there has hitherto been no authority for granting loans on the security of such bonds or debentures to persons who desired to obtain financial assistance without realizing their investments. Under section 19 of the Finance Act (No. 2), 1936, the Public Trustee is now authorized to grant loans on this class of security, up to nine-tenths of the nominal value thereof.

16. *Collection of Interest.*—The improved economic conditions, and the enhanced prices received for wool and stock in particular, have enabled the great majority of mortgagors to meet current interest without difficulty, and in many cases to liquidate arrears which have accumulated over previous years. A number of mortgagors who

have filed applications for relief under the Mortgagors and Lessees Rehabilitation Act have been withholding payment of current interest, although they have evidently been in a position to meet current interest in full, or at least to make substantial payments on account. The Court of Review has, however, made an official pronouncement that current interest should be paid by applicants for relief who are in a position to do so, and it is anticipated that in view of the attitude taken by the Court of Review payments will be improved.

17. *Pooling Schemes*.—One result of the general improvement in conditions has been that a number of mortgagors whose farming operations had previously been subject to pooling arrangements between the Public Trustee and the stock mortgagee were able to clear their arrears of interest out of the revenue from the 1934–35 farming season, and to make provision for meeting future interest as it fell due. In consequence, the number of pooling schemes in force for the farming season ended 30th June, 1936, was reduced to 198. In practically every case the revenue available to meet interest on the mortgages of the land and the stock, after payment of the living and working expenses of the mortgagor, was substantially higher than that received under the pool for the previous year. The total amount received by the Public Trustee was in excess of one year's interest on the total principal sum secured by the mortgages which were subject to pooling arrangements for the period.

18. *Rehabilitation Legislation*.—In view of the extent of the Public Trustee's investments, a great amount of work was cast on the Office through the operation of the Mortgagors and Lessees Rehabilitation Act, 1936. The provision in the Act under which all guarantors of mortgages were automatically released, unless they had been expressly served with notice advising them of their right to apply for adjustment of their liability, necessitated the perusal of every mortgage file for the purpose of ascertaining what parties were liable under the mortgage, and deciding whether it was necessary for the protection of the funds invested in the mortgage that the guarantors' liability should be retained. In view of the wide definition of the word "guarantor" under the Act, the investigation of all the files involved considerable expenditure of time and care; but the work was completed within the period prescribed by the statute. In addition, the Public Trustee was in receipt of a number of notices under section 81 of the Act calling upon him to reduce the rate of interest payable under the mortgages concerned or to accept repayment of the amount within three months. In some instances mortgagors who had funds available for repayment or reduction of the principal moneys took advantage of the section to obtain acceptance by the Public Trustee of total or partial repayment by serving notice demanding reduction of the rate of interest to a nominal amount.

Where notices had been served with a genuine desire to obtain a reduction of interest to current rates, under mortgages which had been arranged at a time when the ruling rates were higher, negotiations were entered into with the mortgagors concerned, and in practically every case a satisfactory arrangement was arrived at. Where the mortgage was on a long-term table basis and the mortgagor was desirous of continuing the principal repayments, the rate of interest was reduced for a period of five years with provision for review of the rate at five-yearly intervals; and the mortgagor was given the right to repay the mortgage at the expiration of any five-yearly period if the rate fixed by the Public Trustee for the succeeding period were unacceptable. It is interesting to note that a large number of mortgagors expressed a desire to continue repayments on a table basis.

19. *Applications for Adjustment*.—In comparison with the large number of mortgages held by the Public Trustee as security for loans from the Common Fund and from Special Funds invested in his name, the number of applications for adjustment made against him was very small. Further, the great majority of the applications were either filed by way of precaution pending arrangements for a reduction in the rate of current interest or were primarily directed against subsequent encumbrancers. Where, however, relief has been sought against the Public Trustee, negotiations have been opened with the mortgagor with a view to effecting such voluntary arrangements as are compatible with the Public Trustee's duty to conserve the funds entrusted to him for investment, with the result that already many applications have been withdrawn.

20. *Local Bodies*.—The financial position of both the Thames Borough Council and the Matakaoa County Council which are under Commissioner control has shown still further improvement during the year, and it has been possible for both local

bodies not only to meet their commitments, as adjusted by their creditors, in full, but to carry on the normal maintenance-work and provide the usual amenities. The amalgamation of the Thames Harbour Board with the Borough Council represents a further step forward in the improvement of the financial position of these two local authorities.

FINANCE.

21. *Investment of Funds.*—The total investments completed during the year amounted to £2,077,864, compared with £1,401,151 for the year ended 31st March, 1936.

On the 31st March, 1937, the investments held by the Office, including special investments on behalf of estates and funds, totalled £36,211,293.

22. *Annual Accounts.*—As a result of the improved economic conditions, satisfactory realizations have been effected of many assets, including house and farming properties, which had been withheld from the market until conditions improved. This is reflected in the commission, which shows an increase of over 16 per cent. on that of the previous year. As an offset, however, to this improvement in the revenue of the Office, expenditure has increased in certain directions—principally in salaries, the “cuts” in which have now been wholly restored, and in various services rendered to the Office. The reintroduction of graduated land-tax also increased the expenditure under that heading by nearly £3,000.

Notwithstanding these increases in expenditure, however, it is satisfactory to be able to report that, after making provision for depreciation and for losses of interest on investments, the net profit for the year amounted to £21,892.

23. *Advances to Estates and Beneficiaries.*—The necessity frequently arises at an early stage in the administration of an estate, of providing funds to meet debts, death duties, and other immediate liabilities, and to meet living-expenses of dependants. This the Public Trustee is able to do by way of advance on the security of the assets of the estate. No legal charges are incurred, since the Public Trustee has a statutory charge over the assets of the estate as security for the advance, subject, of course, to any prior encumbrances. Additional features of this advantageous method of providing ready money are the low rate of interest payable on such advances and the fact that immediately moneys are received for application in reduction of the advance, the interest charge falls accordingly.

Particularly during recent years has the benefit of this method of accommodation been demonstrated. Not only has it been possible to provide financial assistance to estates whose assets, owing to adverse economic conditions, could have been realized only on an unfavourable market, but also beneficiaries in estates desiring advances on the security of their interest therein have been afforded immediate assistance. The amount of current advances to estates and beneficiaries at 31st March, 1937, was £609,205.

24. *Insurance Companies' Deposits.*—In pursuance of the provisions of the Insurance Companies' Deposits Act, 1921–22, and its amendments, cash deposits are required to be lodged with the Public Trustee by all foreign insurance companies carrying on business (except life, earthquake, and marine insurance) in New Zealand. The amount of the deposit required from a particular company varies according to the nature of the business conducted.

The capital amount of deposits held at 31st March, 1937, on behalf of thirty-seven companies was £1,110,000. During the year one company, having given notice of its intention to cease carrying on business in New Zealand, and upon satisfying the legal requirements relating to withdrawals of deposits, uplifted its deposit.

In terms of the Life Insurance Act, 1908, and its amendments, securities totalling £755,120 were also held by the Public Trustee on behalf of sixteen life-insurance companies.

25. *Local Bodies' Sinking Funds.*—During the year there were three cases where, through conversion of their loan indebtedness or other rearrangement of their finances, local bodies requested withdrawals from their sinking funds of very substantial amounts. As adequate notice was given in each case, the Public Trustee was able to meet these requests and, in the three cases referred to, a total of over £600,000 was released from the sinking funds concerned.

SAFE-DEPOSIT LOCKERS.

26. That clients who have taken advantage of the safe-deposit-locker system for the safe custody of their documents and other valuables appreciate the service is amply evidenced by the continued demand for such lockers. Housed in the Office strong-rooms, these lockers, which are installed at many branches of the Office, afford at a moderate cost security against loss by fire or theft. Access to their lockers may be gained by lessees at any time during ordinary business hours. Every precaution is taken to afford clients a full measure of protection.

STAFF.

27. The principal staff changes effected during the year ended 31st March, 1937, were—

- (a) The appointment of Mr. J. Snell, Controller of the Mortgage Division, to the dual position of Controller of the Mortgage and Administrative Divisions.
- (b) The appointment of Mr. C. E. White, Supervising Estates Clerk, to the position of Inspector, Head Office.
- (c) The appointment of Mr. A. E. J. Anderson, Divisional Accountant, to the position of Assistant Chief Accountant, Head Office.
- (d) The transfer of Mr. H. Williams, District Solicitor, New Plymouth, to the position of Assistant Solicitor, Legal Division, Head Office.
- (e) The appointment of Mr. H. B. Robb to the position of District Solicitor at New Plymouth.
- (f) The transfer of Mr. G. E. Turney from the position of Assistant District Public Trustee, Invercargill, to the position of Third Assistant District Public Trustee, Wellington.
- (g) The appointment of Mr. T. J. Dwyer, Second Assistant District Public Trustee, Christchurch, to the position of Assistant District Public Trustee, Invercargill.
- (h) The appointment of Mr. W. Kane, Third Assistant District Public Trustee, Wellington, to the position of Second Assistant District Public Trustee, Christchurch.
- (i) The appointment of Mr. R. G. Stokes to the position of District Solicitor, Stratford.
- (j) The appointment of Mr. E. S. Rea, District Accountant, Dannevirke, to the position of Property Supervisor, Auckland.
- (k) The appointment of Mr. J. W. Nissen, Senior Estates Administration Clerk, to the position of Assistant Inspector.
- (l) The transfer of Mr. J. C. Johnston, District Accountant, Waipukurau, to the position of Senior Examiner, Palmerston North, and the appointment of Mr. C. J. Hay to the position of District Accountant, Waipukurau.
- (m) The appointment of Mr. H. F. McIntyre, Examiner, Masterton, to the position of District Accountant, Dannevirke.

28. The following statement indicates the number of staff, including the Public Trustee and Assistant Public Trustees, engaged in the work of the Department as at the 31st March, 1936 and 1937, at the Head Office and at the district offices :—

Head Office—

On 31st March, 1936—

Permanent	..	103
Temporary	..	31

— 134

On 31st March, 1937—

Permanent	..	102
Temporary	..	24

— 126

District Offices—

Permanent	..	619
Temporary	..	187

— 806

940

Permanent	..	654
Temporary	..	195

— 849

975

Increase in the number of staff during the year, 35.

29. *Qualifications of Officers.*—Practically without exception junior officers are engaged in the study of law, accountancy, or commerce.

A summary of the educational and professional qualifications of officers shows that—

- 26 have been admitted as barristers and solicitors.
- 23 hold the degree of LL.M.
- 32 " LL.B.
- 5 " M.A.
- 4 " B.A.
- 10 " B.Com.
- 68 have passed the Law Professional Examination.
- 153 have passed the Accountants' Professional Examination.

30. *Retirements.*—The following officers retired during the year :—

Mr. H. Stubbs, District Solicitor, Wellington, on the grounds of ill health.
Mr. R. E. Fairfax-Cholmeley, Farm Inspector, New Plymouth, and
Mr. R. A. H. Powell, Assistant Property Inspector, Wellington, these officers having attained the compulsory retiring age under the provisions of the Public Service Superannuation Act, 1927.

31. *Appointment of Farm Inspectors.*—Mr. H. P. Kay, formerly Farm Inspector at Gisborne, was appointed to a position in the State Advances Corporation, and applications for the position of Farm Inspector at Gisborne were invited from persons outside the Service as well as from persons already in the Service. Mr. A. Allan was appointed to the vacancy at Gisborne and Mr. A. D. Harris was selected to fill the numerical vacancy, *vice* Mr. Fairfax-Cholmeley. Both these positions were filled by applicants from outside the Service.

32. *Five-day Week.*—Saturday closing became operative in the Service as from the 14th November, 1936, with the exception of those offices which were required by statute to be open or where the public would be inconvenienced. The Head Office of the Public Trust Office has observed Saturday closing since that date, but the arrangement was not extended to branch offices until the 5th June.

33. *Restoration of Salaries.*—As from the 1st July, 1936, the salaries of all officers were restored in accordance with the scale in operation in 1931.

34. *Minimum Salaries of Male Officers of Adult Age.*—As from the 1st November, 1936, all male officers of adult age were granted a minimum salary. The effect of this was that officers, irrespective of service, who had attained the age of twenty-one years were entitled to an allowance sufficient to bring their salaries up to £155 per annum, commencing as from the 1st November, 1936, the allowance being increased by £10 in respect of each completed year (up to four) of permanent service at the age of twenty-one or thereafter.

35. *Appointment of Cadets for Training.*—During the year eighty-six additional cadets were appointed to the staff of the Office. Of this total thirty were appointed to enable juniors engaged on records and other routine duties to be placed on more advanced work and the remainder to fill numerical vacancies caused by resignations and transfers of officers to other branches of the Service.

OFFICE ORGANIZATION AND REPRESENTATION.

36. *District Representation.*—The only changes in district representation during the year were the appointment of agents at Huntly and Murchison.

As at the 31st March, 1937, the Public Trustee was represented in eighty-eight towns in the Dominion. This representation, comprising twenty-three District Public Trustees, twenty-one District Managers, six part-time offices, and thirty-eight agencies, was found adequate for the requirements of the Office.

37. *Inspections and Audit.*—The Office work in regard to cash, securities, and other valuables is subject to close and continual check by qualified accounting officers, and the final audit is made by the Government Audit Department.

The inspection system covers all phases of the work of the branches, which are visited annually by Inspectors from Head Office. Special attention is given to the quality of the estates administration, and organization and staffing. The knowledge gained by Inspectors as to the special conditions in each district and the calibre of each officer is invaluable in considering staff movements.

LEGAL DIVISION.

38. 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 administration was obtained in 1,708 estates. 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 98, while in 11 cases it was necessary to file a certificate under Part IV of the Administration Act electing to administer the estates concerned as insolvent. In addition, a number of exemplifications of probates granted abroad and of New Zealand grants were sealed to enable assets situated in the respective countries to be dealt with.

As in previous years, the Legal Division has 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.

The legislation providing for the relief of mortgagors and lessees has necessitated many appearances by members of the legal staff before various Courts and Adjustment Commissions.

OFFICE BUILDINGS.

39. Mention was made in last year's report that a new site had been purchased at Nelson to provide for the erection of a new building to replace the one previously occupied and disposed of because of its unsuitability for the needs of the Office. Plans and specifications of the proposed new building are now being prepared, and in the meantime the Office staff is located in temporary leased premises in which the work is being carried on under conditions of some inconvenience.

A vacant section of land adjoining the Office premises at Auckland has been acquired to provide for future requirements.

The expansion of the Office business at a number of centres has necessitated the provision of additional and improved accommodation for the staff and the public, and during the year it has been found necessary to extend the accommodation at Invercargill, Masterton, Whangarei, Hawera, Wanganui, and Palmerston North. In some cases minor alterations to existing premises have been made or are at present in progress. At Palmerston North the accommodation became totally inadequate and it was necessary to effect major alterations and additions to the Office building there.

At the time of their erection some of the buildings which have been extended were considered to be large enough to provide ample accommodation for future requirements, but the growth of business in these districts has so far exceeded expectations that extensive additions were essential. The improved accommodation has also added to the comfort and efficiency of the staff and the convenience of clients of the Office, an important factor when the confidential and personal nature of the Office business is considered.

Last year's report stated that it would shortly be necessary to provide improved and additional accommodation for the staffs at Head Office and Wellington District Office. The position has since become acute, and the unsatisfactory conditions under which business is being carried out in Wellington and the inadequacy of the accommodation for the staff are such as to make the construction of a larger and a modern building a matter of urgent necessity. The question is now receiving consideration.

RURAL INTERMEDIATE CREDIT.

40. The arrangement under which the Office acted as agent of the Rural Intermediate Credit Board in the administration of the rural intermediate credit scheme continued during the year, and proved mutually satisfactory to the Board and to the Office.

The volume of business transacted during the year under review did not quite equal that of the previous year, but it was still necessary to exercise the greatest care in the choice of investments and the supervision of securities which consist principally of stock and chattels.

It was again necessary to review periodically the position of many loans and to afford relief to borrowers by means of concessions.

Under the provisions of section 40 of the Mortgage Corporation of New Zealand Act, 1934–35, and Order in Council dated 5th March, 1937, published in the *New Zealand Gazette* of the 11th March, 1937, the control of the rural intermediate credit scheme was transferred from the Public Trust Office to the State Advances Corporation as from the 1st July last.

Although the arrangement under which the work had previously been conducted by this Office technically ceased on that date, to meet the convenience of the State Advances Corporation the Public Trust Office acted as the agent of the Corporation from the 1st to the 31st July, and the physical transfer of the books, records, and accounts was not effected until the latter date.

From the inception of the scheme in 1928 to the 30th June, 1937, the Board advanced £1,279,096, and of this amount 87·6 per cent. has been repaid, leaving £158,259 owing to the Board. The volume of business reached its peak in 1931, and for the year ended 30th June, 1931, the Board advanced £317,711. There was owing at the 31st October, 1931, after crediting repayments received under loans, £520,183. The two figures just referred to are the highest recorded by the Board.

A steady expansion of business was shown in the earlier years of the Board's operations, but there has been a decline in recent years. The reasons for this decline have been fully traversed in the annual reports of the Board, and it is not necessary to refer to them here. It should be mentioned, however, that the uncertainty which has existed in the last two years regarding the future of the system and its administration has had an adverse effect on the volume of business.

Prior to the transfer of the scheme to the Board of Management of the State Advances Corporation, the Rural Intermediate Credit Board placed on record its appreciation of the support it had received during its administration, and of the excellent manner in which borrowers had endeavoured to meet their commitments under loans and of the invaluable services rendered by directors, secretary-treasurers, and solicitors of associations, members of district boards, branch officers, and valuers employed by the Board and associations in the selection and supervision of the securities for loans and the administration of the business of the Board and associations, without whose co-operation the satisfactory results recorded could not have been achieved.

From time to time during the period that the rural intermediate credit system was under the control of the Public Trust Office the Board has placed on record its indebtedness to the Office for the excellent services rendered, and has indicated that had the representation afforded by the Office, or some similar representation, not been available, the system could not have been administered as economically and efficiently as it has been.

CONCLUSION.

41. It gives me great pleasure once more to record my appreciation of the loyal co-operation of the Assistant Public Trustees and the zeal and energy of the staff generally, and of the agents of the Office throughout the Dominion, who have all worked untiringly and whole-heartedly to render faithful service to the Department and its clients, and who have contributed in no small measure to the success of the Office.

Cordial thanks are also due to the members of the Investment Board for the assistance given by them throughout the year in the consideration of applications for loans, the renewal of mortgages, and other incidental matters relating to the investments of the Office.

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

The Hon. the Minister in Charge of the Public Trust Office.

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