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PUBLIC TRUSTEE'S REPORT.

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1938.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31ST MARCH, 1938.

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, 1938.

1. Progress has been maintained at a steady rate during the year under review. The new business reported for administration was of a total value of £5,966,359, representing the aggregate value of 2,934 estates and funds, as compared with the corresponding total of £5,968,109 for 2,770 estates and funds during the preceding year.

2. The total value of estates on 31st March, 1938, was £60,815,306.

3. Confidence in the future development of the business is justified by the increasing number of wills held on deposit for testators who have appointed the Public Trustee to act as their executor and trustee. During the year 4,502 such wills were deposited, and the total number held increased from 88,321 to 90,474, a net increase of 2,153 for the year. It is interesting to note that 3,981 wills were redrafted by the Public Trustee for clients who desired owing to changes in their circumstances or for other reasons to vary the existing provisions of their wills. The practice of revising existing wills at regular intervals is a commendable one, and it is evident that the facilities provided by the Public Trustee for this work are fully appreciated by clients. The redrafting of such a large number of wills is testimony to the continued confidence reposed in the Public Trust Office by existing testators.

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

Year.				Value of Estates and Funds under Administration.	Number of Wills on Deposit.
				£	
1918	..	..	..	17,153,031	21,050
1928	..	..	..	44,155,548	58,025
1938	..	..	..	60,815,306	90,474

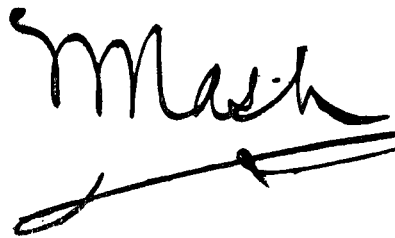
*B. 9.

5. Reference was made in previous reports to the duties and responsibilities devolving upon the Public Trustee by the passing of the special legislation appointing him liquidator of certain companies and as receiver of other companies. During the past year a very large amount of work has been entailed in the carrying-out of these duties, and arrangements have recently been completed for a sale of most of the remaining assets. When settlement is effected the completion of the liquidation of the various companies will be in sight.

6. It is gratifying to record that the commission earned has shown a substantial increase as a result of the improved economic conditions, although this improvement has been offset to some extent by the increased cost of management, resulting partly from the general regrading of the staff, which involved the payment of large additional amounts for salaries, and the increase in the cost of various services which are necessary for the proper conduct of the operations. A further material factor has been the heavy expense incurred in connection with applications made by mortgagors for the adjustment of their liabilities under the Mortgagors and Lessees Rehabilitation Act, 1936. Additional provision has also been necessary to meet cases in which remission of interest or reduction of the principal of mortgages has been ordered by the Adjustment Commissions. Notwithstanding these factors, and after making the usual provision for depreciation of departmental property, the net profit for the year amounted to £12,964, which, taking all the circumstances into account, must be regarded as satisfactory.

7. The continued expansion of the business of the Office has again necessitated the provision of improved and additional accommodation at a number of branches. A commencement has been made with the erection of a new office building at Nelson, and it is anticipated that the premises will be ready for occupation in November next. There is urgent need for improved and increased accommodation for the staffs of the Head Office and the Wellington district office. Steps are being taken to acquire the necessary properties to meet the immediate congestion, but the present and prospective needs call for the erection at the earliest opportunity of a new building planned on modern lines.

8. The operations of the Office for the year under review have proceeded smoothly, and the services rendered have evoked many unsolicited expressions of appreciation from satisfied beneficiaries and clients. The fact that steady progress is being made, notwithstanding keen competition, is satisfactory testimony that the business is being conducted on sound lines.



Minister in Charge of the Public Trust Office.

Wellington, 3rd August, 1938.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31st MARCH, 1938.

Public Trust Office, Wellington, C. 1, 28th July, 1938.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the financial year ended 31st March, 1938.

NEW BUSINESS.

1. During the past year 2,934 estates and funds of a total value of £5,966,359 were accepted for administration, as compared with 2,770 of a value of £5,968,109 the previous year. There was therefore a substantial increase in the number of new estates and funds, but the aggregate value was approximately the same as in the previous year.

2. The total number of estates and funds under administration at the close of the year was 19,068 of an aggregate value of £60,815,306, as against 18,874, valued at £60,770,814, at the end of the previous year. There was therefore a small increase in both the number of estates and the aggregate value.

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 £1,835,152.

4. During the year 4,502 wills appointing the Public Trustee executor or trustee were deposited by testators, representing a slight increase over the corresponding figure of 4,408 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 2,349. At the close of the year there were 90,474 wills on deposit, showing a substantial increase of 2,153 over the number at the beginning of the year, which itself constituted a record in the history of the Office.

5. During the year 3,981 wills were redrafted to provide for alterations desired by testators, as compared with 3,898 redrafts for the previous year.

ADMINISTRATION OF ESTATES AND KINDRED MATTERS.

6. During the past year there have been no developments of any particular importance affecting the administration of estates and funds.

The demand for dwellinghouses and business premises for renting or leasing has continued to be keen in most parts of the Dominion, and the letting or leasing of such properties and the collection of the rent have not presented the difficulties that existed a few years ago. Sales of properties, rural and urban, have been effected from time to time, but the volume of sales is very much below that of the pre-depression years.

A considerable amount of work was performed during the year in relation to the adjustment under the Mortgagors and Lessees Rehabilitation Act, 1936, of liabilities owing to or by estates under administration. In numbers of cases the

adjustments did not proceed to a hearing before the Adjustment Commission, voluntary adjustments being arrived at between the parties. Where the only points at issue were the extension of the term of a mortgage and the adjustment of the rate of interest, settlements were usually effected voluntarily. Such voluntary adjustments, however, were not confined to cases of this nature, but have also been concluded in suitable cases where more than this was at stake. There have, of course, been many instances in which a settlement by mutual agreement was not possible, and proceedings before an Adjustment Commission and sometimes on appeal before the Court of Review have been necessary. The prosecution and defence of applications for adjustment have involved a great deal of responsible and difficult work and have generally necessitated an investigation of the whole history of mortgage or purchase transactions, and the latter, in fact, applies whether or not the matter is eventually settled by agreement or is the subject of disputed proceedings. Although much has already been done it will be a considerable time yet before the adjustment of all liabilities will be completed.

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 forms the most valuable portion of the new business for the year, comprising 1,710 estates and trusts of a value of £3,932,693 out of the total of £5,966,359.

The appointment of the Public Trustee to perform executorship or trustee duties arises in the majority of cases from the definite selection of the Public Trustee by testators, settlors, and other interested parties after a careful consideration of the alternatives available to them. In most of the remaining cases executors or trustees appointed to act have desired to be relieved of their duties and responsibilities and have arranged for the Public Trustee to undertake the executorship or trusteeship in their stead. In practically every case, therefore, the appointment of the Public Trustee to act in respect of estates of this class is a voluntary act upon the part of a person having the power of selection and constitutes in itself a testimony to the reputation which the Office has attained for the efficient administration of estates.

9. *Intestate Estates.*—During the year 508 estates of this class of a value of £352,481 were accepted for administration. The appointment of the Public Trustee to act in respect of intestate estates is not automatic, and generally he acts at the request of the next-of-kin of the intestate person. Owing to the increasing extent to which wills are being made by the public, the business reported under this heading tends to decline rather than to increase.

10. *Agencies.*—There are many persons who, owing to ill health, advancing years, or continuous absence from the Dominion desire to entrust the conduct of their affairs to others. The Office, with its wide representation, continuity of administration and permanence, has always made a strong appeal to such persons, and the business reported under this heading has continued during the past year to be of satisfactory volume. This class of estate forms a large and valuable section of the work of the office, and many of the appointments of the Public Trustee as executor have been made by persons for whom he has acted as agent.

11. *Estates of Persons under Disability.*—The great majority of estates of mentally defective persons are administered by the Public Trustee in accordance with the provisions of the Mental Defectives Act, 1911, by which the Public Trustee is appointed statutory administrator of the estates of mentally defective persons where no private committee or administrator has been appointed. Appointments of private committees or administrators are not numerous, and even where they are made the Public Trustee, in terms of the Mental Defectives Act, is called upon to exercise supervision over the administration of such committees or administrators. During the year 480 estates of mentally defective persons to the value of £545,280 were reported for administration, and on the 31st March, 1938, a total of 2,411, valued at £2,774,123, were being dealt with by the Public Trustee.

The Aged and Infirm Persons Protection Act, 1912, made provision for the custody and management of the property of persons who, by reason of advancing years, mental or physical infirmity, or other causes, are unable to attend to their affairs. The Public Trustee may be appointed manager of such estates, and his services are frequently resorted to for this purpose. Where a private person is appointed manager there is statutory provision for the supervision by the Public Trustee of the management, similar to that exercised by him over the administration of mental-patient estates by private committees or administrators.

12. *Workers' Compensation.*—In the case of the death of a worker or injuries to a minor the Public Trustee acts as custodian of the compensation-moneys pending the final distribution of the moneys in accordance with the directions of the Arbitration Court or other appropriate Court. He may also be interested in proceedings as the legal representative of the worker injured or as employer or representative of an employer.

Where he is custodian of compensation-moneys it is the Public Trustee's duty in all cases to look into the circumstances of the dependants and to place before the Court a report conveying the result of his investigations and embodying his recommendations as to the method of apportionment of the amount of the compensation.

RECEIVERSHIP AND LIQUIDATION OF COMPANIES.

13. Since the last report the administration of the various companies subject to the Companies (Special Liquidations) Act, 1934-35, has progressed steadily.

In the Investment Executive Trust of New Zealand, Ltd., which is the most important company, the realization of assets and distribution to the debenture-holders have been further advanced. The assets realized to date have enabled seven dividends to be paid to debenture-holders totalling 11s. in the pound. Fortunately, it has recently been possible to make arrangements for a sale of the remaining assets of a considerable value, and when settlement is effected a further distribution to debenture-holders will be possible. When this is done the completion of the liquidation will be in sight, as there will be only a few minor matters for attention before the company can be finally wound up.

In the last report reference was made to the sale of the Trust Building, Sydney, by the Public Trustee of New South Wales. During the past year the Public Trustee of New South Wales sold the stocks and shares belonging to the Investment Executive Trust of New Zealand, Ltd., in New South Wales companies. As a result all the assets of this company in New South Wales have now been realized, and the proceeds of the sales, except a small balance retained by the Public Trustee, Sydney, to pay costs and expenses, have been received in New Zealand and distributed to debenture-holders.

The Public Trustee of New Zealand was successful in obtaining judgment against Mr. J. W. S. McArthur in the two Court actions which he took against him, one in the Investment Executive Trust of New Zealand, Ltd., for misfeasance, and the other in the Sterling Investments Company (N.Z.), Ltd., in connection with the yacht "Morewa." The question of obtaining some satisfaction under the judgments has received close attention, and it is pleasing to record that a satisfactory settlement has been arranged.

In the Sterling Investments Company (N.Z.), Ltd., good progress has also been made with the liquidation, and a substantial amount has been distributed, the dividends to date totalling approximately 13s. 3d. in the pound.

Before the passing of the Companies (Temporary Receivership) Act, 1934, the Sterling Investments Company (N.Z.), Ltd., acted as agent for New Zealand Redwood Forests, Ltd., for the sale of its bonds in India. The arrangement was terminated immediately after the Public Trustee was appointed Receiver, but payments on account are still being received by this Office from those who purchased on an instalment basis, and a good deal of work and a certain amount of correspondence are still necessary in this connection.

At the time of the last report the First Mortgage Freehold Security Co. of New Zealand, Ltd, was still in receivership. The necessary legislation was passed in November last putting the company into liquidation and appointing the Public Trustee liquidator. There has been a considerable amount of work involved in completing the proofs of debt and in arranging payment of the first dividend. There is still realty in Putaruru to be sold, and after realization has been effected a final distribution to debenture-holders will be made.

The Public Trustee of New Zealand acted as agent for the Public Trustee of New South Wales in dealing with the assets in New Zealand of McInnes and Co., Ltd., an Australian company of which the Public Trustee, Sydney, is the liquidator. The New Zealand assets of that company have now all been realized and the proceeds remitted to Sydney, so that the Public Trustee's duties in connection with this company have now ceased.

Some of the other companies still have assets to be realized and the proceeds distributed, but the position in regard to them is satisfactory and the work of completing the liquidation of these companies is well advanced. In regard to five of the companies all the assets have been realized, the proceeds distributed, and orders of the Court have been obtained releasing the Public Trustee as liquidator and finally dissolving the companies. In the case of a sixth company the final dividend is now being paid, and the necessary steps are being taken to have the company dissolved.

INVESTMENTS FROM THE COMMON FUND.

14. *Lending Operations.*—During the period under review there has been no evidence of an extensive demand for loan-moneys, but a fair flow of applications has been maintained and the number has shown an increase in later months. The applications received have been for various purposes, including the acquisition of properties in town and country, the erection of new buildings, and the rearrangement of existing mortgages. A special feature has been the increasing extent to which loans have been sought for the erection of blocks of flats in the principal towns and cities, affording evidence of a definite trend towards the provision of residential accommodation of this type in the main centres of population. Applications from mortgagors for increases in the amounts of their existing loans for the purpose of effecting improvements to farm properties and the erection of modern buildings thereon, as well as for renovations and repairs to city properties have been reasonably numerous.

The increasing popularity of modes of construction involving the use of plaster on metal or other suitable base, no doubt on account of the high cost of construction in wood or concrete, is of interest. Subject to suitable stipulations in each particular case, the Public Trustee has granted a number of loans on this class of security.

The applications received have been of a good class, and in comparatively few cases has the Public Trustee been unable to meet the requirements of the applicant.

Most of the loans granted have been on a flat basis for five years, but if so desired loans have been granted for a long term on a reducing basis, with a provision for a review at five-yearly intervals of the rate of interest charged. In certain cases where the circumstances have made such a provision desirable a loan has been granted for a five-year or other suitable short term, but with a stipulation that half-yearly payments in reduction of the principal sum are to be made during the currency of the loan.

The Public Trustee has as a general rule continued the policy of entrusting the preparation of the relative mortgage documents to the solicitors who introduced the loan applications, though he reserves the right to have the documents prepared by his own legal staff if he so desires. Where application for a loan is made direct to the Public Trustee the documents required have been prepared by the legal staff of the Office.

15. *Long-term Instalment Loans.*—Prior to the passing of the Mortgagors and Lessees Rehabilitation Act, 1936, the rate of interest generally payable on long-term loans, after effecting the reductions provided for under the National Expenditure Adjustment Act, 1932, was 5 per cent., but as a result of the hearing of applications for the adjustment of mortgages under the Rehabilitation Act a reduction in the rate of interest and a rearrangement of the terms of the mortgage were secured by certain mortgagors. Repayment of the loans was often spread over a long period of years, and the system of reviewing the rate of interest at five-yearly intervals was adopted wherever possible.

Loans on a long-term basis have always been popular with certain classes of borrowers, and the provision of a rate of interest which is adjustable from time to time has removed one of the objections which had been raised in recent years to the long-term system. The advantages of the new system have been recognized by the Adjustment Commissions, and in cases where the adjustment of long-term mortgages has been under consideration and the rate of interest has been varied such a provision has frequently been embodied in the orders of the Commissions.

16. *Collection of Interest.*—While current interest has been reasonably well met there has been little improvement in the position of the arrears outstanding.

Mortgagors whose interest is in arrear and who have filed applications under the Mortgagors and Lessees Rehabilitation Act are seldom paying more than current interest; and in some cases difficulty is being experienced in collecting even this, notwithstanding the direction of the Adjustment Commissions and the Court of Review that such interest should be paid if the funds are available. Even in the case of those mortgagors who have not availed themselves of the relief legislation there is reason to believe that considerable portions of the surplus revenue for the past year have been utilized to effect improvements to farms and buildings which had been neglected during the years of depression, and that no substantial reduction of the arrears of interest is being effected.

17. *Advances on Bonds and Debentures.*—By the Finance Act (No. 2), 1936, the Public Trustee was authorized to make advances by way of mortgage of Government, local-body, and other authorized securities up to nine-tenths of the nominal value of the security. So far the loans granted on this class of security have been few.

18. *Applications under the Mortgagors and Lessees Rehabilitation Act, 1936.*—The applications by mortgagors of the Public Trustee for adjustment of their liabilities are being disposed of steadily, but a substantial number still remains to be determined. An analysis of the applications finally disposed of up to the present reveals that more than half have been settled by amicable arrangement. In such cases either the applications have been withdrawn or the terms of the voluntary adjustment agreed upon have been embodied in an order of the Court which has been filed by mutual consent.

The percentage would have been higher but for the existence of numerous cases where the Public Trustee has been able to make satisfactory arrangements with the mortgagor in so far as the first mortgage is concerned, but, on account of the difficulty experienced in negotiations with subsequent mortgagees or for other reasons, it has been necessary for the mortgagor to proceed with the hearing of the application for adjustment before the Adjustment Commission.

In the earlier stages of the administration of the Act it became the duty of the Public Trustee to appeal from the decisions of the Adjustment Commissions in certain cases, but as the general principles governing the administration have been elucidated and defined it has become more generally possible to enter into voluntary arrangements with mortgagors. This practice has not only complied with the spirit of the legislation, but has also reduced considerably the volume of work which normally would have required consideration by the Adjustment Commissions.

Appeals against the decisions of the Adjustment Commissions have been made only after due consideration in each case. It must be borne in mind that

the Public Trustee in his fiduciary capacity is bound to take all possible steps to protect the trust funds in his care, and if there is a reasonable prospect of minimizing ultimate loss or of obtaining more favourable terms on appeal to the Court of Review the Public Trustee is bound to take this action.

During the years of the depression the system of preparing an annual budget in connection with farming operations was widely adopted with advantage to both mortgagor and mortgagee. In more recent years the continuing usefulness of the budgetary system has been demonstrated, and the records available have been of substantial assistance to all parties in negotiations for the adjustment of mortgagors' liabilities.

19. *Local-body Loans*.—The arrangement for the control of the Borough of Thames by a Commissioner which expired in May, 1938, has been extended for a further period of three years, while the reduction of interest by one-third on Thames Borough Council debentures has been extended for a further period of twelve months by the Thames Borough Commissioner Amendment Act, 1937. The Government has announced its intention of setting up a Commission of inquiry to investigate the whole position at Thames and to make recommendations to the Government for permanent arrangements regarding the liabilities of the borough. It will be the duty of the Public Trustee, as representing a large number of the borough debenture-holders, to see that the facts supporting the position of the debenture-holders are placed fully before the Commission of inquiry.

Very satisfactory results have been achieved in the control of the affairs of the Matakaoa County by a Commissioner during the past five years. There has been a considerable improvement in the collection of current and outstanding rates, while the county has been able to meet its commitments in full, and at the same time maintain its works in a reasonable state of efficiency.

FINANCE.

20. *Investment of Funds*.—The investments completed during the year totalled £1,466,931. The investments held by the Office, including special investments on behalf of estates and funds, amounted, at 31st March, 1938, to £36,781,307, which represents an increase of £570,014 compared with those held at 31st March, 1937.

21. *Annual Accounts*.—In last year's report reference was made to the increased commission earned by the Office as a result of the improved economic conditions. During the year ended 31st March, 1937, the commission earned represented an increase of over 16 per cent. on that for the previous year, and it is consequently pleasing to record that the commission earned for the year ended 31st March, 1938, shows a further increase on that for the preceding year.

The expenses of management have, however, increased during the year, principally as the result of increases in salaries arising from the general regrading of the salaries of public servants and in the cost of other services to the Office. Another item of expense which increased considerably in the past year was the amount of legal costs incurred in connection with applications by mortgagors for adjustment of their liabilities under the Mortgagors and Lessees Rehabilitation Act, 1936.

During the past few years when the arrears of interest on mortgages increased considerably it has been the practice of the Office to review each case with the greatest of care in order to decide what provision should be made for losses which it was clear, in many cases, would inevitably accrue. Similarly, where a loss of the principal of an investment was anticipated a reserve was created. As the result of the provision made in former years this year's Profit and Loss Account has been relieved, to a large extent, of the burden of the substantial amounts remitted by the Adjustment Commissions during the year under review. There have, however, been additional cases where, although no provision for loss was considered to be necessary, remission of interest and writing-off of principal have been ordered by the Adjustment Commissions. Such losses have been charged to the year's Profit and Loss Account.

In addition, as the result of altered circumstances or of new facts being brought under notice, it has been necessary to make provision in this year's accounts for further similar losses.

It is pleasing to report, therefore, that, notwithstanding the foregoing unusual charges, and after making adequate provision for depreciation of office property, the net profit for the year amounted to £12,964.

22. *Deposits under the Life Insurance Act, 1908.*—In terms of the Life Insurance Act, 1908, and its amendments, every company carrying on life-insurance business in New Zealand is required to deposit with the Public Trustee money or certain classes of securities commensurate with the total amount assured by its policies, but with a maximum deposit of £50,000. The amount of cash and securities deposited with the Public Trustee on the 31st March, 1938, in accordance with this Act was £759,517, the number of companies concerned being sixteen.

23. *Deposits under the Insurance Companies' Deposits Act.*—Cash deposits under the provisions of the Insurance Companies' Deposits Act, 1921–22, and its amendments, are required to be lodged with the Public Trustee by all foreign insurance companies carrying on business (other than life, earthquake, and marine insurance) in New Zealand. The amount of the deposit required of each company varies in accordance with the nature, but not the volume, of the business conducted. On the 31st March, 1938, the capital amount of deposits held under this Act on behalf of thirty-seven companies was £1,110,000. The interest on this sum is paid at regular intervals to the companies concerned. The Act and its amendments make provision for deposits to be lodged not only by foreign companies, but also by agents of foreign underwriters operating in New Zealand. A further amendment of the Act was made during the year under review by section 56 of the Finance Act, 1937, which provides that every person who, in the course of his business, negotiates or attempts to negotiate any contract of insurance between an insurance company or an underwriter and the insured, shall be deemed to be the agent of the company or underwriter, and the latter shall be deemed to be carrying on insurance business in New Zealand. In such circumstances the company or underwriter would be liable to lodge with the Public Trustee a deposit in accordance with the class of insurance business which was being undertaken.

24. *Advances to Estates and Beneficiaries.*—In previous reports mention has been made of the necessity of providing funds for the payment of debts, death duties, and other pressing liabilities, as well as for current living-expenses of dependants, within a comparatively short period from the date of a person's decease. In many cases it is found that whereas the amount of cash and readily realizable assets may have been ample to cover a living person's requirements and to meet his liabilities, the additional liabilities (principally death duties) which come into existence immediately following death frequently place an estate in an embarrassing position financially. This difficulty can, in the case of most estates administered by the Public Trustee, be readily overcome by virtue of the statutory powers which enable him to advance money to such estates on the security of the assets. The provision of this accommodation entails no legal costs and, in addition, there are very material advantages—viz., that a low rate of interest is payable on such advances, and that as soon as moneys are available to be applied in reduction of the advance, the interest charge ceases upon the portion repaid.

With accommodation of this nature available the Office is also able to postpone the realization of assets in cases where the market is unfavourable or where for other reasons, it is undesirable to attempt to sell.

For the purposes of land-tax an advance by the Office to an estate owning land is equivalent to a registered mortgage over such land, and upon a certificate by the Public Trustee regarding the amount of the advance being filed with the Commissioner of Taxes a deduction for land-tax purposes is allowed in respect of the advance in the same way as though it were secured by a registered mortgage.

A further statutory provision enables the Public Trustee to advance money to beneficiaries in estates under his administration, provided, of course, there is adequate security for the advance required. The advantages to beneficiaries of obtaining financial assistance by this method—namely, a low rate of interest, and the immediate application in reduction of the advance of any moneys available for repayment of the advance, are fully appreciated by beneficiaries and have been extensively availed of during the year.

The amount of current advances to estates and beneficiaries at 31st March, 1938, was £610,044.

25. *Local Bodies' Sinking Funds*.—The conversion of local-body indebtedness or other rearrangement of finances is still taking place, although the great majority of local bodies have already completed these arrangements.

During the year under review a substantial amount was released by the Office from sinking funds held on behalf of local bodies which, in terms of the arrangements made for the conversion of their loans, required payments to be made from their respective sinking funds.

The amount held at 31st March, 1938, on behalf of local bodies' sinking funds was £4,485,616.

STAFF.

26. The principal staff changes effected during the year ended 31st March, 1938, were—

- (a) The transfer of Mr. P. B. Broad, Assistant Solicitor, Head Office, to the Crown Law Office.
- (b) The transfer of Mr. L. S. Lipscombe, First Assistant District Public Trustee, Christchurch, to the Inspectorial Staff of the Head Office.
- (c) The appointment of Mr. A. H. Ihle, District Public Trustee, Greymouth, to the position of First Assistant District Public Trustee, Christchurch.
- (d) The appointment of Mr. W. Kane, Second Assistant District Public Trustee, Christchurch, to the position of District Public Trustee, Greymouth.
- (e) The appointment of Mr. W. J. Forsyth, District Public Trustee, Dannevirke, to the position of District Public Trustee, Nelson.
- (f) The appointment of Mr. L. A. Chatwin, Assistant Inspector, Head Office, to the position of District Public Trustee, Dannevirke.
- (g) The appointment of Mr. J. W. D. Mardon, Senior Estates Clerk, Wellington, to the position of Second Assistant District Public Trustee, Christchurch.
- (h) The appointment of Mr. D. R. Wood, District Solicitor, Hamilton, to the position of District Solicitor, Wellington.
- (i) The appointment of Mr. I. D. Jack, Assistant District Solicitor, Wellington, to the position of District Solicitor, Hamilton.
- (j) The transfer of Mr. W. S. Kent, District Solicitor, Napier, to the position of Legal Clerk, Christchurch.
- (k) The appointment of Mr. C. E. W. Wachter, Legal Clerk, Christchurch, to the position of District Solicitor, Napier.
- (l) The appointment of Mr. A. J. Quill, Legal Clerk, Wellington, to the position of District Solicitor, Greymouth.

27. 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, 1937 and 1938, at the Head Office and at the District offices:—

Head Office.

On 31st March, 1937—		On 31st March, 1938—	
Permanent ..	102	Permanent ..	100
Temporary ..	24	Temporary ..	20
	126		120

District Offices.

Permanent ..	654	Permanent ..	670
Temporary ..	195	Temporary ..	197
	— 849		— 867
	— 975		— 987

Increase in the number of staff during the year, 12.

28. *Qualifications of Officers.*—Most 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 :—

Barristers and solicitors	29
Passed LL.M. degree	25
Passed LL.B. degree	31
Passed Law Professional Examination	68
Passed M.A. degree	5
Passed B.A. degree	4
Passed B.Com. degree	12
Passed Accountants' Professional Examination	166

29. *Officer deceased.*—The death of Mr. E. Collins, who at the date of his decease had occupied the position of District Public Trustee at Nelson for a period of three years and a half, is recorded with regret. The late Mr. Collins was an able and experienced officer, and during his service in the Department he held various responsible positions both at Head Office and at the district offices.

30. *Retirements.*—The following officers were retired :—

- (a) Mr. H. V. Uren, District Manager, Thames, on the grounds of ill health. It was hoped that release from official duties would have led to a restoration of Mr. Uren's health, but this hope was not realized, as his death occurred on the day following the expiration of the special leave granted him on his retirement.
- (b) Mr. R. B. Ross, Farm Inspector, resigned.

31. *Remuneration of Temporary Female Officers.*—In June, 1937, the salaries of temporary female members of the Office staff were converted from a weekly to an annual rate, the conversion dating as from the 1st January, 1937.

32. *General Regrading of Public Service.*—A general regrading of the Public Service was effected as from the 1st April, 1937, and in relation thereto the salaries of both permanent and temporary officers of the Public Trust Office were carefully reviewed by the Public Service Commissioners.

33. *Transfer of Rural Intermediate Credit Work to State Advances Corporation.*—Under the provisions of section 40 of the Mortgage Corporation of New Zealand Act, 1934–35, and Order in Council dated the 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, 1937. Although the arrangement under which the work had previously been conducted by this Office technically ceased on that date, the Public Trust Office, to meet the convenience of the State Advances Corporation, 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. With the transfer of the control of the Rural Intermediate Credit

work to the State Advances Corporation certain members of the staff of the Public Trust Office, who had been engaged on the work, were transferred to the staff of the Corporation.

34. *Appointment of Cadets for Training.*—During the year fifty additional cadets were appointed to the staff of the Office. Of this total, twenty-nine 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.

35. *District Representation.*—The Public Trustee is represented by forty-four permanently established branches in the main cities and towns in the Dominion. In thirty-eight other towns there are agents of the Public Trust Office, while in certain districts the representation is by means of part-time offices. This wide representation facilitates direct contact with the Office by persons desirous of taking advantage of the services offered.

In those towns where the Office is not represented the Post Office attends to the receipt and payment of moneys on behalf of the Public Trustee. Residents in such towns who desire to avail themselves of the services of the Office may, however, set out their requirements in writing—for example, many settlers in the outback districts who have wished to appoint the Public Trustee their executor have had their wills prepared and despatched to them for execution—the whole matter being attended to entirely by correspondence. As is well known, no charge is made by the Public Trustee for this service.

36. *Inspections and Audit.*—The system of thoroughly inspecting all phases of the work at the district offices has been maintained throughout the year, and with one exception all branches have been inspected during the past twelve months. The inspectorial staff comprises the Chief Inspector, Assistant Chief Inspector, three Inspectors, and two assistants. The inspections not only comprise a thorough examination of the administration and accounting work and the system and organization directly connected therewith, but also include a careful investigation of all matters in respect of the staff, accommodation, equipment, office buildings, expansion of business, and any other matters having a bearing on the efficient conduct of the work.

The internal checks in regard to cash, securities, deeds, &c., and the auditing by the Government Audit Department are co-ordinated under the supervision of the Chief Inspector.

LEGAL DIVISION.

37. The legal officers of the Department have been fully occupied during the year in carrying out the legal work entailed by the Office activities, consisting chiefly of the preparation of wills, the preparation and perusal of documents of various kinds, 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 a party.

During the year administration was obtained in 1,879 estates. Other Court applications for leave to take steps necessary in the administration, but not authorized by the will or by statute, numbered 112, while in 5 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, 22 exemplifications of probate granted abroad and 69 exemplifications of New Zealand grants were sealed to enable assets situated in the respective countries 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.

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

NEW ZEALAND CENTENNIAL EXHIBITION, 1939-40.

38. In connection with the New Zealand Centennial Exhibition which is to be held in Wellington in 1939-40 the Public Trust Office intends to make a suitable display which will serve to bring the Office under the notice of visitors to the Exhibition.

On the space allotted in the Government Court a pavilion will be erected in which will be displays to illustrate the progress of the Office from its inception. In addition, suitable literature bringing under the notice of the public the advantages of administration by the Public Trustee and the facilities possessed by him for the prompt transaction of all trustee business will be prepared for use at the Exhibition.

An officer will be placed in charge of the pavilion to answer inquiries.

OFFICE BUILDINGS.

39. The continued expansion of the Office business has rendered necessary at certain branches the provision of additional and improved accommodation for the staff and the public. During the year alterations and/or extensions were effected at Auckland, Whangarei, Dunedin, and Hamilton.

The growth of business in the Ashburton district is such that the provision of additional accommodation for the staff of the Ashburton branch is essential for the proper conduct of the work. Consideration is being given to this question.

A commencement has been made with the erection in Nelson of a new building to replace the one previously occupied and disposed of because of its unsuitability for the needs of the Office. It is anticipated that the new building will be ready for occupation in November next. The building, which is to be of earthquake resistant reinforced concrete and brick-work construction, is of a pleasing and dignified design, and when completed should be a handsome addition to the public buildings of Nelson. It has been designed on most modern lines with a view to providing adequate facilities and accommodation for both the Office staff and the public for some years to come.

Further consideration was given to the question of providing a new Office building at Wellington. Proposals to acquire sites adjoining the Office building in Ballance Street were approved, and the Public Works Department entered into negotiations with the owners of the properties for their purchase at certain reserves. The purchase of one site has been completed, and arrangements for the acquisition of the remaining site are now in progress.

The urgent necessity of providing increased accommodation planned on modern lines for the Head Office and Wellington District Office is fully recognized. The staff is at present working under very unsuitable and inconvenient conditions, and the congestion, particularly in the Wellington District Office, is becoming acute. There is no possibility of further expansion within the existing limits, and the old-fashioned nature of the buildings, one of which was not designed for Office purposes but was acquired by purchase many years ago to provide essential additional space, makes the working of the Office uneconomical and wasteful besides militating against the health and comfort of the staff,

CONCLUSION.

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

Cordial thanks are also due to the members of the Investment Board for 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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