

1940.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1940.

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, 1940.

Mr. W. M. Barr, Assistant Public Trustee, retired during the year after having given many years of loyal service to the Office.

The new business reported for administration amounted to £5,880,776, representing the aggregate value of 3,164 estates and funds, as compared with the corresponding total of £6,314,532 for 3,089 estates and funds during the preceding year.

The aggregate value of the estates and funds under administration on the 31st March, 1940, was £62,622,175, as compared with £61,715,713 at the close of the previous year, an increase of £906,462.

The deposit of wills has been maintained in satisfactory volume, the aggregate number on deposit at the end of the year, 97,675, 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. During the past year 7,204 new wills appointing the Public Trustee executor and trustee were deposited, and 4,391 wills already on deposit were redrafted at the request of clients.

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.
1920	..	..	.. 20,860,686	25,792
1930	..	..	.. 53,049,437	68,253
1940	..	..	.. 62,622,175	97,675

It will be seen from the Public Trustee's report that under the Enemy Property Emergency Regulations 1939 special duties in connection with enemy property have devolved upon the Office since the outbreak of war. By reason of its wide representation and the technical nature of the work involved, the Office is well equipped to undertake these duties.

It is pleasing to record that the operations of the Department over the past year resulted in a profit of £16,951 after provision had been made for depreciation on Office property, &c., and for bad debts in respect of the Office investments.

The continued expansion of business affords ample evidence that the confidence of the community in the Public Trust Office is well maintained, and the fact that steady progress is being made in the face of keen competition is satisfactory testimony that the business is being conducted on sound lines.

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

Wellington, 22nd July, 1940.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31st MARCH, 1940.

Public Trust Office, Wellington, C. 1, 16th July, 1940.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1940.

NEW BUSINESS.

1. During the past year 3,164 estates and funds, of a total value of £5,880,776, were accepted for administration, as compared with 3,089, of a value of £6,314,532, in the previous year. There was therefore an increase in the number of new estates and funds, but the value of them showed a decrease as compared with the new business of the previous year.

2. The total number of estates and funds under administration at the close of the year was 19,468, of an aggregate value of £62,622,175, as against 19,224, valued at £61,715,713, at the end of the previous year. Although the administration of 2,920 estates was completed during the year, there was an increase in both the number and value of estates and funds still remaining under administration at the close of the year.

3. These figures do not take into account the 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, or cases where his duties are not of an active character—*e.g.*, trusteeships for debenture-holders. If these cases were included the value of the estates and funds under administration at the close of the year would be increased by a further £1,800,541.

4. The Office is specially qualified to prepare wills and offers its services in this respect free of charge to persons who wish their wills to be prepared or revised, and to appoint the Public Trustee executor. That these services are fully appreciated is shown by the substantial increase year by year of the number of wills held on deposit.

In the past year 7,204 wills appointing the Public Trustee executor or trustee were received, representing a very substantial increase over the figure of 4,919 for the previous year, and most of these were prepared by the Office. At the end of the year there were 97,675 wills on deposit. This represents an increase of 4,523 over the number held at the beginning of the year and creates a new record in the number of wills held.

5. During the year 4,391 wills were redrafted to provide for alterations desired by testators, as compared with 3,991 redrafts for the previous year.

6. After the outbreak of war arrangements were made with the Camp Commandants at the various military camps, and the officers in charge at the Air Force stations, for members of the local office staffs to pay periodical visits to the camps and stations. As a result the wills of a large number of soldiers and airmen who wished to avail themselves of the Public Trustee's services have been completed.

ADMINISTRATION OF ESTATES, AND KINDRED MATTERS.

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

8. *Wills and Trust Estates.*—This class always forms the most valuable portion of the new business, the number of estates of this description accepted during the year being 1,787, of a total value of £3,736,482.

It includes those estates in which the Public Trustee acts as executor or trustee of the wills of deceased persons, or as trustee under trusts constituted by settlors

in their lifetime. It also includes estates previously administered by private trustees and taken over by the Public Trustee at the request of the interested parties.

9. *Intestate Estates.*—During the year 598 estates of this class, valued at £368,192, were accepted for administration.

This class represents a relatively small proportion of the new business each year, as most people having substantial assets take the precaution of making a will, thus ensuring that their estates will be distributed as they may desire instead of in accordance with statute.

10. *Agencies.*—The Office in appropriate cases acts as agent for persons who, owing to ill health, advancing years, absence from New Zealand, or other cause, desire to entrust the conduct of their affairs to the Public Trustee.

When acting as agent for a member of the naval, military, or air forces the Office makes a special reduction of its charges, and a concession is also made in connection with the crediting of interest on funds held for the principal.

11. *Estates of Persons under Disability.*—Under the Mental Defectives Act, 1911, there devolves upon the Public Trustee the duty of safeguarding the assets of persons other than Natives who are patients within the meaning of the Act, provided no committee under the Mental Defectives Act, or administrator of the estate under Part III of the Prisons Act, 1908, is in office. In all but a comparatively few cases the estate of the patient is administered by the Public Trustee. Where, however, a committee is in office the Public Trustee is required to examine the accounts and administration of that committee.

The number of such estates that came under the administration of the Public Trustee in the year was 486, with assets valued at £484,927. The total number of such estates under administration as at the 31st March, 1940, was 2,473, with assets valued at £2,827,627.

Another capacity in which the Public Trustee may act for a person incapable of controlling his own affairs is as manager of the estate of a protected person under the Aged and Infirm Persons Protection Act, 1912. A manager can be appointed only by the Supreme Court, and the Public Trustee has been appointed in a number of cases. Where the affairs of the person concerned are entrusted to private management the Public Trustee still has the duty of examining the manager's accounts and of filing a report upon them in the Supreme Court. The Act provides a useful means of protecting the property of persons who for various reasons are unable to control it themselves but whose mental condition does not render it necessary that they should be committed to a mental hospital.

The Public Trustee is the administrator of the estates of all convicts other than Natives. The cases where assets require to be administered on behalf of convicts are, however, few in number.

12. *Workers' Compensation.*—The Public Trustee is, unless the Court of Arbitration orders otherwise, the statutory custodian of all compensation moneys paid in respect of the death of a worker, pending the final distribution of them in accordance with the directions of the Court.

In the aggregate the work performed by the Public Trustee in connection with these funds is considerable. Very often, however, the dependants possess no means apart from the compensation moneys, and for this reason the work involved in administering the funds has always been done at a minimum cost to them.

ENEMY PROPERTY EMERGENCY REGULATIONS 1939.

13. Under the Enemy Property Emergency Regulations 1939 the Public Trustee is appointed Custodian of Enemy Property, and he may also be appointed the controller of the business of any person, firm, or company declared to be an enemy trader by the Minister of Industries and Commerce under the provisions of the Enemy Trading Emergency Regulations 1939.

The object of the regulations is to ensure that no property reaches the enemy or becomes available in the form of foreign exchange to assist the enemy in his war effort. The importance of the economic aspect of the war has been stressed on

many occasions, and everything is being done in this country to prevent the enemy, so far as New Zealand is concerned, from securing foreign exchange to provide him with war materials.

The regulations cast a duty upon every person who has the possession or management of the property of an enemy or of an alien enemy to forward full particulars to the Public Trustee as Custodian of Enemy Property. When these returns are received they are examined to see whether in any cases action is necessary to have the property vested in the Custodian in accordance with the powers conferred by the regulations. Every alien enemy, unless specially exempted by the Attorney-General under Regulation 25 of the Alien Control Emergency Regulations, must complete a return of enemy property and forward it to the Public Trustee as Custodian of Enemy Property.

The principal work of the Public Trustee as Custodian of Enemy Property has been the release of enemy goods which had left enemy countries before the outbreak of war but which arrived in this country after that date. This work has involved a considerable amount of investigation, as there were substantial shipments. However, everything possible has been done to minimize the inconvenience which the commencement of hostilities naturally created in regard to enemy goods coming into the country, and every effort has been made to ensure that the goods were available to the importer as quickly as possible. All moneys received in terms of the regulations are invested by the Public Trustee in accordance with the directions of the Minister of Finance.

Except with the consent of the Attorney-General, no person may apply for probate of the will or for letters of administration of the estate of any person who at his death was an alien enemy. In addition, except with the consent of the Attorney-General, no person who is an alien enemy may apply for probate of the will or for letters of administration of any deceased person. Many applications for the Attorney-General's consent have been received, and they have all been fully investigated before such consent has been granted.

INVESTMENTS FROM THE COMMON FUND.

14. *Lending Operations.*—The amount of funds available for investment fluctuated during the year. In the first quarter there was a satisfactory flow of suitable applications sufficient to absorb the moneys available, but since the outbreak of war in September last the applications received for loans have been small in both number and amount.

During the year mortgages to the value of over £800,000 were renewed. A substantial proportion of these proceeded on an instalment table basis, or for a term of five years, with repayments as under an instalment table.

15. *Collection of Interest.*—The amount of interest outstanding under Common Fund mortgages as at the 31st March, 1940, showed a slight decrease on the amount owing at the beginning of the twelve-monthly period, but this in part resulted from remissions of interest by Adjustment Commissions or the Court of Review under the provisions of the Mortgagors and Lessees Rehabilitation Act. It is anticipated that during the coming year this factor will cease to have any appreciable effect on the arrears of interest.

The collection of interest during the year has proceeded satisfactorily and without undue difficulty, although it has again been necessary to have recourse to pooling arrangements in connection with some of the larger farming properties.

The prosperity of the farmers whose returns are derived from the sale of meat, wool, and dairy-produce is reflected to a large extent in the collection of interest. While the prices received for wool from appraisements under the Imperial Government Purchase Scheme have been substantial, the increased returns have been offset to some extent through a drop in production during the season.

Early in December part of the Marlborough Province was subjected to very serious flooding through the Wairau River breaking its banks, but most of the Public Trustee's securities in the inundated district escaped substantial damage.

16. *Loans to Local Bodies.*—As at the 31st March, 1940, four small local bodies were in arrear with payments due to the Public Trustee. In one case the arrears have been capitalized under a loans-conversion scheme, and the other outstanding amounts have since been paid.

The scheme for the voluntary conversion of the indebtedness of the Thames Borough at a rate of interest and on terms acceptable to the debenture-holders and the ratepayers has now been approved by an overwhelming majority of the individual holders of Borough and Harbour Board debentures, and also by the ratepayers of Thames.

Special thanks are due by all the interested parties to the Mayor of Thames and to the Thames Borough Commissioner for their efforts in handling the difficult negotiations, which extended over a considerable period. It is understood that the preparation of the necessary legislation to give effect to the loans-conversion proposals is now receiving attention.

It is also pleasing to report that satisfactory results continue to be obtained through the control of the affairs of the Matakaoa County by a Commissioner.

FINANCE.

17. *Investment of Funds.*—The new investments completed during the year totalled £1,126,885. The total amount invested by the Office and still held at 31st March, 1940, inclusive of special investments made on behalf of estates and funds, was £38,080,586, representing an increase of £425,974 for the year. The foregoing figures relate exclusively to investments made by the Office and do not include investments which constituted assets of estates when the latter came under the Public Trustee's administration and which are still held as assets of those estates.

18. *Annual Accounts.*—Both gross earnings and the ordinary expenses of management were less than the corresponding figures for the previous year. Further, the majority of the applications by mortgagors for adjustment of their liabilities by the Adjustment Commissions under the Mortgagors and Lessees Rehabilitation Act, 1936, having been disposed of prior to the year under review, the total amount to be written off and the legal expenses in connection with such applications were appreciably less than those of the preceding year.

After provision had been made for bad debts and for depreciation on office property, &c., the year's operations resulted in a net profit of £16,951.

19. *Advances to Estates and Beneficiaries.* Full advantage has again been taken during the year by both estates and beneficiaries of the facilities offered by the statutory provisions under which the Public Trustee is able to advance money on the security of the assets of an estate which is under his administration. The amount so advanced during the year totalled £77,707, and the total amount of current advances to estates and beneficiaries at 31st March, 1940, was £672,779.

STAFF.

20. *Principal Staff Changes.*—On the 29th February, 1940, Mr. W. M. Barr relinquished duty as Assistant Public Trustee and proceeded on leave of absence prior to his retirement on superannuation, after having completed forty-six years' service in the Office.

The vacancy occasioned by Mr. Barr's retirement was filled by the appointment of Mr. C. J. Playne, formerly Controller of the Estates Division, Head Office.

Mr. A. Bell, Supervising Estates Clerk, Head Office, was appointed to the position of District Public Trustee, Timaru, *vice* Mr. F. E. Duncan, deceased.

21. *Officers deceased.*—It is with regret that the death of the undermentioned officers is recorded—

Mr. F. E. Duncan, District Public Trustee, Timaru.

Mr. E. H. Thomas, District Solicitor, Wanganui.

Mr. S. A. Trezise, Assistant Accountant, Wellington.

22. *Officers released for Service in the Armed Forces.*—At 31st March, 1940, forty-four officers had been released for service with the armed Forces, and a number of others had enlisted and were waiting to be called up.

23. *Award to Officer of the Department.*— It is gratifying to record that a thesis on “*Executorship Accounts*” prepared by Mr. A. E. J. Anderson, Assistant Chief Accountant of this Office, secured the first prize in a competition promoted by the New Zealand Society of Accountants for the advancement of research in accountancy. The Society is arranging for the publication of the thesis in book form.

24. *General.*—The following statement indicates the number of staff, including the Public Trustee and the Assistant Public Trustees, engaged in the work of the Department as at 31st March, 1939, and 1940, at the Head Office and at the district offices :—

<i>Head Office.</i>			
	On 31st March, 1939—		On 31st March, 1940—
	Permanent .. 94		Permanent .. 92
	Temporary .. 22		Temporary .. 23
	— 116		— 115
 <i>District Offices.</i>			
	Permanent .. 665		Permanent .. 640
	Temporary .. 192		Temporary .. 219
	— 857		— 859
	973		974
			Unattached .. 57
			—
			Total .. 1,031

Increase in staff during the year, 58.

The majority of the officers shown as “unattached” are absent on service with the armed Forces, the remainder having been lent to other Departments for the duration of the war, or being absent on extended sick-leave.

25. *District Representation.*—At the close of the year the Office was represented throughout the Dominion by 23 District Public Trustee offices, 21 District Manager offices, 38 non-permanent agents, and a number of part-time offices. This wide representation enables the work to be conducted in close proximity to the assets under administration and to the beneficiaries.

CONCLUSION.

26. I desire to record my appreciation of the loyal 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.

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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