

1941.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1941.

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, 1941.

A pleasing feature of the year's operations has been the substantial increase recorded in the new business reported to the Public Trustee for administration. The new estates and funds numbered 3,273, valued at £6,964,179, compared with 3,164, valued at £5,880,776, reported during the preceding year. It will be seen that while there has been a satisfactory increase in the number of the estates the increase in the value has been most marked.

The aggregate value of the estates and funds under administration on the 31st March, 1941, was £64,436,092, as compared with £62,622,175 at the close of the previous year, an increase of £1,813,917.

In the prospective as well as in the existing business of the Office there is every reason for satisfaction. During the year 9,789 wills appointing the Public Trustee executor were deposited, and on the 31st March, 1941, the total number held in safe custody was 105,079, an increase of 7,404 for the year. These figures constitute a record for the Office, even if soldiers' wills are not taken into account. Many of the wills are deposited by beneficiaries and clients after personal acquaintance with the standard of service rendered by the Office, and constitute in themselves eloquent testimony to the manner in which the work is performed. Apart from the wills in the Public Trustee's custody there are, it is known, many wills appointing the Public Trustee executor held by solicitors, banks, and others, and in the aggregate the prospective business from this source is very large. The wills for deposit work of the Public Trust Office is conducted under conditions ensuring the preservation of the strictest secrecy regarding the contents of wills, and, apart from this, the greatest thought and care are bestowed upon this section of the Office work.

In addition, no fewer than 4,653 existing wills were redrafted by the Office at the request of testators to meet changed conditions in their affairs, as compared with 4,391 during the preceding year. The steady increase in this phase of the work is very gratifying.

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.
			£	
1921 22,364,319	28,356
1931 57,527,263	73,523
1941 64,436,092	105,079

As a result of the occupation of a substantial portion of Europe by enemy forces much work has devolved upon the Public Trustee as Custodian of Enemy Property under the Enemy Property Emergency Regulations 1939.

It is pleasing to record that the operations of the Office over the past year resulted in a profit of £17,073, after making the usual provision in the accounts for depreciation on Office property and for bad debts in respect of the Office investments.

The operations of the Office over the year under review have proceeded smoothly, and the figures which have been given indicate that the people of New Zealand have full confidence in this highly successful institution.

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

Wellington, 26th June, 1941.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31st MARCH, 1941.

Public Trust Office, Wellington C. 1, 25th June, 1941.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1941.

NEW BUSINESS.

1. During the year 3,273 estates and funds, of a total value of £6,964,179, were accepted for administration, as compared with 3,164, of a value of £5,880,776, in the previous year. There was therefore an increase in the number of new estates and funds, and the value of them showed the substantial increase of £1,083,403 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 19,821, of an aggregate value of £64,436,092, as against 19,468, valued at £62,622,175, at the end of the previous year. The administration of 2,947 estates was completed during the year, but 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 examine and report upon the accounts of private persons who are administering 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 £2,090,272.

4. The Office is well qualified to prepare wills and offers its services in this respect free of charge to persons wishing their wills to be prepared or revised, and to appoint the Public Trustee executor. The confidence reposed in the Public Trust Office is clearly shown by the very substantial increase year by year of the number of wills held on deposit.

In the past year the record number of 9,789 new wills appointing the Public Trustee executor or trustee was received, this representing a very substantial increase over the figure for the previous year—7,204—and most of these wills were prepared by the Public Trustee's officers. At the end of the year there were 105,079 wills on deposit. This represents an increase of 7,404 over the number held at the beginning of the year.

5. During the year 4,653 wills were redrafted, at the request of testators, to provide for alterations desired by them, as compared with 4,391 redrafts for the previous year.

6. Visits by members of the staff to the various military camps and air force stations were made at regular intervals for the purpose of preparing the wills of soldiers and airmen who wished to utilize the services of the Public Trustee. During the year 2,880 wills were prepared as a result of these visits.

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 was 1,623, of a total value of £3,525,288.

Included in the number are 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 includes also 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 534 estates of this class, valued at £508,256, were accepted for administration.

Estates of this kind represent a relatively small proportion of the new business each year, the principal reason being that persons having assets to dispose of usually take the precaution of making a will, thus ensuring that their estates will be distributed as they desire, instead of in accordance with the rules laid down by statute. The organization and special facilities of the Office are of great help to beneficiaries in estates of this kind.

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.

A special reduction of charges, and a concession in connection with the crediting of interest on funds held for the principal, is made where the Office acts as agent for a member of the naval, military, or air forces. As at 31st March the Public Trustee was acting as agent for 191 members of the armed forces.

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 special powers conferred upon the Public Trustee by the Mental Defectives Act enable the Public Trustee to conduct the administration of a patient's estate expeditiously and with a minimum of expense. In the absence of special circumstances the assets are as far as possible kept unchanged.

The Public Trustee may also act as manager under the Aged and Infirm Persons Protection Act, 1912, of the estate of a person incapable of controlling his own affairs. 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 has the duty of examining the manager's accounts and of filing a report upon them in the Supreme Court. A useful service is thus provided in protecting the property of persons who because of old age or for other reason 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 principles applicable in the administration of the estate of a protected person are akin to those followed in the administration of the estate of a mental patient.

The number of such estates that were placed under the administration of the Public Trustee in the year was 497, with assets valued at £508,781, while the total number under administration as at the 31st March, 1941, was 2,595, with assets valued at £2,973,886.

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.

Great importance is attached to the work of ensuring that the dependants receive the full amount to which they are entitled and that when settlement has been effected a report is submitted to the Arbitration Court that will assist the Court to determine the most equitable method of apportionment of the compensation-moneys amongst the dependants. This work has always been done at a minimum of cost to the dependants.

ENEMY PROPERTY EMERGENCY REGULATIONS 1939.

13. The Public Trustee is the Custodian of Enemy Property under the Enemy Property Emergency Regulations 1939, and he may be appointed the controller of the business of any 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.

It has been necessary from time to time to amend the definition of an enemy country so that the regulations might be applied to all the countries at war with the British Empire, or in the occupation of the military forces of the enemy, or under the control or domination of Germany. The countries to which the regulations have been applied include Germany, Italy, The Netherlands, Belgium, Norway, Denmark, Luxemburg, the whole of French territory in Europe and certain French African colonies, Albania, Rumania, and Bulgaria.

Explanatory notes on enemy trading and enemy property were printed recently and were distributed for the information of the general public.

A considerable volume of imports came into New Zealand after the various countries had been declared enemy countries within the meaning of the regulations, and arrangements were made with the Customs Department that no goods should be released by that Department unless satisfactory evidence was produced that payment had already been made for the goods. If that could not be done, the importer was required to pay the Custodian of Enemy Property or to make satisfactory arrangements for payment. This work took up a considerable amount of time, but it is now practically completed.

By instrument in writing executed by the Attorney-General, the Public Trustee may be appointed as the Custodian of the property of any prisoner of war, including those persons who have been interned. There is a number of these estates now under administration. There is also power under the regulations for the Custodian of Enemy Property to take over the management of the property in New Zealand of all enemy nationals residing in enemy countries.

There are several estates under administration by trustees in New Zealand in which beneficiaries are residing in enemy countries, or in enemy-occupied countries, and such beneficiaries were receiving payments out of the estates before the regulations came into effect. There were also a few cases in which royalties were payable to enemy nationals. Moneys payable to such enemy nationals are now being paid to the Custodian.

Except with the consent of the Attorney-General, no person may apply for probate of a will or for letters of administration of the estate of any person who at his death was an alien enemy. Many applications for the Attorney-General's consent have been received, and these have been carefully investigated before the Attorney-General's consent has been given.

Several businesses have been declared to be enemy traders under the Enemy Trading Emergency Regulations 1939, and the Public Trustee has been appointed controller. A considerable amount of work is entailed in handling these businesses.

The amount of enemy property which has been collected by the Public Trustee is approximately £180,000. Moneys have been received at a steady rate.

Enemy property and the income therefrom controlled by the Custodian are held by the Public Trustee in trust for all persons having any interest in such property and the money is invested in accordance with the directions of the Minister of Finance. Action is taken to invest these moneys from time to time in accordance with the directions of the Minister.

INVESTMENTS FROM THE COMMON FUND.

14. *Lending Operations.*—Considerable difficulty has been experienced during the year in obtaining suitable mortgage investments. This may be attributed in part to war conditions and in part to the substantial increase throughout the Dominion of funds available for lending. It has also been found that many mortgagors, when seeking renewal of existing mortgages, have been in a position to make cash payments in reduction of their liability. During the year mortgages to the value of over £2,100,000 were renewed.

15. *Collection of Interest.*—In general, mortgagors have met their obligations promptly, but it has been necessary to enter into pooling arrangements in respect of some rural securities. The amount of interest outstanding under Common Fund mortgages as at the 31st March, 1941, showed a considerable decrease on the amount owing at the end of the previous financial year.

16. *Loans to Local Bodies.*—As at the 31st March, 1941, two small local bodies were in arrear under loans from the Public Trustee. During the year the voluntary conversion of the indebtedness of the Thames Borough was completed, and the borough should henceforth have no difficulty in meeting its obligations under the new arrangements.

The control of the affairs of the Matakaoa County through a Commissioner has continued to give satisfactory results.

FINANCE.

17. *Investment of Funds.*—New investments totalling £1,652,317 were completed during the year. On 31st March, 1941, the investments held by the Office, including special investments made by the Public Trustee on behalf of estates and funds, amounted to £38,623,059, representing an increase of £542,474 compared with those held at the end of the previous year.

18. *Annual Accounts.*—The year's operations resulted in a net profit of £17,073 after making provision for bad debts and for depreciation on Office buildings and other property.

19. *Advances to Estates and Beneficiaries.*—Estates and beneficiaries have continued to take full advantage of the facilities afforded by the statutory provisions whereby the Public Trustee is able to advance money on the security of the assets of, or of a vested interest in, an estate administered by him. Such advances granted during the year amounted to £111,765, and the total amount secured in this way as at 31st March, 1941, was £649,913.

INSURANCE COMPANIES ACT, 1940.

20. In terms of this Act every company or association established or incorporated in, or having its chief office in, New Zealand, which at the commencement of the Act was carrying on insurance business in New Zealand (other than life, marine, or earthquake insurance business) was required to deposit with the Public Trustee, on or before the 31st March, 1941, cash or securities of amounts varying according to the classes of business, and to the volume of such business, being conducted. Mutual fire insurance associations incorporated under the Mutual Fire Insurance Act, 1908, were, however, exempted from compliance with the provisions of the Act.

In terms of the Act, cash amounting to £162,650 and securities to the value of £262,225 were deposited.

The Act also provides for the making of deposits, before commencement of operations, by local companies and associations proposing to carry on insurance business in New Zealand.

STAFF.

21. *Principal Staff Changes.*—The principal staff changes effected during the year ended 31st March, 1941, were—

- (a) The appointment of Mr. C. J. Playne, formerly Controller of the Estates Division, Head Office, to the position of Assistant Public Trustee, *vice* Mr. W. M. Barr, retired on superannuation.
- (b) The appointment of Mr. H. W. S. Pearce, Chief Inspector, Head Office, to the position of Controller, Estates Division, Head Office, *vice* Mr. Playne.
- (c) The appointment of Mr. T. F. H. King, Assistant Controller, Estates Division, Head Office, to the position of Chief Inspector, Head Office, *vice* Mr. Pearce.
- (d) The appointment of Mr. F. C. Coombe, Assistant Chief Inspector, Head Office, to the position of Assistant Controller, Estates Division, Head Office, *vice* Mr. King.
- (e) The appointment of Mr. P. R. Winchcomb, Inspector, Head Office, to the position of Assistant Chief Inspector, Head Office, *vice* Mr. Coombe.
- (f) The appointment of Mr. L. S. Lipscombe, Assistant Inspector, Head Office, to the position of Inspector, Head Office, *vice* Mr. Winchcomb.
- (g) The appointment of Mr. R. D. Macklow, Estates Clerk, Whangarei, to the position of District Manager, Westport, *vice* Mr. R. J. Hill, deceased.

22. *Number of Staff.*—The following statement gives the number of staff, including the Public Trustee and the Assistant Public Trustees, engaged in the work of the Department as at 31st March, 1940 and 1941, at the Head Office and at the district offices :—

<i>Head Office.</i>			
On 31st March, 1940—		On 31st March, 1941—	
Permanent ..	92	Permanent ..	80
Temporary ..	23	Temporary ..	29
	— 115	Unattached ..	— 109
			8
			— 117
<i>District Offices.</i>			
Permanent ..	640	Permanent ..	606
Temporary ..	219	Temporary ..	265
	859	Unattached ..	— 871
Unattached ..	57		122
			993
Total ..	1,031	Total ..	1,110

Increase in staff during the year, 79.

Of the officers shown as “unattached,” 18 have been temporarily released for service in Departments associated with the war effort, 107 are absent on active service with the armed forces, whilst the remaining 5 have been granted special or sick leave for extended periods.

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

Player, G. G., Senior Estates Clerk, Wellington.
Hill, R. J., District Manager, Westport.

24. *Officers released for Service in the Military Forces.*—As at the 31st March, 1941, 107 officers had been released for service overseas with the armed forces. It is recorded with deep regret that two officers—Mr. I. Dromgoole, formerly stationed at the Christchurch branch, and Mr. J. M. Gilmer, of the Wellington branch—have been killed in action.

Eighty-two officers were granted leave to enable them to attend Territorial training.

25. *Qualifications of Officers.*—Practically without exception junior officers are engaged in the study of law, accountancy, or commerce. An analysis of the professional qualifications of officers of the Department is as under :—

Admitted as barristers and solicitors	.. ..	37
Holders of degrees—		
Ph.D.	.. ..	1
LL.M.	.. ..	26
LL.B.	.. ..	35
M.A.	.. ..	4
B.A.	.. ..	3
B.Com.	.. ..	20
		89
Passed Law Professional Examination	.. ..	51
Passed Accountants' Professional Examination	.. ..	164

26. *Employment of Female Office Assistants.*—In view of the constant drain on the trained staff of the Office by the release of officers for military service it has been necessary to appoint female office assistants to undertake ledger-posting, cashier, and other suitable duties, and further appointments of this nature will be made as suitable applicants become available.

LEGAL DIVISION.

27. The legal officers of the Department have been fully occupied during the year in carrying out the legal work entailed by the Office activities, which consists chiefly of the preparation of wills, the preparation and perusal of documents of various kinds, general legal advising, the obtaining of administration in favour of the Public Trustee and other 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 a party.

During the year administration was obtained in 2,112 estates. Other Court applications for leave to take steps necessary in administration, but not authorized by the will or by statute, numbered 85, while in 7 cases it was necessary to file a certificate under Part IV of the Administration Act electing to administer the estate concerned as insolvent. In addition, 21 exemplifications of probate or administration granted abroad and 78 exemplifications of New Zealand grants were sealed, and 48 powers of attorney issued, to enable assets situated outside the countries in which the original grant was made to be dealt with.

Upon this Division also lies the responsibility of investigating the possibility of claims for compensation under the Workers' Compensation Act in respect of estates administered by the Public Trustee, obtaining orders for the apportionment of compensation which has been awarded or paid, and furnishing the Court with reports on applications for apportionment made by other persons.

OFFICE ORGANIZATION AND REPRESENTATION.

28. *District Representation.*—The Public Trustee has branch offices established throughout the Dominion to enable the administration of estates to be conducted in close proximity to the assets and to the beneficiaries. There are 23 main branches under the control of District Public Trustees, 21 smaller branches controlled by District Managers, 37 non-permanent agents, and 9 part-time offices, giving direct representation in 90 cities and towns.

29. *Inspections and Audit.*—The work of every branch office is inspected by one or more officers of the inspectorial staff of Head Office at intervals of approximately one year.

In addition to reviewing the administration of the estates and office systems devised to ensure that all work is carried out promptly and efficiently, a survey is made of staff requirements and other phases of a general nature.

At every branch there is maintained continuously a comprehensive internal check of cash, securities, and valuables, and this check is supplemented by a half-yearly audit conducted by the Government Audit Department. The selection of those officers who fill responsible positions involving the control of cash and securities is given very careful consideration.

CONCLUSION.

30. I desire once again to place on record my appreciation of the devoted and zealous services rendered by the Assistant Public Trustees, the Controlling Officers, the staff as a whole, and the Office Agents throughout the Dominion. By their unremitting attention to the duties entrusted to them they have in a large measure contributed to the growth of business and the success of the Office operations. Cordial thanks are also due to the members of the Investment Board for the assistance which they have given throughout the year in the consideration of applications for loans from the Office funds.

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

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

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