

1922.
NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT OF THE) FOR THE YEAR ENDED 31st MARCH, 1922.

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, 1922.

1. The appointment of Mr. E. O. Hales as Assistant Public Trustee, in place of Mr. J. W. Macdonald, promoted to the position of Public Trustee, was made during the year. Mr. Hales was formerly District Public Trustee at Auckland, and has had a long and varied experience in the Office.

2. The present year marks the fiftieth anniversary of the foundation of the Public Trust Office, and the figures appearing in the attached report will indicate how large a volume the business has assumed: in fact, the year is a record one, the new business transacted having amounted to £5,383,460.

3. The progress during the past few years has been particularly marked, as is evidenced by the fact that the value of estates and funds under administration, which in 1914 amounted to £12,282,883, has more than doubled itself in the past eight years, being on the 31st March, 1922, no less than £25,497,779, notwithstanding the fact that the Office has recently transferred to the newly created Native Trustee assets amounting to £2,250,000.

4. The growth in the number of wills on deposit has also been phenomenal. The number held in safe custody on the 31st March, 1922, was 31,839. When it is remembered that on the 31st March, 1914, the wills deposited after forty-two years of Office activity numbered 6,427 only, some idea will be gained of the extraordinary advance in this department of the Office work during the eight years which have since elapsed.

Wills are now coming into the Office at the rate of five thousand per annum. Thus the yearly increase in the number of wills deposited now almost equals the total accumulations for the forty-two years up to 1914.

5. These figures do not fully indicate the number of estates which will ultimately come to the Public Trustee for administration, since many wills nominating the Public Trustee as executor are known to be held by private solicitors. Moreover, in many cases where existing wills nominate private executors and trustees, the administration will be transferred to the Public Trustee through executors renouncing administration in his favour. The figures are an eloquent testimony to the growing confidence of the public in the Office throughout the Dominion.

The number of new estates accepted during the year for administration was 2,318, of which no less than 414 were completely administered before the close of the year. This is conclusive evidence of prompt administration.

6. The profits for the year amounted to £11,053, notwithstanding the fact that concessions amounting to £57,500 were made to the estates, thereby reducing the profits by that amount. The almost total cessation of the realization of assets seriously lessened the income of the Office as compared with what it would

have been had normal times been experienced. The present conditions restricted the amount of cash available for investment, and helped to reduce the profits earned.

7. It is pleasing to record that the complaints received have been few in number and confined to matters of a minor nature. On the other hand, many clients and beneficiaries have written expressing their appreciation of the Office administration, and their satisfaction with the results obtained by the Public Trustee in the estates with which they are concerned.

8. The Office possesses a highly qualified staff, including fourteen graduates of the University—ten in law, three in arts, and one in commerce. There are twelve barristers, forty-six solicitors, and sixty qualified accountants in the employ of the Office. The presence of these officers on the staff is an assurance that the technical side of the Department's work will be adequately dealt with.

9. Important provisions have been enacted by the Mental Defectives Amendment Act, 1921–22. Among the changes introduced is a provision entitling the public officer administering mental patients' estates in any British possession to which the Act is made to apply, to appoint the Public Trustee of New Zealand to administer assets in New Zealand of a patient resident in such British possession. A reciprocal right to call on the services of such public officer in any British possession is in like circumstances given the Public Trustee when a patient is resident in this country.

It is also enacted that when the Act is specially extended to England or any other part of the Empire, Court orders made in such country relating to mental patients' estates may be sealed in New Zealand and have the same operation as if made by the Courts here. In like cases orders of the New Zealand Supreme Court may be made effective in other parts of the British dominions.

Up to the present the provisions have been availed of in the case of Victoria.

The system will assist greatly in cases where the Public Trustee is called on to administer the affairs of a mental defective who has assets in another jurisdiction.

10. One of the most popular provisions in the law regulating the work of the Public Trust Office is that contained in the Public Trust Office Amendment Act, 1913, permitting of the appointment of one or more advisory trustees to co-operate with the Public Trustee in the administration of estates. This provision represents an important modification of the general principle that the Public Trustee cannot act as trustee in conjunction with any other person. Testators are showing an increasing tendency to avail themselves of the provision by appointing their solicitors, kinsfolk, friends, or business associates in an advisory capacity to assist the Public Trustee in the administration of their estates.

The system generally has worked well. It enables a testator to secure the benefits of the State guarantee for his estate, and at the same time makes it possible for him to enlist the special knowledge or experience which will prove of use in the administration of his estate.

Important changes in the law to permit of the better working of the system have been made by the Public Trust Office Amendment Act, 1921–22.

11. In recent years there has been a prevailing tendency on the part of Judges of the Supreme Court to appoint the Public Trustee to represent the interests of certain parties when applications are made to the Court by private trustees in connection with estates under administration.

The position of the Public Trustee in such cases has hitherto been somewhat anomalous and ill-defined, and opportunity was taken when the Public Trust Office Amendment Act, 1921–22, was drafted to provide that the Public Trustee could be appointed by the Supreme Court to represent the interests of any party to any proceedings, or any class of persons interested, such as infants, absentees, or other persons who, through disability or otherwise, could not themselves properly protect their interests.

12. The Public Trust Office affords an excellent mode of investment for trust funds of friendly-society lodges, and similar institutions. In several cases this course has been adopted by friendly societies in order to avoid the inconvenience occasioned through frequent changes of trustees. The system is one which will, no doubt, commend itself to other institutions as soon as it becomes more widely known.

13. The principle embodied in the Act of 1872, when the New Zealand Public Trust Office was founded, has been adopted in other parts of the British Empire, notably in the United Kingdom and some of the Australian States.

That the principle of State trusteeship is still arousing considerable interest is shown by the inquiries which have been received during the year, particularly from the United States and from Canada. Certain gentlemen in the United States of America have been supplied with sets of statutes and other literature bearing on the work of the Public Trust Office, and many of the large trust companies in that country have, at their request, been furnished with details of the Office system.

14. In Canada a commencement has been made with the system of State trusteeship by the establishment of a Public Trust Office in Toronto. Mr. C. J. Holman, K.C., LL.D., who is a member of the Board appointed by the Government of Ontario to supervise the newly established office, has been in correspondence with the Public Trustee of New Zealand, and the information which has been furnished to him has proved of great assistance in the initial stages of the establishment of the Canadian office.

15. Provision is made by section 43 of the Public Trust Office Amendment Act, 1913, for the debiting of losses made by the staff of the Office in the course of the administration of estates. A reference to the Profit and Loss Account for the year shows that the amount required to meet such losses was £61 only. When it is considered that the Office is administering estates of a total value of over £25,000,000 it will be readily seen that this creditable result is evidence of careful management.

16. Special provision has been made for the prompt investment of moneys which are directed to be invested outside the Common Fund of the Office. If investments cannot be found at once the amount available is temporarily invested in Common Fund securities until such time as permanent investments can be obtained. This provision ensures that funds required to be specially invested shall not be idle and unremunerative while desirable investments are being sought, and it should commend itself to testators and others who desire to avail themselves of the system of special investment of estate funds. During the year funds of estates directed to be specially invested outside the Common Fund have been invested at $6\frac{1}{2}$ per cent. or 7 per cent. without any difficulty in obtaining securities.

17. Under the Office Regulations the Public Trustee has power to reduce the amount of the commission which he is authorized to charge for the administration of estates, and during the past year many reductions have been made in proper cases by the Public Trustee.

Under the power referred to a number of charitable trusts have been administered by the Office without charge.

18. The Public Trustee avails himself of the Post Office for the purpose of remitting money to and from clients of the Office and others living in the remoter parts of the Dominion where there are no branches of the Public Trust Office. No charge is made to clients for this privilege, the Office itself bearing the cost of the services rendered by the Post Office.

19. A great deal of the business to be transacted by the Public Trustee in England is conducted by the High Commissioner for New Zealand, and a proportionate part of the cost of the High Commissioner's Office and staff is borne by the Public Trust Office. During the past year the amount so contributed was £633. For the current year this amount has been materially increased.

20. Apart from the foregoing matters, attention may be directed to the following features appearing in the Public Trustee's report:—

- (1.) The increase in cash balances held at credit of estates and funds from £13,918,906 to £15,329,125.
- (2.) The increase of £3,133,460 in the total value of estates and funds administered by the Office, making the total value as at the 31st March, 1922, £25,497,779—an increase of £5,383,460 of new business, after allowing for the Native trusts taken over by the Native Trustee.
- (3.) The steps taken to protect the interests of the Office and of its clients in the difficult financial conditions which have prevailed.
- (4.) The measures adopted to secure greater publicity for the functions and activities of the Office.

- (5.) The adverse factors which have operated to reduce the income of the Office during the year.
- (6.) The receipt of deposits to the value of £965,000 from insurance companies in terms of the Insurance Companies Deposits Act, 1921–22; these, however, are not brought into the figures for the financial year under review, but will be included for the year ending 31st March, 1923.
- (7.) The investment of a further sum of £1,393,176 from the Common Fund of the Office during the year.
- (8.) The assistance rendered by the Office in advancing moneys to estates under its administration for the payment of estate and succession duty and for other urgent purposes, thus avoiding the necessity of realizing assets at an unfavourable time.
- (9.) The increase of the Office reserves to a total of £451,585.
- (10.) The progress made with the scheme of training junior officers in order that a qualified and competent staff may be built up to meet the future needs of the Office.
- (11.) The appointment of District Public Trustees at Blenheim, Greymouth, and Masterton, thus completing the scheme of decentralization which has been in the course of introduction since the passing of the Public Trust Office Amendment Act, 1912.
- (12.) The establishment of eleven new part-time offices under the charge of permanent officers of the Department, and the opening of three new agencies under the charge of non-permanent Agents.
- (13.) The reference to the duties of the Public Trustee as Custodian of Enemy Property and Controller of the New Zealand Clearing Office. These duties are referred to in greater detail in a separate report which has been presented to Parliament.
- (14.) The passing of the Public Trust Office Amendment Act, 1921–22, by which many of the monetary limits imposed upon the exercise of powers by the Public Trustee have been raised, and by which additional powers and discretions have been conferred upon the Public Trustee. The powers will have an important effect in simplifying the Office work and procedure. The opportunity has also been taken to correct some anomalies in the law particularly relating to the administration of trusts.
- (15.) The passing of the Mental Defectives Amendment Act, 1921–22, by which the Public Trustee is enabled to exercise powers which will make for the better conduct of the affairs of mental defectives.
- (16.) The continued success of the system of reviewing the administration of estates, and the excellent position of the work resulting from the introduction of the system.
- (17.) The erection of Office premises, planned on modern lines, at Palmerston North, New Plymouth, and Invercargill. These premises will have the effect of increasing the efficiency of the staff, and will also serve to promote the interests of the Office in the districts where they are situated.

21. The economies which have been effected in the administration of the Department are worthy of special note. The figures appearing in the Public Trustee's report indicate that the total savings reach £54,516 per annum, so that although, in common with other institutions at the present time, the Office has been faced with a marked decline in revenue, it has not only succeeded in meeting this reduction, but has earned a profit on the year's transactions.

22. The Office is serving a useful function in providing facilities for the ready and economical administration of estates, and the fact that it has now a history of fifty years behind it proves that its establishment has been fully justified. The place which it holds in the estimation of the community is evidenced by the figures showing the number of wills deposited with the Public Trustee and the number of estates voluntarily entrusted to his charge each year.

J. G. COATES,

Minister in Charge of the Public Trust Office.

Wellington, 16th September, 1922.

REPORT ON THE WORKING OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED
31ST MARCH, 1922.

SIR,—

I have the honour to submit a report on the working of the Public Trust Office for the year ended 31st March, 1922.

1. The year which has just closed has proved one of the most difficult which has been experienced in the Dominion for more than twenty years past, and the conditions which have prevailed in every part of the country have affected to a considerable degree the work of the Public Trust Office, bound up as it is with the commercial, financial, and business life of the community.

All financial institutions at the present time are experiencing the strain of the exceptional conditions arising from the depression in the prices received for the primary products of the Dominion. The Office is no exception to this general condition, and its affairs have required the most careful and watchful handling throughout the year to ensure not only that its own interests shall be protected, but that every possible measure shall be taken to conserve the interests of beneficiaries, who in many cases are dependent on the proceeds of estates under administration by the Public Trustee for their maintenance and well-being.

2. The policy adopted of keeping the management in personal touch with the needs of the districts has been maintained throughout the year. The Public Trustee has now visited practically every district of the Dominion, and has been able to meet clients and other persons interested in the work of the Office and to discuss matters of importance with them. He has also been able to satisfy himself regarding the necessities of the districts in the matter of loan-moneys for works of an urgent and important character. These visits have been greatly appreciated by the public as a mark of the interest which is taken by the Office in the administration of their affairs. The visits have also brought the Public Trustee into close contact with the work and organization of the District Offices, and has enabled the staff and other requirements to be kept under personal notice. It is hoped to maintain the system during the coming year.

The Office is now served in all important towns by District Public Trustees, and these are available to clients and others for the discussion of Office business. This system has worked admirably; nevertheless, the opportunity of discussing with the Public Trustee personally matters affecting estates is regarded with much appreciation by many of those who do business with the Office.

3. The volume of new business has been well maintained. During the year 2,318 new estates were entrusted to the Public Trustee for administration, and there has been a gradual improvement in the average value of the estates received, indicating that the facilities offered by the Office are attracting a satisfactory class of testator.

One gratifying feature of the new business is the fact that the number of wills and trusts is increasing as compared with intestate estates, showing that the number of testators who voluntarily choose the Public Trustee as their executor is increasing.

It has to be remembered that in recent years the volume of business undertaken by the Public Trustee has been abnormally increased through the administration of the estates of a large number of men who fell during the war, and the estates of many persons who died in the epidemic of 1918. These factors were responsible for building up a large temporary business. Practically all the estates under these headings have now, however, been administered, and the business of the Office is reverting to normal.

4. Although the Public Trust Office has now been in existence for fifty years, much ignorance still prevails regarding the powers and functions of the Public Trustee. Some cases which have come under the notice of officers of the Department have shown extraordinary misconception of the Office work and practice. With a view to making the advantages of administration by the Public Trustee better known and to spread information regarding the functions of the Office, pamphlets dealing with the various activities of the Office have been prepared

and judiciously distributed. Series of advertisements have also been inserted in the daily papers of the principal centres of the Dominion, and it may safely be stated that the advertisements have already gone far to remove much of the ignorance which has hitherto prevailed, and have conveyed information regarding the Office in many quarters where it was previously practically unknown.

The effect of the publicity has been uniformly satisfactory, and has been particularly shown by the increase in the number of wills deposited. Reference to the marked increase in the figures under this heading will be found at a later stage of this report.

5. A most successful conference was held at Dunedin of the Agents of the Otago District. It was attended by the Agents from Oamaru, Balclutha, Tapanui, Lawrence, and Alexandra. The work of the Office, as it particularly relates to the agencies, was fully discussed, and the conference was fruitful of good results in every way.

FINANCE.

6. The special conditions which were referred to in the previous report as operating in the direction of reducing the annual profits of the Office have again been in evidence during the year now under review.

7. For several years prior to 1920 a bonus had been granted to estates and beneficiaries equivalent to one-tenth of the total interest credited to their accounts. This bonus was, of course, computed and credited after the result of the year's operations had been ascertained and the profits declared. On the 1st April, 1920, however, the rates of interest allowed on various classes of funds held by the Public Trustee were raised, and the amount of the bonus was merged in the increased rate. Capital moneys belonging to a testate or intestate estate, or held under any deed of trust or settlement, or as custodian trustee, or as Commissioner of Sinking Funds of Local Bodies, as well as all capital moneys belonging to estates held for administration under the Lunatics Act, 1908, the Mental Defectives Act, 1911, the Aged and Infirm Persons Protection Act, 1912, and similar statutes, have participated in the increase. The change was validated by Order in Council dated 24th March, 1921, and published in the *New Zealand Gazette* of the 31st March, 1921.

Apart from the actual raising of the rate of interest, the system under which interest is computed and credited has been made more favourable to estates and beneficiaries. The value of the concessions made under these headings for the year ended 31st March, 1922, is estimated at £57,500.

A commencement has thus been made with the development of a liberal policy with regard to the rates of interest allowed on amounts held in the Common Fund on behalf of estates and beneficiaries, but this has had the effect of artificially reducing the profits of the Office, as compared with those earned in previous years, by the sum indicated above.

The income has also been reduced as a result of the transfer of the Native funds and accounts to the Native Trustee under the provisions of the Native Trustee Act, 1920.

More liberal terms of investment have been granted for the National Provident Fund.

Taking into account all these factors which have tended to reduce the income, it is gratifying to record that the Office has not only succeeded in paying its way, but has managed to secure a profit of £11,053, which is in excess of the amount earned last year.

8. Reference to the published accounts of the Office for the year ended 31st March, 1922, will show that the income under the principal headings—namely, commission and charges and surplus interest on investments—reveals a decrease on the figures for the preceding year. This decrease is accounted for in part by the transfer of Native funds and estates, and in part by the suspension of realizations owing to the difficulty of disposing of properties at satisfactory figures during the past twelve months. As the Office commission is based on such realizations the effect on the revenue has been most serious.

The fall in income has, however, been more than compensated for by the savings effected. The expenditure under all headings amounted in 1920–21 to £226,103, and in 1921–22 to £202,199, representing a saving of £23,904. This result has been secured only by the exercise of the most rigid economy and a watchful care over all classes of expenditure. In a later portion of this report will appear details of the savings effected.

It may here be mentioned, however, that the principal savings effected were in the expenditure on salaries, which sank from £168,028 to £156,482, and on stationery, which declined from £10,050 to £5,087. For the year 1922–23 the savings will be still further increased.

9. The total value of the assets (realized and unrealized) under the control of the Office on the 31st March, 1922, was £25,497,779, an increase of £3,133,460 over the value of those held on the 31st March of the previous year.

TRANSFER OF ADMINISTRATION OF NATIVE ESTATES, RESERVES, AND FUNDS TO THE NATIVE TRUSTEE.

10. In accordance with the provisions of the Native Trustee Act, 1920, the administration of Native estates, reserves, and funds was on the 31st March, 1921, taken over by the Native Trustee. The transfer of this work enabled this Office to make available for the Native Trustee practically the whole of the staff of twelve which had previously been engaged in the Head Office in dealing with Native matters. In addition, the services of the various District Officers of this Department were placed at the disposal of the Native Trustee until such time as he was able to complete his arrangements for the conduct of the work in the various parts of the Dominion. As a result, effect was given to the new legislation with a minimum of inconvenience to the clients of the Office and to the Native beneficiaries concerned.

The total amount of cash held on the 31st March, 1921, on behalf of Native estates, reserves, and funds was £844,345. The transfer of this amount was effected by payments in cash of £45,868, and by allocation from the Common Fund of this Office of securities to the value of £798,477. The investments allocated bore interest at varying rates, the amount at each rate being in the same proportion to the total amount allocated as the amount invested at each rate in the Common Fund of this Office bore to the total Common Fund investments. To provide the Native Trustee with additional funds which he required after the transfer had been completed the Office took back securities to the value of £97,570, and made cash to the same amount available to the Native Trustee. The transfer is now complete.

INSURANCE COMPANIES' DEPOSITS ACT, 1921.

11. For some time past the question has been under consideration of placing the fire-insurance companies under the same obligation of making deposits in the Dominion as the life-insurance companies, and during the 1921–22 session of Parliament an Act—the Insurance Companies' Deposits Act, 1921—was passed dealing with the subject. By its provisions the following deposits were required to be made with the Public Trustee in cash:—

British companies carrying on business in New Zealand in respect of—

	£
Fire insurance	15,000
Employers' liability	15,000
All other classes of insurance (except marine and life) ..	5,000
Foreign companies carrying on business in New Zealand in respect of all classes of insurance (except life) ..	35,000

The deposits due by the companies at present carrying on business in the Dominion are—

	£
Thirty-one British companies ..	895,000, due 6th June, 1922.
Two foreign companies ..	70,000, due 6th August, 1922.
Total ..	<u>£965,000</u>

These amounts do not come into the figures of business for the year 1921–22.

Although the deposits due by the British companies were not payable until the 6th June, 1922, a number of those companies made representations to the Public Trustee with a view to payment being accepted by him in instalments prior to that date. This was agreed to on terms satisfactory to the companies concerned, and on the 31st March, 1922, the sum of £96,726 was held on their behalf. Active steps are being taken to invest the whole of the money as soon as possible after its receipt, so that loss of interest may be avoided.

Arrangements have been made to have deposits accepted by the High Commissioner in London on behalf of the Office free of exchange, and advantage has been taken of this privilege by many of the British companies. It is regretted that it was not possible to extend the same privilege to Australian companies desiring to make their deposits in Australia. The Office has not the same facilities there as exist in London, so that it was necessary in the case mentioned to require full payment in New Zealand.

NATIONAL PROVIDENT FUND.

12. The total amount of funds held on behalf of the National Provident Fund on the 31st March, 1922, was £622,107.

In last year's report reference was made to the terms under which this fund would in future be invested. Effect was given to the amended regulations as from the 1st April, 1921.

The new system of special investment is similar to that adopted some years ago in connection with the Teachers' Superannuation Fund, under which funds as they become available are invested in securities belonging entirely to the fund itself and forming no part of the Office Common Fund. The investments are not guaranteed by the State, nor do they enjoy the other advantages of money invested in the Common Fund.

SUPERANNUATION FUNDS.

13. In addition to the superannuation funds which have been the subject of special reference, the sum of £594,694 was on the 31st March, 1922, held in the Common Fund on behalf of various Government and local bodies' superannuation funds. This amount is made up as follows :—

	£
New Zealand Government Railways Fund	476,557
Civil Service Act, 1908	8,748
Deferred Pay (Naval) Account	14,638
Post and Telegraph Act, 1908	2,173
Public Service Classification and Superannuation Act, 1908, section 31	4,114
Four local bodies' superannuation funds	88,464
	£594,694

For the convenience of the local bodies concerned the administration of the last funds referred to has been recently delegated to the District Public Trustees in whose districts the respective local bodies are situated.

LAND SETTLEMENT FINANCE ASSOCIATIONS.

14. In last year's report reference was made to the substantial improvement in the position of the various associations. Reference was also made to the fact that a number of the occupiers of the land-settlement holdings were being seriously affected by the poor prices which were being realized for farm-produce and live-stock. The result of these conditions has been that in many instances difficulty has been experienced in collecting the periodical instalments of principal and interest. Concessions in this connection have been granted by the Public Trustee to the fullest extent compatible with his statutory duties, and results in the large majority of cases have warranted the attitude adopted by him. Generally speaking, the position of the forty-four associations may be regarded as satisfactory.

The following land-settlement association debentures have been redeemed during the year ended the 31st March, 1922, from funds accumulated by the associations :—

	£
Angland Association	600
Clarkin Association	256
Glencairn Association	367
Matamau Association	250
Moana Vale Association	1,512
Trentham Association	4,000
	£6,985

The whole of the above were redeemed in New Zealand at par value.

Arrangements have been made for the redemption of some of the debentures held in England, where funds are available for the purpose, and it is hoped that the liabilities will be considerably reduced during the current year.

MISCELLANEOUS ACCOUNTS AND FUNDS.

15. The amounts held on behalf of miscellaneous accounts and funds as at the 31st March, 1922, totalled £600,360. The principal items included in that total were—

	£
Unclaimed moneys held pending expiry of statutory period before being transferred to Consolidated Fund	33,333
Government Fire Insurance Fund	43,750
Land Assurance Fund (held under section 88 of the Public Revenues Act, 1910)	54,033
Deposits made in pursuance of the Insurance Companies' Deposits Act, 1921-22	96,726
New Zealand Sheepowners' Acknowledgment of Debt to British Seamen Fund, held by the Public Trustee for investment on behalf of the trustees of the fund and payment at their direction	175,936
Sundry deposit accounts	157,025

UNCLAIMED LANDS.

16. By Part II of the Public Trust Office Act, 1908, the administration of unclaimed lands was placed in the hands of the Public Trustee. On the 31st March, 1922, funds were held in this connection to the amount of £7,420, representing 219 accounts. This amount includes, in addition to the proceeds of lands disposed of, rent collected from revenue-producing properties.

UNCLAIMED PROPERTY.

17. The Public Trustee is also empowered, under Part III of the Public Trust Office Act, 1908, on obtaining an order from a Judge of the Supreme Court, to administer unclaimed property in New Zealand. The funds held on this behalf as at the 31st March, 1922, totalled £8,535.

SINKING FUNDS.

18. The Public Trustee acts as Commissioner of Sinking Funds on behalf of a very considerable number of local bodies throughout the whole of New Zealand. The amount at credit of these sinking funds on the 31st March, 1922, was £596,222.

The Office likewise holds various Government sinking funds, and the total amount at credit on the 31st March, 1922, was £6,744,620.

INVESTMENT AGENCIES.

19. The Public Trustee acts as agent for the investment of money either within or outside the Common Fund.

The present rates of interest on moneys held for investment in the Common Fund are as follows :—

- (i.) Where funds are held for a period of five years—5 per cent.
- (ii.) Where funds are held for a period of two years (plus three months' notice)—4½ per cent.

If it is desired to have the money invested outside the Common Fund the Public Trustee arranges for investment in mortgages or local-body debentures at the ruling rate, the investment to be for fixed terms of five years or of not less than two years and three months.

Investments are allocated from the first of the month following upon receipt of the money, and interest, less commission, is paid immediately it is received from the borrower.

Although not enjoying the State guarantee, the investments are selected from those made on account of the Common Fund, and therefore the security is of the highest class. By this means clients and others holding money which they are desirous of investing, and having no special knowledge of the means of doing so, are able to obtain immediate investments secured by all the care the Office knows from years of experience to be so necessary.

Investors taking advantage of this means of investing their money are free from any anxiety regarding the soundness of their investments and the necessity for keeping their securities in safety. Their interest is collected and remitted promptly at small cost, and the system provides a good means of investment to those whose chief aim is to secure a full measure of safety for their funds with a reasonable rate of interest.

Advantage of these facilities for investment on such favourable terms is being taken by clients of the Office, and there is every indication that fuller advantage will be taken as time goes on.

The total amount held for investment under this heading is £562,627.

MONEY FOR INVESTMENT.

20. During the greater part of the year the flow of money into the Office decreased to a very great extent, and for a considerable time there was very little available for lending purposes.

INVESTMENT OF FUNDS.

21. The surplus moneys derived from the Common Fund of the Office have been kept closely invested during the year.

The total investments of the Office now amount to £13,295,715. Particulars of the investments are—

	£
Government securities	977,505
Local bodies' debentures	3,284,469
Mortgages	8,409,618
Properties acquired by foreclosure	10,286
Advances against the vested share of beneficiaries in estates	312,836
Land Settlement Finance Act debentures	50,192
Fixed deposits at banks	916
Freehold property, office furniture, and equipment..	249,893
	£13,295,715

The total interest collected during the year from investments amounted to £682,452.

In addition to the above-mentioned investments the following special investments were held on the 31st March, 1922, on behalf of various estates and funds :—

	£
Government securities	99,846
Local bodies' debentures	243,220
Private debentures	2,447
Mortgages	1,148,150
	£1,493,663

The Common Fund investments made during the past year totalled £1,393,176. The classes of investment were as follows :—

	£	£
Mortgages		511,534
Local bodies' debentures—		
Borough Councils and Town Boards ..	244,886	
County Councils and River and Road Boards		305,856
Harbour Boards		55,650
Electric-power Boards		250,250
		856,642
Government securities		25,000
		£1,393,176

INVESTMENT IN GOVERNMENT SECURITIES.

22. On the 31st March, 1922, the sum of £315,386 was received from the Treasury, that amount being the balance of instalments payable for the financial year with respect to the War Loan sinking funds. Arrangements are in hand to invest £200,000 of that amount in New Zealand inscribed stock at 5½ per cent.

OVERDUE INTEREST.

23. In common with other lending institutions, the Office has experienced difficulty in collecting some of the interest payable under its mortgages, while at the same time it has been necessary to maintain the regularity of payments of income to clients whose money is invested in the Common Fund of the Office. The payment of this income is guaranteed by the State, and clients have not been called upon to wait for their money beyond due date.

The value to beneficiaries of investment in the Common Fund has been very fully demonstrated during the past year, and, irrespective of the fact that certain mortgagors have failed to pay the interest on their loans, the payment of income due to clients has continued without fail. At the end of the year under review the amount of interest outstanding showed a reduction on previous months, and it is confidently expected that the amount ultimately unrecovered will be very small.

As a result of the financial stringency the collection of interest on local-body loans has become increasingly difficult. In some cases payment has been made only after persistent demands, and this has involved a large amount of additional correspondence.

Considering the very large amount of money invested, the interest on which for the past year amounted to £682,452, and the financial stringency at present being felt, the interest outstanding is not very great, but it has only been by constant effort that this result has been achieved. The policy of the Office at the present time is to deal with all mortgagors as leniently as possible consistently with the safety of the moneys invested. Each individual case is treated on its merits, and everything is done to meet the mortgagors as far as possible.

ADVANCES TO ESTATES AND BENEFICIARIES.

24. The financial resources of the Office have proved to be of the utmost advantage to estates under administration during the past year. As already mentioned, the conditions have been extremely unfavourable to the realization of assets without

offering them at a great sacrifice, so that in many cases if estates had been compelled to find money for the payment of death duties and the liquidation of urgent liabilities they must have done so at the cost of a serious loss of capital. The financial strength of the Office has enabled it to make advances to estates in these circumstances, and so tide them over their difficulties until conditions improve and restore assets to what may be regarded as their normal value.

The importance of this advantage enjoyed by the estates controlled by the Office must be obvious, and in a report made to the Head Office a District Public Trustee in one of the most important districts of the North Island states: "It is gratifying to be able to record that in no instance has it been necessary for any estate, through financial difficulties, to be realized at a sacrifice. This pleasing statement is possible not because the estates themselves were financially strong, but because the Office out of its own funds has advanced to the estates sufficient to tide over pressing financial difficulties, and thus avoid serious capital losses. This obvious advantage, especially at a time like this, will make a striking appeal to farmers and business men, and I do not think its importance can be overstressed."

The total amount on advance to estates and beneficiaries on the 31st March, 1922, was £308,206.

OFFICE RESERVES.

25. The Office reserves, which have been built up out of profits made by the Office in successive years, amounted on the 31st March, 1922, to the considerable sum of £451,585. They consist of—

Amounts held in the Assurance and Reserve Fund ..	£ 159,757
Amounts held in the Investment Fluctuation Account to provide against any possible depreciation in the Office securities	49,283
(NOTE.—Both these amounts are invested in the same mode as are moneys held in the Common Fund of the Office.)	
Office premises, plant, equipment, &c.	242,545
	<u>£451,585</u>

INCOME-TAX.

26. Section 14 of the Land and Income Tax Amendment Act, 1920, removed the exemption from income-tax which the Office had previously enjoyed. The Office is now assessed on its profits at the same rate as a commercial company.

COMPARATIVE TABLE INDICATING THE PROGRESS MADE BY THE PUBLIC TRUST OFFICE DURING THE DECENNIAL PERIOD 1913–22.

Year ended 31st March.	Total Value of Estates in Office, including Unrealized Assets.	Funds at Credit of Estates and Accounts.	Interest credited to Estates.	Bonus granted to Estates.	Gross Income.	Office Reserves.
	£	£	£	£	£	£
1913	11,268,311	5,799,446	202,439	..	72,067	151,011
1914	12,282,883	6,366,707	230,062	..	82,517	212,901
1915	13,580,936	7,096,420	256,806	..	88,296	250,213
1916	13,598,744	7,082,288	281,700	25,000	103,763	302,369
1917	15,065,583	8,058,886	287,818	27,000	129,008	295,234
1918	17,153,031	9,004,057	317,633	30,000	162,614	345,871
1919	19,242,347	10,065,027	352,783	33,100	194,452	393,377
1920	20,860,686	11,911,290	420,526	38,000	240,469	418,640
1921	22,364,319	13,918,906	537,890	..	244,090	437,414
1922	25,497,779	15,329,125	556,587	..	220,794	451,585
Increase in preceding 12 months	3,133,460	1,410,219	18,697	..	23,296*	14,171

* Decrease.

STAFF.

27. The following statement indicates the number of staff engaged in the work of the Department on the 31st March, 1921 and 1922, at the Head Office and at the District Offices :—

HEAD OFFICE.

<i>On 31st March, 1921.</i>				<i>On 31st March, 1922.</i>			
	Male.	Female.	Total.		Male.	Female.	Total.
Permanent ..	152	61	213	Permanent ..	100	44	144
Temporary ..	27	9	36	Temporary ..	6	1	7
			— 249				— 151

DISTRICT OFFICES.

<i>On 31st March, 1921.</i>				<i>On 31st March, 1922.</i>			
	Male.	Female.	Total.		Male.	Female.	Total.
Permanent ..	323	75	398	Permanent ..	318	77	395
Temporary ..	13	18	31	Temporary ..	1	10	11
			— 429				— 406
			678				557

PRINCIPAL STAFF CHANGES.

28. To fill the position vacated by Mr. J. W. Macdonald on his appointment as Public Trustee, Mr. E. O. Hales, formerly District Public Trustee at Auckland, was appointed Assistant Public Trustee as from the 23rd February, 1922. Mr. Hales acted as Deputy of the Assistant Public Trustee during the period 2nd September, 1921, to 22nd February, 1922, inclusive.

Mr. R. F. Ward, Assistant District Public Trustee at Auckland, has been promoted to the position of District Public Trustee in succession to Mr. Hales.

Mr. P. R. Winchcomb, District Public Trustee at Palmerston North, has been transferred to the position of Assistant Inspector, and Mr. A. S. Faire has been transferred from Gisborne to take charge of the Palmerston North office. The position at Gisborne has been filled by the appointment of Mr. K. A. Henderson, formerly of the Head Office staff.

The death of Mr. P. A. Devereux, District Manager at Blenheim, on the 8th May, 1921, is recorded with regret.

ROLL OF HONOUR.

29. A bronze tablet has been erected in the vestibule of the Head Office building to perpetuate the memory of those officers of the Public Trust Office staff who lost their lives in the Great War.

REDUCTION OF STAFF.

30. Considerable savings in staff have been effected during the year, as will be seen from the statement published above. During the year the total number of officers employed declined from 678 to 557, a reduction of 121, with annual salaries amounting to £40,842. The total number of temporary officers was reduced from sixty-seven to eighteen. With but a few exceptions, the temporary officers remaining on the staff of the Office are shorthand-typists. These savings have been made possible by an improvement in the calibre of the staff. The standard of work is now very high, as a result of the excellent type of officer which the Office has been able to secure, and of the measures which have been taken for the special training of junior officers. Wherever possible the Office processes have been simplified, and all unnecessary work has been eliminated.

31. It has been the object of the management of the Office to reduce staff changes to the lowest possible limit, both to save removal and travelling expenses and also to secure continuity in the administration of estates. As the organization of the staff consequent upon decentralization of the work has now been completed, greater stability in the staffing of the Office has been achieved, and this has reacted favourably on the work in many ways. Officers have been enabled to become

familiar with the details of the estates they are administering, and with the clients and other persons doing business with the Office. The success of the Office is largely dependent upon the personal satisfaction which can be given to those who do business with it, and this requirement has been greatly assisted by the fact that the same officers are engaged in the administration of the estate throughout its whole course. It can fairly be claimed by the Office that its officers display a personal and sympathetic interest in the needs of those whose interests are entrusted to them.

Several of the District Officers of the Department in their annual report to the Public Trustee have referred to the beneficial effect following the policy of stabilization adopted by the Office.

TRAINING OF JUNIOR OFFICERS.

32. The training of junior officers, which was referred to in last year's report, has been continued through the year now under review, lectures being delivered in commercial English, rights and duties of trustees, law of wills, intestacy, mental patient and miscellaneous estates, accountancy, and legal matters. Each course is spread over a period of two months, and examinations to test the students' knowledge are held in the middle and at the end of the course.

The Public Trust Office is a large business organization, and knowledge on the part of its staff of the principles of accountancy and law in relation to the administration of estates under its control is a necessity. In order that the special functions of the Office may be carried out efficiently, a supply of skilled officers is necessary, and the training of junior officers in the technical work of the Department ensures the effective working of the Department by bringing forward year by year a steady supply of juniors whose training enables them, with experience, to meet the exacting demands which the work of the Office imposes upon them.

In order to supplement the instruction given in the training classes, a special training section has been established in the Wellington District Office, where certain cadets of good educational attainments have been attached for training. The Office will eventually derive great benefit from the tuition that these officers are receiving, as a staff of keen and experienced officers is being built up for the future.

WORK PERFORMED FOR REGISTRAR-GENERAL.

33. By arrangement with the Registrar-General, officers of the Public Trust Office at certain places have been appointed as Registrars of Births, Deaths, and Marriages. At present the appointments relate to Taihape, Dannevirke, Timaru, and Blenheim. It is possible that the system will be further extended during the coming year.

DECENTRALIZATION.

34. The Offices at Blenheim, Greymouth, and Masterton have been raised to the status of District Public Trustee Offices during the year.

The District Public Trustee at Greymouth controls a district which includes the counties of Buller, Inangahua, Grey, and Westland, comprising the whole of the west coast of the South Island. The administration of all estates belonging to this district has been delegated to the District Public Trustee. The agencies at Westport and Reefton are under his supervision.

The District Public Trustee at Masterton has charge of the whole of the estates in the Wairarapa district, and controls the agencies at Martinborough, Carterton, Pahiatua, and Eketahuna.

The Office at Taihape, which was formerly controlled by the Head Office, has been placed under the supervision of the District Public Trustee at Palmerston North. The District Manager at Taihape has reported in the following terms on the change: "This change has proved a decided advantage to the Branch generally, and especially has it improved the administration work, which is now done more quickly and efficiently than under the old system. Telephonic communication

between Taihape and Palmerston North is readily available, and it is a decided advantage to be able to communicate with the Controlling Officer so easily and directly, which was impossible when under control from Wellington.”

At New Plymouth the Office has been raised from a District Manager's Office to a District Public Trustee Office. The result has been entirely satisfactory.

A District Solicitor has been appointed at the Wellington District Office.

35. The scheme for decentralizing the work, which was inaugurated by the passing of the Public Trust Office Amendment Act, 1912, is now complete. The whole of the detail work in estates is carried out by the District Offices in close proximity to the beneficiaries and other interested persons.

The functions of the Head Office are now those of an advisory and directing Office only. No estate accounts remain open at the Head Office.

The process of decentralizing the work has been a gradual one since 1913, but each successive step which has been taken has shown conclusively that the system is a proper one to adopt. It is the universal testimony of District Officers that the change has been beneficial to the Office and to those who do business with it.

Two typical expressions of opinion may be quoted. One District Officer reports: “The decentralization of the administration of estates has had a wonderful effect in expediting the work and in completing the administration. It is now a common thing for small estates to be completed entirely within three months, and this is much appreciated by beneficiaries. Expressions of satisfaction are continually being given by beneficiaries and others.”

The second officer reports: “The decentralization has been of great importance to the work of the Office, and the benefit can now be fully appreciated. Administrative work can be expeditiously completed and done to the satisfaction of the public. To my knowledge there have been no complaints made during the year of the way administrative work is carried out, and in most estates that have been administered the interested parties have all made wills appointing the Public Trustee executor. This appears to me to be a good sign that the administrative work now carried out by the Office is appreciated by the public.”

EXPANSION OF ORGANIZATION.

36. During the year just closed the organization of the Office has been further extended, and the Public Trustee is now represented in ninety-one towns throughout the Dominion.

A full-time branch has been opened at Marton.

Part-time offices under the charge of permanent officers have been established at Te Awamutu, Te Aroha, Methven, Fairlie, Palmerston, Milton, Waikaia, Waikaka, Winton, Otautau, and Riverton.

In the North Auckland District the work has been completely organized under the control of the District Public Trustee at Whangarei, with agencies at Kaitaia, Kohukohu, and Dargaville. The business obtained has fully justified this step.

Following on the resignation of Mr. W. Wilson as Agent of the Office at Hokitika, a part-time office has been established, which is worked by an officer who is despatched periodically from the Greymouth District Office.

The further expansion of the Office system has helped to facilitate the conduct of business by providing representatives in reasonable proximity to persons requiring the services of the Office.

The part-time offices have also served a useful purpose in enabling the officers in attendance to deal with assets of estates which are located in the districts where the offices are open. These offices are also acting as valuable feeders to the main offices. A considerable amount of pioneering work has been done, and the Office will reap the advantage of this in future years.

NEW AGENCIES OF THE OFFICE.

37. New agencies of the Office, under the charge of non-permanent Agents paid by commission, have been opened at Morrinsville, Cambridge, Eketahuna, and Martinborough.

CONTROL OF ENEMY PROPERTY.

SPECIAL DUTIES OF THE PUBLIC TRUSTEE UNDER WAR REGULATIONS AND UNDER NEW ZEALAND TREATY OF PEACE ORDER.

38. The special functions exercised by the Public Trustee in the capacity of Custodian of Enemy Property and Controller of the New Zealand Clearing Office formed the subject of a separate report to the Hon. the Attorney-General, which was laid on the table of the House of Representatives last session (H.—25, 1921). The principal duties carried out in this connection may be briefly summarized as follows :—

- (1.) Supervision, control, and liquidation of enemy firms.
- (2.) Registration of property in New Zealand belonging to all persons resident in enemy territory during the war.
- (3.) Collection of income and other moneys due or belonging to all persons resident in enemy territory during the war.
- (4.) Control and disposal of enemy goods in New Zealand.
- (5.) Sale of shares in New Zealand companies belonging to enemy nationals.
- (6.) Administration of the estates of deceased aliens.
- (7.) Control and disposal of property of prisoners of war and of repatriated aliens.
- (8.) Registration of claims by British nationals in New Zealand against enemy nationals.
- (9.) Registration of property in enemy territory belonging to British nationals resident in New Zealand.
- (10.) Registration of claims against Russia.
- (11.) Control of New Zealand Clearing Office, established for the purpose of the settlement of debts between British nationals resident in New Zealand and German nationals resident in Germany, in pursuance of Articles 296 and 297 of the Treaty of Versailles.
- (12.) Disposal of the proceeds of enemy property in New Zealand in accordance with the terms of the various Treaties of Peace.

A further report containing detailed information of the work performed under the above headings during the current period has been presented to Parliament during the present session.

LEGAL DIVISION.

39. The probate and administration work has reflected the volume of the business transacted by the Office. For the twelve months ended the 31st March last the figures are—

Applications for grant of probate	409
Applications for grant of order to administer	202
	611
Other applications for Supreme Court orders	177
	788
Total	788

Under the provisions of the Public Trust Office Act, 1908, the Public Trustee, by filing an “election to administer,” is enabled to administer estates not exceeding £400 in value without incurring the cost of obtaining probate or administration in the ordinary way. The total number of “elections” filed in the Supreme Court during the year was 571.

NEW LEGISLATION.

40. Legislation having an important bearing upon the powers and duties of the Public Trustee and the work of the Office has been passed during the year.

PUBLIC TRUST OFFICE AMENDMENT ACT, 1921–22.

41. The principal enactment affecting the Office has been the Public Trust Office Amendment Act, 1921–22. Opportunity was taken to embody in the Act certain provisions which past experience has shown to be necessary or desirable

in the working of the Office. In view of the far-reaching nature of the alterations of law and practice, a reference to the principal provisions will be of interest.

The title "Local Deputy Public Trustee" has been abolished, and power has been given to appoint District Public Trustees to control districts to be defined by the Public Trustee by notice in the *Gazette*. A formal notice under the hand and seal of the Public Trustee defining the Public Trust Office districts, and naming the District Public Trustee in charge of each, appeared in the *Gazette* of the 13th April, 1922.

Enlargement of Existing Powers.

42. Owing to the increase in values of property throughout New Zealand of late years it was found that the limits fixed within which powers conferred on the Public Trustee could be exercised tended to restrict the efficient management of estates, and many of the amendments embodied in the Act are in the direction of increasing the limit within which the Public Trustee may exercise such powers.

The limit in the value of intestate estates wherein the power of applying the residue towards the maintenance, education, or advancement of the widow or infants is exercisable is raised from £200 to £500. (Section 15.)

The power of paying the net residue of an intestate estate to the widow is made to apply to estates up to £200 in value; the limit was formerly £50. (Section 16.)

A similar extension has been effected to the existing power of paying infants' shares in intestate estates to widows for the maintenance, education, or advancement of the infants. Such power may now be exercised where the infants' share does not exceed £200, instead of £50 as hitherto. (Section 17.)

The amount up to which the Public Trustee may make periodical or other payments out of the share of an infant in an intestate estate towards the education, maintenance, or advancement of the infant has been increased from £80 to £200 per annum. (Section 18.)

The limit within which the Public Trustee may sell, lease, exchange, partition, or mortgage freehold land without application to the Court is increased from £1,000 to £2,000. (Section 20 (2) (c).) The increase in land-values since the original power was conferred justifies the extension now made.

By section 21 of the Public Trust Office Amendment Act, 1913, power was given to expend moneys in an estate on the improvement or development thereof up to £500 without an order of the Court being necessary. The Public Trustee is now administering many large estates, and the limit of £500 was regarded as unduly low. It has now been raised to £2,000. (Section 20 (6).)

Where under any Act the Public Trustee is directed to make payment upon an order of the Court to any person entitled to such payment, he is now empowered to make such payment without any order of Court in cases where the amount does not exceed £100. (Section 53.) The limit formerly fixed was £50.

The powers of the Public Trustee in respect to unclaimed lands have also been extended. He is authorized, by notice duly gazetted, to notify that any land under £500 in value is vested in him as unclaimed land. The limit of value has been increased from £100 to £500. This increase is in keeping with the rise in the value of land in recent years. (Section 38.)

The Public Trustee may sell unclaimed land up to £500 in value, instead of up to £100 only as under the authority of previous Acts. (Section 39.)

New Powers conferred on Public Trustee.

43. In addition to the enlargement of existing powers, certain new powers have been conferred upon the Public Trustee by the Act.

Hitherto the Public Trustee, under authority of section 87 of the Public Trust Office Act, 1908, has been enabled to apply to a Judge of the Supreme Court to exercise in respect of unclaimed property certain definite powers of management and administration. By the Amendment Act these powers can be exercised by the Public Trustee without the necessity of obtaining a Court order where the property to be dealt with does not exceed £1,000 in value. (Section 41.)

In the administration of benefit funds raised by public subscription, and not exceeding £1,000 in value, the Public Trustee may, with the consent of the committee administering the fund, or a majority thereof, settle the trusts on which the amount shall be held without the intervention of the Court being necessary. (Section 62.)

The functions of the Public Trustee and the capacities in which he may act have been extended by enacting that he may be appointed guardian or next friend of an infant. (Section 104.)

Miscellaneous and Special Provisions.

44. Under certain conditions moneys may be appropriated to provide for annuities which are charged upon the whole or a specific portion of the estate. This power enables the residue of the estate to be distributed without delay. The charging of an annuity or other annual payment on all the assets of an estate or any specific part thereof has been found in practice to hamper the prompt distribution of the estate. The Public Trustee now has power to set aside in the Common Fund of the Public Trust Office a sum sufficient to meet the annuity, and thereafter the assets of the estate may be distributed without other provision being made for payment of the annuity. (Section 20 (1) (l).) The moneys in the Common Fund carry the State guarantee, and the investment is therefore a perfectly safe one.

The law as to the incidence of the cost of repairs of settled trust property is often difficult of application. While the general rule is established that structural and permanent repairs are a capital charge, while temporary and minor repairs are chargeable to income, difficulty arises in applying the rule in particular instances. Power is now given to the Public Trustee to apportion equitably the cost of repairs as between capital and income and among the beneficiaries generally. (Section 20 (1) (r).)

A further important provision is that giving the Public Trustee power to convert a business into a limited-liability company. This power is one which will undoubtedly assist the Public Trustee in promoting the interests of estates in certain cases. It incorporates into the administration of the Office powers which a business man possesses, and which he would use in a suitable case. (Section 20 (1) (s).)

An important principle has been adopted in connection with the special investment of estate funds in cases where the testator directs that the moneys are not to form part of the Common Fund of the Public Trust Office. Hitherto the Public Trustee has acted in such cases as a private trustee would act, and the funds have remained without bearing interest until a suitable investment has been found for them. The Public Trustee now has power to allocate an existing Common Fund investment for such a purpose until a special investment can be found. This represents a considerable concession to estates and beneficiaries, since the estate funds are made interest-bearing at the earliest possible moment. (Section 25.)

Occasions arise when it is desirable that the Public Trustee should bring a test case to settle some disputed question of law which is of general interest to all estates under his administration, although the case brought may be based on the facts of a particular estate. Authority has now been given the Public Trustee to establish a "General Legal Expenses Account," out of which can be paid the costs of any such litigation. (Section 28.)

Advances made by the Public Trustee to an estate under his administration where the assets include land are, for the purposes of land-taxation, to be treated in all respects as a registered mortgage, and a certificate under the hand and seal of the Public Trustee setting out the amount of such advance is to be accepted as sufficient evidence without further proof. This provision will enable the proper exemptions to be obtained at a minimum of expense and trouble. (Section 35.)

A further important amendment is that affecting the position of an advisory trustee. The provisions of section 4 of the Public Trust Office Amendment Act, 1913, giving power to appoint an advisory trustee to co-operate with the Public Trustee in the management of an estate have proved most popular. It has now been enacted that the Public Trustee may follow the advice of the advisory trustee unless such advice is contrary to the terms of the trust, or is contrary to law, or

is otherwise objectionable. If on any of these grounds the Public Trustee declines to follow the advice or direction given the advisory trustee is at liberty to submit the matter for decision by the Supreme Court.

If there are several advisory trustees appointed for any estate and they tender conflicting advice the Public Trustee may take the direction of the Supreme Court as to his action.

The Public Trustee has been added to the list of persons who may apply to the Court for the appointment of an advisory trustee. (Section 37.)

It may happen that the Public Trustee is administering an estate in which one person is entitled to a life interest, and after his death the property is to go to other persons. In certain cases the life tenant may go into possession. He may fail to keep the trust property in repair and to pay all outgoings which are properly chargeable to income. The Public Trustee has now power to compel the life tenant to carry out his obligations, and in the event of a continued refusal to do so he may recover possession of the land. The Public Trustee, where he is acting as trustee or administrator, also obtains the full powers which otherwise the tenant for life would have under the Settled Land Act. The object of this section is to prevent loss or injury being done to the estate through default or neglect of a life tenant. (Section 59.)

Reciprocity of administration with the Public Trustees of England and the Australian States has been effected. The Public Trustee, as ancillary administrator of the New Zealand assets of a person dying domiciled in England or in one of the Australian States, has now legislative authority to account to the Trustee of the country of domicile who is principal administrator. The right is also given to an ancillary administrator in England or in an Australian State to account to the Public Trustee of New Zealand as principal administrator where the deceased person died domiciled in New Zealand, leaving assets in both jurisdictions. (Section 68.)

Statutory authority has been given to the existing practice under which the Public Trustee is frequently requested by the Court to represent the interests of infants, absentees, or other persons who, through disability, cannot properly safeguard their interests in the proceedings. (Section 78.)

The provision under section 51 of the Public Trust Office Act, 1908, for a simple method by which the Public Trustee may evidence the fact that he is administering the estate of a deceased person has now been extended to include the case where the Public Trustee is acting in any other capacity. (Section 81.)

In cases where payment of pecuniary legacies is postponed by reason of the infancy or disability of a legatee, or the insufficiency or non-realization of assets, or from any other reason, hitherto infant legatees and those under disability have been entitled to interest at Common Fund rates, while adult legatees have received 8 per cent. on their bequests. Under the provisions of the Amendment Act the interest on all such legacies is to be at a rate fixed by the Public Trustee, but not exceeding the rate current on advances by way of overdraft. (Section 102.)

Until the passing of the Amendment Act the Public Trustee, like any private trustee, was bound to sell and convert into money any investments forming part of an estate which were not deemed to be trust investments, though they might in fact be perfectly sound and worthy of retention. The Public Trustee has now been given discretion as to what assets he shall retain from sale in the absence of a contrary direction from the testator.

It is furthermore provided that a person to whom is given the income of an estate under the trusts of a will is to receive the whole of the income, and is not to be restricted to merely a fixed rate of interest on the value of the assets, as at the present time he may be under a technical rule of law known as the rule in *Howe v. Dartmouth*. This rule, which is founded on judicial decision, gives to the word "income" a technical meaning, and one which the testator may never have intended to attach to it. Experience has shown that in most cases the rule tends to defeat the intentions of testators, and in most well-drawn wills the operation of the rule is specifically excluded. The provision incorporated in the Amendment Act will thus meet the wishes of almost all testators, whilst on the other hand any person who desires that the rule in *Howe v. Dartmouth* should still apply can so direct. (Section 20 (3) (r).)

It has long been a feature of the Public Trust Office that no procuration fee has been charged by the Office in respect of advances made to mortgagors. This provision has now been extended to cover the case in which applications are received, not directly from the applicant, but through a solicitor or agent. It is provided that it shall not be lawful for any person acting as solicitor or agent for a mortgagor in respect of any loan from the Public Trust Office to charge any procuration fee in respect thereof, and it is further provided that any mortgagor may recover in a Court of competent jurisdiction any such procuration fee paid by him. (Section 100.)

Special Position of Public Trustee.

45. It has been urged in some quarters that the increased powers and facilities conferred upon the Public Trustee by the amending Act should have been made applicable to all trustees by an amendment of the Trustee Act. This is an aspect of the matter which does not directly concern the Public Trustee, but it may be pointed out that he stands in a unique position, since his Office is created by the State and he is an official whose actions are subject to public inquiry and criticism. It is thus possible to grant to him special powers and facilities which it would be most inadvisable to make generally applicable to trustees. This principle has long been recognized, and successive statutes dealing with the Public Trust Office have conferred more and more extensive powers on the Public Trustee. The experience of Government and of the public has been that it is proper in the case of the Public Trustee to grant powers which could not safely be made of general application.

The provisions which have been embodied in the Amendment Act will be most beneficial to the Office. They will in many cases enable the Public Trustee to carry out, at a minimum of expense and trouble, arrangements which in the case of a private trustee would be onerous and expensive. It is recognized that many of the powers now conferred are of wide scope, but the history of the Public Trust Office is a sufficient assurance that these powers will be exercised with prudence and caution, and will not be used arbitrarily or in a harsh or inequitable manner.

It will still be left to the discretion of the Public Trustee to decide in what particular cases the powers shall be exercised; but when a suitable occasion arises the facilities which have now been granted will prove most beneficial in eliminating expense and delay, and will assist the Public Trust Office in the work of providing efficient and economical administration of estates of deceased persons, and of other matters which fall within the Public Trustee's functions.

MENTAL DEFECTIVES AMENDMENT ACT, 1921-22.

46. Another Act which was passed last year, and which affects the Public Trust Office, is the Mental Defectives Amendment Act.

Section 2 of the Act removes the overlapping of authority which has hitherto existed between the Native Trustee and the Public Trustee in respect of the estates of Native mental patients. In future the estates of such patients will be administered by the Native Trustee.

Section 4 of the Act confers additional powers on the Public Trustee. The most important is the power to carry on a patient's business for a limited time, at the end of which it can be seen whether the business should be sold or carried on permanently. If it is to be carried on permanently the leave of the Court becomes necessary.

Express authority is now given to expend moneys forming part of the patient's estate for the purchase of a home for the patient and his family.

Section 9 of the Act gives the Public Trustee the same power of dissolving a partnership as would have been possessed by the patient but for his disability. The Public Trustee is also given power on such dissolution to join and concur with the other partners in the sale of partnership assets.

Sections 10 to 13 are an adaptation of similar provisions of the Lunacy Act (Victoria), 1915. It provides for reciprocity of administration between New Zealand and the officials entrusted with the management of mental patients'

estates in other parts of the British Empire. The operation of the provisions is dependent upon a Proclamation to be issued by the Governor-General in Council when he is satisfied that provisions to the same effect have been brought into force in the country to which it is proposed to extend the operation of the sections. Up to the present time the reciprocal provisions have been brought into force as between New Zealand and the State of Victoria.

DISCHARGE OF TRUSTEES FROM LIABILITY ON ACCOUNT OF INFANTS' LEGACIES.

47. A judgment which caused a considerable amount of consternation and alarm to trustees was delivered last year in England by Mr. Justice Eve. In the case of *In re Salomons* (reported in 1920, 1 Ch. 290) the learned Judge laid it down that an executor cannot, by appropriating the amount of a pecuniary legacy given to an infant and investing the same in any investment in which money under the control of the Court ought properly to be invested, render himself free to distribute the residue of his testator's estate without incurring personal liability in respect of the legacy, and prevent recourse to the testator's residuary estate by the legatee if the funds so created should prove insufficient to pay the legacy in full upon his coming of age.

His Lordship held that the only course open to a trustee who wished to obtain a clearance in respect of an infant's legacy was to pay the bequest into Court under the Trustee Act, or to obtain a Court order in an administration action authorizing a particular appropriation to meet the legacy.

Fortunately a simple alternative method of obtaining a complete acquittance so far as executors in New Zealand are concerned is provided by section 17, subsection (2), of the Public Trust Office Amendment Act, 1913, as amended by section 57 of the Public Trust Office Amendment Act, 1921-22. Where any executor or trustee, in the interests of an estate, does not wish to incur the expense of obtaining a Court order authorizing appropriation of investments to answer a minor's share, or the trouble and expense of paying the moneys into the Court (with the consequent necessity of Court proceedings to get the legacy out again), he may, by taking advantage of the statutory provision before referred to, pay the legacy or share of an infant into the Public Trust Office. All he need do in addition is to furnish the Public Trustee with a written direction to account to the infant according to the provisions of the trust instrument, supply a copy of the latter document, and certify to the amount of the legacy.

It is pleasing to note that the facilities afforded by the Public Trust Office in this respect have been freely availed of up to the present, and doubtless the procedure will become even more popular as it becomes more widely known. It is certainly a boon to the harassed trustee, who naturally will not wish to incur more trouble and expense in the direction of Court proceedings than he can reasonably avoid without injury to his charge.

WILLS DEPOSITED.

48. During the year additional wills numbering 4,113 were deposited by testators with the Public Trustee for safe custody. The following table gives detailed figures :—

Wills on hand on 31st March, 1921	28,356
Add new wills deposited from 1st April, 1921, to 31st March, 1922	4,113
Deduct wills withdrawn from 1st April, 1921, to 31st March, 1922, through death of testator or otherwise	630
Net increase in number of wills on deposit	3,483
Total number of wills on deposit at 31st March, 1922	31,839

The following is a return showing the yearly increase of wills deposited for the period commencing 31st March, 1914, and ending 31st March, 1922 :—

Number of wills on deposit at 31st March, 1914	..	6,427
Net increase for year ending—		
31st March, 1915	.. .. .	1,417
31st March, 1916	.. .. .	3,541
31st March, 1917	.. .. .	4,884
31st March, 1918	.. .. .	4,781
31st March, 1919	.. .. .	3,187
31st March, 1920	.. .. .	1,555
31st March, 1921		2,564
31st March, 1922		3,483

Number of wills on deposit at 31st March, 1922	..	31,839
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It will be seen from the foregoing table that on the 31st March there were 31,839 wills on deposit in the Public Trust Office vaults. Besides these, there are many other wills in favour of the Public Trustee known to be held outside the Office.

The high figures for the years 1916 to 1918 inclusive are accounted for by the fact that large numbers of soldiers' wills were deposited during that period.

The year ending 31st March, 1922, has been a record one since the conclusion of the war. During the month of March, 1922, the total number of new wills deposited was 490, which constitutes a record.

The increase since 1914 has been remarkable, and if the present rate of progress continues the number of wills coming into the Office should shortly reach a total of five thousand per annum.

The Public Trustee accepts for safe custody free of charge any will lodged with him, whether he is nominated as executor or not, but the number of wills held by him in which private persons are named as executor is negligible.

The wills obtained have been in many cases substantial ones. It is an encouraging feature of the Office management to find that those persons who are brought into contact with the Office are in many cases so favourably impressed that they themselves become clients. Many of the present clients are persons who have been beneficiaries in estates formerly administered by the Public Trustee.

ADMINISTRATION OF ESTATES.

49. During the year a total of 2,318 new estates came into the Office. The estates are of the following classification :—

Wills estates	.. .. .	676
Trust estates	.. .. .	175
Intestate estates	.. .. .	647
Mental patients' estates	.. .. .	377
Miscellaneous	.. .. .	443
		2,318

FINANCIAL DEPRESSION.

50. The past year has been an anxious one, for the depression has continued seriously to affect the administration of many estates, especially those with agricultural, pastoral, and commercial interests. In many cases where farm properties were sold prior to the crisis at abnormal prices, with small deposits, the value of such properties in the present adverse conditions has considerably depreciated, and estates previously considered to be in good financial positions are now in danger of losing, through shrinking values, a large portion of the outstanding purchase-money. Where purchasers have made default and properties have fallen back on the vendors' hands it is a very difficult matter to resell or to lease at a satisfactory figure. Owing to the state of the produce-market, farmers are finding

it hard to meet their obligations for rent and interest, and in numerous instances concessions by way of postponement or reduction have had to be made. In all these cases, as well as those where farming operations are being carried on, the greatest care and supervision have had to be exercised to protect as far as possible the interests of the beneficiaries.

OVERDUE MORTGAGES.

51. These are reviewed every quarter, and steps taken to see that the full current rate of interest is being obtained in each case. Where the security is not satisfactory the matter is kept under regular review, and, wherever necessary, steps taken to secure repayment.

OVERDUE INTEREST AND RENT IN ESTATES.

52. During the past year many of the farmer mortgagors and tenants have been unable to pay their interest and rent, and have applied for concessions by way of postponement and reduction. Whilst anxious to assist the farmers as much as possible, the Public Trustee has to safeguard the interests of the estates under his control. Each individual case has been considered on its merits, and care has been exercised that no postponement of the fulfilment of these obligations is allowing other creditors to be paid while the estate interest and rent remain unpaid.

REVIEW OF SHARE HOLDINGS IN ESTATES.

53. The review of all company shares held in estates under administration has been continued throughout the year. All the more important holdings are carefully reviewed at least twice a year, in order that any alteration in the prevailing conditions or the position of any of the companies can be taken into account in deciding what course of action should be adopted in regard to any of the share holdings.

A complete alphabetical list of all share holdings in companies has been compiled from the returns supplied by Branch Offices, so that at any time the total holdings of the Public Trustee in any company can be seen at a glance.

RELIEF FUNDS.

54. Section 4 of the Public Trust Office Amendment Act, 1912, provides for the administration of benefit funds which are raised by public subscription. The ultimate trusts upon which such funds are held may be settled by the Supreme Court.

By section 62 of the Public Trust Office Amendment Act, 1921, it is provided that where the fund does not exceed £1,000 the Public Trustee may, with the committee administering the fund, or a majority thereof, settle the details of the scheme of trusts and act thereon.

The organization of the Public Trust Office makes it eminently suited for the administration of benefit funds, and the statutory provision has in several cases been availed of.

To facilitate the administration of such funds, and to provide that the subscribers shall have some share in the management, arrangements can be made to appoint one or more of their number as advisory trustees to co-operate with the Public Trustee in the administration, in pursuance of section 4 of the Public Trust Office Amendment Act, 1913.

Funds may be invested in the Common Fund, where they are always available in liquid form, or they may be specially invested at current mortgage rates of interest, according as the subscribers decide when the scheme of trust is drawn up.

On the 31st March, 1922, the sum of £21,957 was invested in the Common Fund on behalf of the following funds:—

	£
Brunner Disaster Fund	3,648
Coal-miners' Relief Fund	12,335
Huntly Disaster Fund	2,459
Kaitangata Relief Fund	3,515
	£21,957

Last year a public fund, which was supplemented by a grant of £250 from the New Zealand Government, was raised in the Timaru district for the benefit of the widow and children of Constable James Dorgan, who was murdered whilst in execution of his duty. The control of this fund has been placed in the hands of the Public Trustee.

INVESTIGATION AND AUDIT OF PRIVATE TRUST ESTATE ACCOUNTS.

55. By section 11 of the Amendment Act, 1913, the condition and accounts of any private trust estate may, on application to the Public Trustee, by or on behalf of any private trustee or beneficiary, be investigated and audited by any solicitor or public registered accountant as is agreed on between the applicant trustee or beneficiary and the Public Trustee, or, in default of such agreement, as is appointed by the Public Trustee. During the past year several applications have been made to the Public Trustee in this connection.

REVIEW OF THE ADMINISTRATION OF ESTATES.

56. The system of reviewing the administration of estates locally has continued to demonstrate its value as an aid to the efficient conduct of the work of the Office.

Since the introduction of the system in June, 1920, practically every estate in the Office has come under the notice of the Reviewing Inspectors. These officers not only review the past administration of an estate, but also afford the District Public Trustees the benefit of their advice as to the future conduct of the administration. As a consequence of the thorough overhauling the estates now receive, oversights are detected and corrected without delay, and the administration is pushed through to completion at the earliest date.

The reviewing system has also assisted materially to educate the staff to a better knowledge of its duties, with the result that, as a rule, the oversights discovered by the Inspectors are of a minor nature. Another important result, to which it is considered the reviewing system has largely contributed, is that the average time taken for the administration of an estate has been considerably reduced.

The existence of the reviewing system, with its checks and safeguards, has enabled the Office to complete its system of decentralization without hesitation.

ACCOUNTS.

DELEGATION OF ESTATE ACCOUNTS TO DISTRICT PUBLIC TRUSTEES.

57. The transfer to the District Public Trustees of estate accounts under the administration of the Head Office was finally completed early in the year, and the whole of the estates accounting-work throughout New Zealand is now conducted at the District Offices. The result has proved to be satisfactory both to the Office and its clients—to the Office by reason of the removal of an unwieldy mass of business from one overburdened office at Wellington and its more equal distribution among the several District Offices, and to the clients by reason of the advantages of having their affairs managed locally.

Trained and expert officers have been appointed to the district staffs, and experienced inspectors make regular visits to the District Offices to ensure that the business is being conducted along proper lines.

It may be stated confidently that the system has been highly successful.

Following upon the delegation, it has been found that the accounting-work has been more promptly completed than was possible previously when all the accounts were prepared at the Head Office. Stamp accounts are filed expeditiously, and administration accounts are in the hands of beneficiaries more promptly than the previous system would allow, and generally the accounts throughout New Zealand are in very good order.

CREDIT IN LONDON.

58. There is a large amount of business transacted in London on behalf of the Public Trustee, and to provide readier facilities for its completion an account has

been opened in the Bank of New Zealand, London. Considerable sums of money are collected on behalf of the Office, and these are now credited to the Public Trustee's Account in London to provide funds to meet liabilities to persons in Great Britain and Europe on account of their interests in estates under administration in New Zealand, &c. This obviates the necessity of remitting large sums of money to London, and the scheme is working very well.

CHECKS ON RECEIVING OFFICERS.

59. The system of checks on Receiving Officers has been fully investigated, and further strengthened, where considered desirable, by the introduction of additional measures to provide a thorough check and to ensure the safety of the Office funds.

Inspecting Officers have been given special directions to look into all cases of arrears, and generally to assure themselves that the Office has full protection. Similar attention has been given to the receipt and custody of negotiable securities, and it is confidently felt that all practicable steps have been taken to protect the interests of the Office and its clients. It is very gratifying to be able to state that no case has arisen calling even for inquiry.

The system of check is regarded as very thorough, and in addition the Office has full confidence in the integrity of the officers in positions of trust.

RECORD OF NEGOTIABLE SECURITIES AT HEAD OFFICE AND AT DISTRICT OFFICES.

60. In view of the serious inconvenience which might ensue in the event of a fire destroying negotiable securities held at Head Office or at District Offices, it was considered advisable to establish a record of all such securities, to be kept at an Office other than that at which they are held. Accordingly particulars of the securities held by each District Public Trustee are recorded at the Head Office, Wellington, while particulars of the securities held by the Head Office and by the District Public Trustee, Wellington, are recorded by the District Public Trustee at Christchurch. Arrangements have been made for keeping the records up to date by means of monthly returns setting out particulars of securities disposed of and of additional securities received.

INSPECTION OF DISTRICT OFFICES.

61. With the object of ensuring that all administration work at the branches should be efficiently performed, the system of inspection was made more stringent early in the year.

The Reviewing Inspectors conducted inspections of the Branch Offices in their respective districts at four-monthly intervals, while the offices of the Agents were inspected monthly by the Controlling District Public Trustees. In the case of any newly established agency the inspections during the first two months were at fortnightly intervals. As a further aid to the attainment of the object desired the District Accountants were instructed to inspect the agencies in their districts twice a year. Very comprehensive inspection forms were drawn up and printed for the use of the Inspecting Officers.

The introduction of this system has led to a large number of inspections being made during the year. The figures are as follows: District Public Trustee offices, 39 inspections; District Manager offices, 38 inspections; agency offices, 143 inspections.

The results achieved have well justified the course taken. All the offices are now in a high state of efficiency and well equipped to conduct business. This desirable position having been attained, it has been possible to reduce the frequency of the inspections.

Opportunity has been taken of the frequent visits of the Inspectors to employ them to investigate the arrears of rent and interest at the District Offices, and to issue test notices to the tenants and the mortgagors as a check on the accuracy of the records. The Inspecting Officers have also been instrumental in seeing that economy in management is exercised wherever possible.

SITES, BUILDINGS, AND PREMISES.

62. During the year a new office-site was acquired at Timaru.

The Department's building programme, which had been seriously impeded as the result of the war, has now been resumed.

The need of buildings in the more important centres of the Dominion for the accommodation of the Office staff was an urgent one even before the war, and it has been greatly accentuated by the policy of delegating the administration of estates to the District Offices. The bulk of the work and the larger part of the staff are now located in the districts; and increased and improved accommodation has become essential for the proper conduct of the Office business.

During the year just closed new buildings have been erected at Invercargill, New Plymouth, and Palmerston North. The building at Napier is rapidly approaching completion, and new offices at Masterton and Timaru are well under way. A tender has been let for the erection of a building at Gisborne.

It will be necessary at an early date to provide accommodation at Whangarei, Blenheim, and Christchurch.

All these buildings are paid for out of the Office reserves, and form an investment of the reserves.

It has been the experience of the Department that the provision of suitable buildings not only results in more efficient work on the part of the staff, but serves a useful purpose in advancing the Office interests in the districts.

In all the buildings now being erected by the Office safe-deposit lockers are being installed. These lockers will be let to the public at reasonable rates for the deposit of valuables.

REDUCTION OF EXPENDITURE.

63. Throughout the year no effort has been spared to effect reductions in expenditure. In this connection District Officers have co-operated with the Head Office, and very satisfactory results have been achieved. Consequent upon the extension of the policy of decentralization, it has been found possible to dispense with the services of a number of the members of the staff, both at Head Office and also at the various District Offices. Every endeavour has been made to avoid the infliction of undue hardship in carrying out the rearrangement of staff, and as far as possible arrangements were made for the transfer of the officers concerned to other Departments.

It should be borne in mind that the full effect of the savings set forth have not yet in every case been fully realized, as some of the savings have operated over a portion of the year only. The benefit will, however, be fully experienced throughout the whole of the financial year which has now commenced.

64. The following is a summary of the total annual savings effected :—

	£
(a.) Reduction of 121 in number of staff	40,842
(b.) Closing of five branches where the volume of business did not warrant their being kept open, and the conversion of two branches from full-time to part-time offices	2,177
(c.) Reduction in the amount of overtime paid to officers ..	1,000
(d.) Reduction in travelling and removal expenses through transfers of officers (especially married men) being reduced to a minimum	1,600
(e.) The stabilizing of the staff, thus eliminating acting positions which involve the payment of allowances ..	300
(f.) Certain savings of a miscellaneous nature, such as discontinuance of telephone subscriptions, saving of cleaning, &c., alteration in system of keeping Assets and Claims Registers, saving in legal expenses, rates, business extension, and sundries ..	2,797
(g.) Saving on stationery	4,500

(h.) Saving of exchange on remittance of moneys to United Kingdom through establishment of Public Trust Office Account with the Bank of New Zealand, London						£
						500
(i.) Saving on postages and telegrams						800
Total savings per annum						<u>£54,516</u>

65. It will be seen that a total saving of £54,516 per annum has been effected. This should be satisfactory evidence that everything possible has been done to reduce the expenditure to the lowest possible limits.

Evidence of the fact that the savings are being actually made is afforded by the following figures, which indicate the expenditure (exclusive of depreciation on premises and plant) for 1920-21 and 1921-22, together with the estimate of expenditure for the year 1922-23 :—

						£
Expended, 1920-21						226,103
Expended, 1921-22						202,199
Estimated for 1922-23						187,432

It will be observed that the expenditure for 1921-22 fell below that of the previous year by £23,904, and that the estimates for the current year are £38,671 below the expenditure for 1920-21, even after allowing for statutory increases of salary during the present year, which are estimated to amount to £10,000. If this amount is added to the sum of £38,671 shown above, it will be seen that the real reduction of expenditure for the present year as compared with 1920-21 is £48,671.

The result is a most satisfactory one, especially as the savings have been obtained without impairing the efficiency of the Office and its service to the public.

CONCLUSION.

66. It may safely be said that the past year has marked a great advance in the knowledge of the Office on the part of the public, and that public confidence in the conduct of business by the Public Trustee has been well maintained. The business already in hand and the future prospects indicate that the methods of the Office and the security afforded in the administration of estates are appealing to an ever-widening body of clients.

The Office has long passed the experimental stage, and its usefulness has been fully proved over a period of fifty years. When the present temporary financial difficulties are over, a great development in its work should take place.

It is again pleasing to record my appreciation of the zeal and energy of the officers of the Department, and of the loyal co-operation of my colleagues, who have worked whole-heartedly throughout the year to advance the interests of the Office.

I have, &c.,

J. W. MACDONALD,
Public Trustee.

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

HISTORICAL APPENDIX

COVERING THE PERIOD FROM THE FOUNDATION OF THE OFFICE IN 1872 TO THE YEAR 1922.

THE present year marks the completion of a term of fifty years since the office of Public Trustee was constituted. It has therefore been thought desirable to supply a brief survey of the growth and development of the Office during that period.

As one of the earliest and perhaps one of the most successful examples of State enterprise, the history of the Office over the past fifty years should prove of general interest. The best testimony to the success of the Office is found in the fact, which has often been placed on record, that the example of a State-guaranteed Public Trust Office in New Zealand has been followed in many parts of the British Empire.

ESTABLISHMENT OF OFFICE.

For some years prior to 1870 persons who desired to make provision for their children, or to settle property by will, or in any other way, had experienced considerable difficulty in finding friends willing to undertake the duties of trustees and at the same time possessing qualifications which would enable them to carry out those duties in a satisfactory manner. This difficulty was especially pronounced in a new country such as New Zealand was, where a man's financial position was liable to change frequently and rapidly, and the element of solvency—a most important one when considering the fitness of a person to be a trustee—might very quickly disappear. Moreover, the colonists were very busy men, and changes of residence were frequent. Then, again, the value of colonial property fluctuated considerably, and the administration of a trust required close personal supervision; but it often happened that when a trustee's appointment took effect he had left the colony or removed to another part, and would be unable to give the close attention to the administration which was required. Again, most of the colonists had left in the Mother-country the relatives from amongst whom they would naturally have selected trustees, and thus perforce had to depend for their trustees upon persons upon whom they had no special claims.

Under these circumstances the late Hon. E. C. J. Stevens conceived the idea of appointing a State official whose special function it should be to undertake duties of this kind, who by his frequent employment as trustee would possess considerable experience, and for whose good conduct the Government would be responsible.

He succeeded in bringing Mr. (afterwards Sir Julius) Vogel, the then Colonial Treasurer, to his way of thinking, and in 1870 Mr. Vogel introduced a Bill providing for the establishment of a Public Trust Office and the appointment of a Public Trustee to administer it. The Bill passed the House of Representatives, but was thrown out by the Legislative Council.

In 1872 Mr. Vogel introduced another Bill which met some of the objections which had been levelled against the previous measure. One of these objections was that the proposal interfered with private enterprise, and in the new Bill this objection was met in part by the deletion of the former provisions empowering the Public Trustee to act as attorney. Some of the opponents of the previous Bill considered that there should be some guarantee against loss through the acts or defaults of the Public Trustee, and the 1872 Bill provided that if any person suffering such loss should be unable to obtain compensation from the Public Trustee the deficiency should be made good out of the Consolidated Fund.

PROVISIONS OF FIRST PUBLIC TRUST OFFICE ACT.

Although it did not escape criticism, the Bill passed both Houses, and became law on the 25th October, 1872, under the title of "The Public Trust Office Act, 1872." It provided that a Public Trustee should be appointed by the Government, and that he should give such security as the Government might think fit. He was entirely debarred from engaging in private business; he was debarred, as far as the statute could do it, from engaging in politics; he was not eligible to sit in the Executive Council or in the General Assembly, to be Superintendent of a Province, or to hold a seat in a Provincial Council, and he was not to enter into any contract with the General or Provincial Governments. In fact, his entire time, as far as the law could secure it, was to be devoted to the work of his office, and he was to be guided in dealing with important questions affecting the management of his trust, such as the sale of landed property, the investment of trust funds, and a variety of other like matters, by a Board consisting of the Colonial Treasurer, the Government Annuities Commissioner, the Attorney-General, the Commissioner of Audit, and the Public Trustee.

The Act went on to say that the Government might instruct the Public Trustee to take charge of certain public trust property (such as moneys invested in savings-banks and Government assurances).

Provision was made for private persons to tender their properties for management by the Public Trustee, who was not, however, allowed to take them over until the authority of the Board had been obtained to their acceptance. Any person wishing to leave the management of his property after his death to the Public Trustee might deposit his will with that officer, who, on the death of the testator, would take charge of his estate. All moneys being part of or accruing out of property placed in the Public Trust Office were to be paid into a special bank account known as the Public Trustee's Account, and the investment of moneys in that account was to be in securities to be approved by the Board. The moneys belonging to each estate were to be invested separately, and the income appropriated to the particular estate to which the respective investments belonged.

The Public Trustee was directed to keep a separate account, called the "Public Trust Office Expenses Account," which was to be charged with all salaries and other expenses incurred in the general management of the Office, and to be credited with the sums payable out of the several trust properties for the cost of managing the same, and with all fees or other moneys paid into the Public Trustee's Account but not belonging to or forming part of the trust property. If at any time the balance in this account should be insufficient to meet the charges thereon, power was given to the Colonial Treasurer to furnish from time to time such sums out of the Consolidated Fund as might be necessary to meet such charges, but the total amount so advanced in any one financial year was not to exceed the amount appropriated by Parliament for such purpose, and all such sums were to be repaid as soon as the balance in the Public Trust Office Expenses Account admitted of the repayment; while if the balance in the Public Trust Office Expenses Account was more than sufficient to meet the charges, the excess was to be paid into the Consolidated Fund as directed by the Colonial Treasurer. The Act provided that the Public Trustee was to be appointed by the Governor, acting in the name and on behalf of the Sovereign, to hold office during good behaviour, and to be removable from office only on an address from both Houses of Parliament.

Provision was also made for the appointment of a Deputy Public Trustee to act in the case of the illness, suspension, or absence from duty of the Public Trustee.

DEVELOPMENT OF POWERS OF PUBLIC TRUSTEE.

In 1873 the scope of the Public Trustee's functions was considerably extended. The original Act provided for the appointment of the Public Trustee as trustee under a will, but gave him no authority to deal with the estate of persons who died intestate. Under the then existing law, if a man died without a will his next-of-kin, or in default of next-of-kin some creditor, was entitled to administer the estate. It frequently happened that men died without leaving any person in a position to assume the administration of their estates, in which case it was necessary that some official person should step in and administer. The old law had been that the respective Registrars of the Supreme Court were entitled to take out administration, but it was found that these officers were not always the most suitable persons to carry out the duties of administrators, foreign as these duties were to their ordinary work. Accordingly an Intestate Estates Act was passed in 1865, providing for the appointment of a Curator of Intestate Estates for each province, to whom might be granted administration of the estates of persons who died intestate. This system was found to be so loose and unsatisfactory that an improvement was highly desirable. The Curators, within the limits of their respective provinces, were independent of any common authority. The only control and supervision over their administration was a provision that their accounts were to be submitted to a Judge of the Supreme Court for a declaration that they were correct. After this had been signed by the Judge the accounts were practically passed and no further inquiry could be instituted.

The Public Trust Office Act Amendment Act, 1873, was therefore passed, repealing the Acts dealing with Curators of Intestate Estates, and providing for the taking-over by the Public Trustee of all estates under administration by them. In cases where no grant of probate or letters of administration had been made relating to the estate within New Zealand of a deceased person, and where no person entitled and within New Zealand was ready to take such a grant, and the estate or some part thereof was exposed or liable to loss, waste, or injury, the Public Trustee was directed to apply to the Court for an order to administer. If no administration of the estate had been granted to any person within three months after the death of the intestate the order might be granted to the Public Trustee without proof that there was no person entitled and within New Zealand ready to take a grant, and without proof that the estate or any part of it was exposed and liable to loss, waste, or injury.

The Act provided that it should not be necessary for the Public Trustee to apply for administration where the value of the assets of the estate did not exceed £50. If, however, it was subsequently found that they exceeded this amount the Public Trustee was required to file in the Supreme Court a memorandum stating the fact, and to apply for an order to administer in the ordinary way.

The Act also conferred on the Public Trustee the power to take possession of perishable property pending a grant of administration, and to take possession of, manage, and receive all real estate, and all rents, income, and proceeds arising therefrom, accruing to any heir at law or devisee absent from New Zealand at the time of the death of the person from whom such real estate was immediately derivable, and to administer the same for the benefit of the devisee or heir at law.

Although the original Act authorized the Supreme Court to appoint the Public Trustee committee of the estate of a lunatic, he had no authority to deal with estates of which no committee had been appointed. The administration of these estates had been entrusted to the Registrars of the Supreme Court, but it was now transferred to the Public Trustee, the new Act providing that he should thereafter take possession and care of, receive, collect, preserve, and administer the property and estate of every lunatic patient of whose estate no committee had been appointed, and all such property and estates were hereafter to be deemed to have been placed in the Public Trust Office. This provision now appears in the Mental Defectives Act, 1911.

Authority was also given to the Public Trustee to apply for an order to administer with will annexed in cases where the person entitled to such administration was absent from New Zealand, a minor, or under some other disability.

From 1873 onwards the administration of the Act was very successful, and the extent of the operations of the Public Trustee gradually increased (the total in 1875 amounted to £66,000).

In 1876 a fresh measure was introduced designed to increase the usefulness of the Office by conferring on the Public Trustee powers which he did not possess under the former Acts and which his experience had shown to be desirable. The most important of these was the authority given to

trustees to have their trusts transferred to the Public Trustee by an order of the Supreme Court in cases where—

(a.) Such of the beneficiaries under the trusts as were not under disability and were in New Zealand consented :

(b.) In the case of beneficiaries out of New Zealand or under disability, the Judge was satisfied that the proposed transfer would be for the advantage of the trust property.

The provision in the 1872 Act restricting the Public Trustee's powers to apply for administration within three months of the death to cases where there was no person entitled and within New Zealand ready to take a grant, and where the estate was exposed and liable to loss, waste, or injury, had been found to act to the detriment of certain intestate estates, especially when they were small, and the Act therefore provided that administration might be granted without any proof of the absence of any person in New Zealand entitled and ready to take a grant, or that the estate was exposed and liable to loss, waste, or injury.

Under ordinary circumstances, where infants are entitled to share in an estate, their share may not be paid to them until they attain the age of twenty-one. In practice this might readily work hardship in small estates where the whole estate cannot be made available for the benefit of the widow and family when it is most needed. Power was therefore given to the Public Trustee, in cases where the deceased had left a widow and children under fifteen years of age and the net residue of the estate did not exceed £50, to pay the whole residue to the widow ; and in similar cases where the net residue exceeded £50, to make, with the sanction of the Supreme Court, periodical payments to the widow in addition to her own share.

In this Act also appeared for the first time the power given to the Public Trustee to advance out of his account moneys required for the payment of expenses in connection with the administration of any estate.

The Act also contained another novel provision. In a great many places, particularly in the towns, it had been found that there were many properties lying waste and unoccupied, regarded as nuisances and obstructions in municipal management, and in some cases in great danger of being confiscated and sold for payment of rates for much less than their actual value. Provision was therefore made enabling the Public Trustee to enter into possession of land the owner of which was unknown, or had been absent from New Zealand for ten years without leaving any known agent, and to administer it for the benefit of the true owner.

Power was also given (subject to the consent of the Court) to purchase land adjoining an estate property if there were sufficient funds in the estate for the purchase and the acquisition of the adjoining land would be for the benefit or improvement of the trust property, and also (with the consent of the Court) to raise money by way of mortgage for the improvement of the trust property.

In 1882 the administration of Native reserves, which had previously been in the hands of Commissioners, was transferred to the Public Trustee, and retained by him until 1920, when the work was taken over by the newly created Native Trustee.

By the Administration Act 1879 Amendment Act, 1885, the value of an estate which could be administered by the Public Trustee without taking out an order to administer was increased from £50 to £100.

In 1886 an amending Public Trust Office Act was passed, adding to the Board the Minister for Native Affairs, the Surveyor-General, and the Property-tax Commissioner, and cancelling the appointment thereto of the Controller and Auditor-General (successor to the Commissioners of Audit). In this year also was passed the Local Bodies' Loans Act, which, *inter alia*, authorized the appointment of the Public Trustee as a Sinking Fund Commissioner.

In 1891 a Commission was appointed to inquire into the working of the Public Trust Office, and as a result of that inquiry an important amending Act was passed in the same year.

The original Act provided that the Public Trustee should hold office during good behaviour, and be removable from office only upon an address of both Houses of Parliament. This provision was repealed by the Act now under consideration, which directed that the Public Trustee should hold office during pleasure, and on the same terms and conditions as officers in the ordinary Civil Service of the colony.

The Act also afforded a measure of protection in respect of claims sent in after an intestate estate had been distributed. At common law an executor or administrator paid out and distributed the assets at the risk of having afterwards to account to a creditor of the estate who subsequently put in a claim, and this notwithstanding that at the time of payment the executor or administrator had not been able to ascertain the existence of the debt. To obviate this hardship it was provided that after certain advertisements had been inserted calling upon creditors and others to send in their claims before a date specified the Public Trustee might after that date distribute the estate without being liable to any person of whose claim he had had no notice.

Some difficulty having been experienced in distributing the residue of an intestate estate to residents of foreign countries entitled thereto, power was now given to appoint the Chief Consular Officer in New Zealand of a foreign country to receive moneys on behalf of the persons entitled thereto resident in such country and to give a valid receipt therefor.

The limit to the value of an intestate estate which could be administered by the Public Trustee without a grant of administration was further increased to £250, while the powers of advancement were extended by providing that where the next-of-kin of a deceased intestate was unknown, and the Public Trustee had no knowledge of any proceedings taken within the period of three years from the death of the deceased person to establish the right of any person as next-of-kin to any portion of the estate, he might at the expiration of such period pay over the whole residue to the widow.

The Act further made an important alteration with regard to the investment of trust-moneys in the hands of the Public Trustee, the Common Fund being placed on quite a new basis. The Act of 1873, it is true, provided that all moneys not directed to be specially invested should be one

common fund and be invested as such, but the whole interest obtained was credited *pro rata* to the individual funds making up the Common Fund. Under the new provision the Common Fund remained; but the interest accruing from the investments became part of it, interest being allowed on the moneys forming part of the fund at a rate to be fixed from time to time by the Governor, any surplus interest being the property of the Crown. Any reduction in the rate of interest payable to the various estates was compensated for by giving the fund the absolute guarantee of the State. This had been the original intention when the establishment of the Office was first considered. The view of the late Hon. Mr. Stevens, as expressed by himself in the course of the debate in 1891, was that the chief object aimed at was not high profits, but the certainty that any one desiring to make provision for his family might have the satisfaction of knowing that he left upon absolute security the money he possessed at the time of his death, without any possibility of its being made away with by fraudulent trustees, by malversation, or by improper treatment in any direction. In short, absolute security was the main point, and moderate interest with a State guarantee the object in view. Moneys the investment of which outside the Common Fund was specially directed by the trust instrument did not form part of the Common Fund and were not afforded the protection of the State guarantee. Beyond the guarantee, the estates concerned forming part of the Common Fund received this further advantage that interest was payable immediately the moneys were paid into the fund whether the latter was invested or not.

The class of securities in which the Public Trustee was authorized to invest trust-moneys was enlarged to include debentures issued by local authorities, mortgages of real estate, and fixed deposits with approved banks.

In 1892 the Unclaimed Lands Act amplified considerably the provisions of the Public Trust Office Act, 1876, with regard to the Public Trustee's powers of administering unclaimed lands, and still further provisions in the same direction were contained in the Unclaimed Lands Act, 1894, now embodied in the Public Trust Office Act (Consolidated), 1908.

The next change in the law affecting the Office was contained in the Public Trust Office Acts Amendment Act, 1893. Under the Act of 1876 power had been given to the Public Trustee to advance out of his account moneys required for the payment of administration expenses, but the new Act authorized him in cases where any property was to the credit of an estate, but there was not sufficient money in the estate available for payment to beneficiaries or otherwise, to advance and pay out of his account, up to the value of the estate, any moneys required for these purposes, the payment of such moneys being a charge against the estate and carrying interest at not more than 6 per cent. He was further authorized to apply the income and up to one-half of the capital of the share to which an infant was entitled for its maintenance and education.

As previously indicated, the Public Trustee had power to administer without a grant of administration any intestate estate the value of which did not exceed £250, but no judicial record of his authority in any particular estate had been required. Now, however, it was provided that in such cases he should file in the Supreme Court an election to administer the estate, and publish in the *Gazette* a notice that he had done so.

In the ordinary course production of the probate or letters of administration is necessary in proof of an administrator's title, but the Public Trustee was relieved from such production by a provision that a certificate under his hand and seal setting out particulars of his authority should be accepted by all Courts, officers, and other persons as proof of his right to administer.

The power conferred upon the Public Trustee in 1891 of closing and distributing an intestate estate after the insertion of the necessary advertisements regarding the claims of creditors and others was extended to apply also to testate estates.

In cases where no application for probate or letters of administration had been made within three months after the death of a deceased person the Public Trustee was given the right to apply for a grant of administration to himself.

In 1894 the whole of the existing Acts were consolidated with certain additions and modifications. The Public Trustee already had power to administer estates the estimated value of which did not exceed £250 on filing an election to administer; but if he subsequently found that the value actually exceeded that amount he had to apply for administration in the ordinary way. The new Act, while retaining the limit of £250 as the estimated value, provided that if an election had been filed an ordinary grant was not required unless the actual value proved to be more than £400. Protection was also afforded to the Public Trustee in respect of any acts done by him under administration granted to him in error.

The power to apply an infant's share for the maintenance, education, and advancement of the infant was extended to apply not only to shares in which the infant had a vested interest, but also where his share was contingent, or where the infant was one of a class the ultimate members of which were not yet ascertained.

The general powers of the Public Trustee in the administration of an estate were elaborated, and now included powers of selling, leasing, exchanging, purchasing and mortgaging (all with the previous consent of the Supreme Court unless there was express authority in the trust instrument), repairing and insuring property, paying outgoings, exercising powers of appointment, granting powers of attorney, instituting legal proceedings, and generally doing all things and executing all instruments necessary to carry into effect the powers and authorities conferred upon him. He was also expressly empowered to accept appointment as an attorney, thus restoring the provision in the 1870 Bill which had been deleted in 1872 in deference to the criticism previously referred to. He was also empowered to submit any questions of law arising in the course of his administration to a Judge, and to take the latter's opinion thereon.

An amending Act of 1895 provided that the consent of the Supreme Court to sell, lease, purchase, exchange, or mortgage should not be necessary where the value of the property to be dealt with or the amount to be borrowed did not exceed £500, and in 1901 this amount was extended in respect of leases, exchanges, purchases, and mortgages to £2,000.

The Convicts Forfeitures Act, 1871, had authorized the Governor to commit the custody and management of the property of a convict (a person sentenced to death, penal servitude, or imprisonment for more than three years) to an administrator appointed by him; and a *Gazette* notice issued in 1906 appointed the Public Trustee administrator of all such property.

In 1907 powers with regard to unclaimed property generally, somewhat similar to those already conferred with regard to unclaimed lands, were conferred upon the Public Trustee.

The Reformatory Institutions Act, 1909, conferred upon the Public Trustee powers in respect of the property of persons committed to an institution under that Act similar to those already possessed by him with regard to the property of convicts.

The Inalienable Life Annuities Act, 1910, provides for the issue of annuities as a personal provision for the annuitants, in which no other person can acquire an interest, and which cannot be assigned or charged. It sometimes, however, becomes undesirable to allow the annuitant to receive the annuity himself, either because of his mental incapacity or because of his financial position and obligations, and in such a case the Act gives the Supreme Court power to vest the annuity in the Public Trustee for the benefit of the annuitant.

During the whole course of the legislation affecting the Public Trust Office objection had from time to time been made to the administration of estates spread over the whole Dominion by an officer resident in Wellington. This difficulty had been got over to a certain extent by the appointment of District Managers and Agents in various parts; but the limited powers possessed by these officers necessitated such frequent references to the Public Trustee, the only official recognized in law, that much delay occurred. In 1912, therefore, was authorized the appointment of Local Deputy Public Trustees, to whom the Public Trustee might delegate in writing such of his powers, functions, and duties as he might think fit, and who in particular might execute deeds and other legal documents.

The Act of this year also authorized the placing in the Public Trust Office of benefit or relief funds for administration by the Public Trustee, the making of periodical payments towards the maintenance and advancement of an infant entitled to a share of an intestate estate, and of advances to beneficiaries not exceeding half the estimated value of their share. Further powers of investment were given by adding to the list of authorized investments mortgages of certain classes of leasehold estate.

In this year also was passed the Aged and Infirm Persons Protection Act, providing for the care of the property of persons who through old age or infirmity are unable to manage their affairs, and the Public Trustee was included amongst those to whom the management of such property might be committed.

In 1913 the Public Trust Office Board was reconstituted to consist of the Minister of Finance, the Public Trustee, the Government Insurance Commissioner, the Valuer-General, the Superintendent of the State-guaranteed Advances Office, and two persons not holding office in the Public Service, to be appointed by the Governor-in-Council.

Provision was also made for the appointment of advisory trustees to act with the Public Trustee in an advisory capacity, and also for the appointment of the Public Trustee to act as custodian trustee of an estate where there were private trustees, in which capacity his whole duty would be to get in and hold the trust property, invest the funds, and dispose of the assets as directed by the managing trustees, who controlled the administration.

The Public Trustee was also given certain powers in connection with the investigation and audit of private trust accounts, and his general powers were added to, while in addition to the functions previously exercised by him he was authorized to act as a receiver or arbitrator, and also to accept documents and other securities for safe custody.

The limit of the amount of the estate which he could administer upon filing an election was increased to £400, and his powers in this regard were extended to include testate as well as intestate estates, with an increase to £600 in the amount necessitating a grant of administration if subsequently to the filing of an election the estate was found actually to exceed £400.

In 1917 the office of Deputy Public Trustee was abolished and provision was made for the appointment of two Assistant Public Trustees, who, with the Public Trustee, were to constitute the Public Trust Office Board. The then existing Board (the constitution of which was altered by substituting the two Assistant Public Trustees for the two non-service members) was thereafter to be known as "The Public Trust Office Investment Board," and its sole function was to control the investment of moneys in the hands of the Public Trustee.

STAFF.

The first Public Trustee appointed was Mr. Jonas Woodward, an officer of the Treasury Department of that period, at a salary of £800 per annum. His appointment was made in December, 1872.

Mr. Woodward continued in office from 1872 to 1880, when he was succeeded by Mr. R. C. Hamerton, Secretary for Stamps, the two positions being for the time amalgamated.

The following is a complete list of the persons who have successively held the position of Public Trustee:—

Period of Occupancy.	Name of Occupant.
1872–1880	Mr. Jonas Woodward.
1880–1891	Mr. R. C. Hamerton.
1891–1896	Mr. J. K. Warburton.
1896–1900	Mr. J. C. Martin.
1900–1910	Mr. J. W. Poynton.
1910–1917	Dr. F. Fitchett, M.A., LL.D.
1917–1920	Mr. R. Triggs.
1920	Mr. J. W. Macdonald.

As already stated, Mr. Woodward was a Treasury officer at the date of his appointment to the position of Public Trustee.

Mr. R. C. Hamerton, prior to his appointment, held the position of Secretary for Stamps, which position was for a time amalgamated with that of Public Trustee.

Mr. J. K. Warburton was transferred to the position of Public Trustee from the Post and Telegraph Department.

Mr. J. C. Martin relinquished the position of Stipendiary Magistrate at Wellington to take up the position of Public Trustee, and at the termination of his period of office as Public Trustee was appointed a Judge of the Supreme Court.

Mr. J. W. Poynton was previously Stipendiary Magistrate at Invercargill, and on leaving the Public Trust Office became Secretary to the Treasury.

Dr. F. Fitchett came to the Public Trust Office from the position of Solicitor-General, and on relinquishing his appointment entered into the private practice of his profession.

Mr. Robert Triggs was formerly Assistant Public Service Commissioner of the Dominion, his appointment as Public Trustee terminating on his death on the 12th November, 1920.

Mr. J. W. Macdonald, the present holder of the position, was formerly Office Solicitor of the Public Trust Office, and later Assistant Public Trustee.

A return prepared by the Public Trustee in 1885 and submitted to the Hon. Colonial Treasurer sets out interesting particulars regarding the early staff of the Office.

The first person to be appointed in addition to the Public Trustee was Mr. Charles D. de Castro, who was appointed as Chief Clerk at a salary of £300 per annum on the 1st November, 1873.

On the 1st October, 1880, Mr. John C. Moginie was appointed as Accountant at a salary of £300 per annum.

Further officers were appointed in May, 1881, June, 1882, April and November, 1883, and December, 1884. By the end of April, 1885, the staff of the Office consisted of fourteen officers, with salaries totalling £3,440 per annum.

By the year 1891 the staff had increased from fourteen to twenty-six, and by the year 1896 it had reached the total number of thirty-eight.

The steady increase in the volume of work performed by the Office was reflected in the staff increases, and by the year 1905 fifty-one officers were in the employ of the Department.

The table printed below will indicate the growth of staff year by year since 1908 :—

Year.	No. of Staff.	Year.	No. of Staff.	Year.	No. of Staff.
1908	98	1913	182	1918	426
1909	103	1914	206	1919	529
1910	112	1915	237	1920	646
1911	138	1916	278	1921	678
1912	160	1917	321	1922	557

The large increases of staff during the war period are accounted for by the necessity of replacing a large number of the skilled staff of the Department with temporary officers who were largely unfamiliar with the work. The staff was also increased as a result of the large amount of work undertaken in the administration of soldiers' estates and agencies.

The problem of staffing the Office has been a difficult one throughout the whole of its history, owing to the shortage of competent men trained in the work of administering estates. This matter was referred to by the Public Trustee, Mr. J. K. Warburton, in his report for the year 1893, and the following extract from his remarks will be of interest :—

"The change which the staff of the Office has undergone in consequence of the increase in business and of the transfers and retirements has rendered necessary clerical assistance for which permanent officers of the Civil Service and of the required qualifications were unavailable on account of the exigencies of their Departments, or because the salaries of such officers were higher than this Office could afford. There has therefore been no course but to appoint temporary or extra clerks, and in the selection of these preference has been given, all other things being equal, to men who, having previously been employed in other branches of the Service, have the necessary qualifications."

The first appointment of Deputy Public Trustee—an appointment required to afford the necessary relief to the Public Trustee from the pressure of the business which demanded his personal attention—was made on the 4th November, 1895. The position continued to be occupied until the year 1917, when the passing of the Public Trust Office Amendment Act of that year abolished the position of Deputy Public Trustee.

ROYAL COMMISSIONS.

During its history the working and management of the Public Trust Office has been twice specially investigated by Royal Commissions, firstly in 1891, and secondly in 1912. Its system, in common with other Government Departments, was also investigated early in 1912 by a Commission set up to inquire into and report on the methods adopted in the Public Service, particularly with reference to book-keeping, accounting, custody of securities, and the receipt and expenditure of money.

Royal Commission of 1891.

Prior to 1891 the activities of the Office were very much impeded by the inelastic legislation governing it. The Public Trustee's powers in connection with the administration of estates were too restricted to enable the work to be carried out efficiently and expeditiously.

Particularly in the matter of the investment of the funds coming under his control was the Public Trustee seriously hampered by his limited powers. Up to that time the Public Trustee was authorized to invest in Government securities of the United Kingdom, of New Zealand, or of the Australian colonies; securities issued by a County Council, Borough Council, Harbour Board, Road Board, or Town Board in New Zealand; mortgages of freehold lands; fixed deposits with any incorporated bank carrying on business within the Dominion; and, of course, in any way provided by a will or trust instrument.

The bulk of the investments were by way of mortgage over real securities, the principal of these mortgages in a large number of cases being made up by contributions from more than one estate of such funds as stood to their credit awaiting investment. The system was cumbersome, and in many ways quite unsuitable and unsatisfactory. The financial and commercial depression of previous years, too, caused a considerable depreciation in the value of many of these securities.

There were also other features in connection with the running of the Department which were not conducive to the best results. The machinery and methods had become quite unsuitable. This was only to be expected. The establishment of the Office was a State experiment of a distinctly novel nature, and there were no precedents to guide those responsible for its control. From modest beginnings the business of the Department was, even in those days, rapidly increasing, whilst each year saw fresh duties of a public and often onerous nature committed to the Public Trustee by the Legislature. This was especially the case when the West Coast Settlement reserves were vested in him in 1881, and the Native reserves of Nelson and Westland in 1882.

All these circumstances, then, contributed to a certain amount of dissatisfaction by beneficiaries and other persons having dealings with the Office. In the session of 1890 the position was brought up in Parliament, and a Commission set up to investigate the working of the Department, and to consider, *inter alia*, in what respects (if any) the scope of the powers and duties of the Public Trustee might be enlarged, and how far the law affecting the various matters in connection with the Department might be advantageously amended, added to, or modified.

Of the questions considered by the Commission the foregoing have had the most important bearing on the improvement and subsequent development of the Department.

On the 27th February, 1891, His Excellency the Governor appointed the Hon. W. J. M. Larnach and Messrs. T. K. Macdonald and Andrew Loughrey as Commissioners to conduct the inquiry. The Commission commenced its proceedings on the 16th March, 1891, and conducted a most extensive and searching examination, lasting over three months. In presenting their report the Commissioners, besides pointing out the defects and weaknesses of the existing system, recommended that the powers of the Public Trustee should be of an extensive character in order to facilitate the conduct of the business. In the opinion of the Commissioners, the management of the Office, in the interests of the Dominion and of its clients, should have the same extended and trusted authority as the head of a large mercantile and financial institution, with full and unrestricted powers to transact business with promptitude and readiness. The Commissioners also found that the existing practice of combining moneys belong to two or more estates and investing them *pari passu* in one security, although necessary owing to the difficulty of readily finding investments to suit the exact sum to be invested, was not satisfactory either from the point of view of administration by the Public Trustee or of the beneficiaries or clients. As the outcome of the findings of the Royal Commission, the Legislature promptly passed the Public Trust Office Acts Amendment Act, 1891, under which it was provided that in all cases where the investment of funds was left to the discretion of the Public Trustee the security of such funds was to be guaranteed by the State. The statute further provided for a Common Fund, which was to include all funds coming into the Public Trustee's hands from investments (unless expressly forbidden by the trust instrument or otherwise to be so invested). These funds were henceforth to form one blended fund, and to be invested indiscriminately, so that no investment was to be earmarked to any individual estate. The Act also authorized the regular quarterly payment of a common rate of interest to all estates and persons whose moneys were held in the Common Fund, without break for any interval of non-investment. The rate of interest was to be fixed from time to time by the Governor in Council as the prevailing conditions should require.

This is one of the most important Acts which has been passed in connection with the Department, and has not only put its investments on a satisfactory footing and simplified the book-keeping and accountancy, but, through the State guarantee, has inspired public confidence in the institution, and has contributed largely to its magnificent development and the extension of its business in the period that has elapsed since then.

As the result of the Commission, the cumbrous and unsatisfactory methods of book-keeping were replaced by improved and up-to-date methods as simple and expeditious as were deemed consistent with safety. The system of audit, too, was simplified and improved in such a manner as to prevent delays in the transaction of business.

Public Service Commission, 1912.

This Commission was set up early in 1912 to inquire into the methods adopted by the Public Service. In making its report on the Public Trust Office the Commissioners stated that the Department was doing fine work and, in their opinion, had before it a great sphere of usefulness. In the matter of realizations, however, the Commissioners were of opinion that the system could be improved. In view of this finding, the Public Trustee, in a memorandum to the Minister in Charge of the Office, pointed out that the statement might have a damaging effect, and might shake public confidence in the institution. The Public Trustee pointed out and furnished instances where the realizations had resulted in prices being obtained far in excess of the Government valuation. The memorandum dealt with a number of other special advantages peculiar to the Office, and the Minister, in justice to the Department, took an early opportunity of reading the communication to the House. As a result of the

discussion that took place, in fairness to the Public Trust Office it was considered that the Government should institute a systematic and thorough inquiry into its management, to show the public that there was no cause for any reflection as to the methods of realization. Accordingly, on the 16th December, 1912, a Commission consisting of Messrs. Alexander Macintosh and J. H. Hosking was set up to inquire and report into the working of the Public Trust Office, and in particular to ascertain—

- (a.) Whether estates in the hands of the Public Trustee are efficiently administered :
- (b.) Whether the moneys controlled by the Public Trustee are satisfactorily invested :
- (c.) Whether the realizations are properly conducted :
- (d.) Whether the affairs of members of the Native race entrusted to the Public Trustee are carefully and satisfactorily managed, and to report whether the Native business managed by the Public Trustee should be separated from the Public Trust Office by a Board or a trustee specially appointed for the purpose :
- (e.) Whether the methods of book-keeping and accountancy adopted by the Public Trustee are satisfactory and in accordance with proper business methods :
- (f.) Whether the Public Trust Office is well and sufficiently staffed :
- (g.) Whether the present constitution of the Public Trust Office Board is satisfactory.

The Commission commenced its proceedings on the 9th January, 1913, and it was occupied continuously until the 4th February, 1913, during which the heads of the various divisions of the Head Office were interviewed, and evidence was taken of such persons as it was thought desirable to examine. A number of business men not connected with the Office were also examined, whilst the Commissioners were furnished with a large number of returns on various topics relating to the work of the Office. By advertisement in the principal newspapers evidence was called for in connection with the subject of their inquiry.

The Commissioners' report, dated the 11th April, 1913, found that the methods and working of the Office were quite satisfactory. They confidently laid it down for the assurance of those who had dealings with the Office that its system and methods provided for the greatest care for safeguarding, controlling, and scrupulously accounting for any estate placed in its charge.

With reference to the conduct of realizations, the Commission was of opinion that these were carried out on proper business lines consistent with the duties of trustees.

As to the investments, the Commissioners found not only that they were of a satisfactory character, but that the methods of making the investments were also manifestly sound, having regard to the small proportion which cases of default and of doubtful securities bore to the total funds invested. The system of book-keeping in force was reported to be well calculated to secure accuracy and reasonable expedition.

As regards the Public Trust Office Board as it was then constituted, the Commission recommended that, in addition to the members who then attended the meetings, two non-service business members should be added, as this would be likely to secure independent and sympathetic consideration of complaints or grievances of beneficiaries or others, and so be the means of prompt redress. Furthermore, as men of business, their appointment would have an additional advantage, and it would tend to relieve the Office from a charge of inadequate outside experience. In particular, having regard to the many cases in which farms and live-stock had to be dealt with, the securities held for agricultural lands, and the number of tenants of that class of land, it was recommended that one of these additional members should be a person experienced in matters relating to farming and stock. In recommending this appointment the Commissioners urged that in the earlier history of the Office the Board as then constituted might well have been considered adequate; but the business having grown so enormously, and so many of the larger estates having to be dealt with as a consequence, many more questions of policy arose, thus creating the necessity for a stronger Board. These recommendations were given effect to in the Public Trust Office Amendment Act, 1913.

The Commissioners also reported at length on Native affairs entrusted to the Public Trustee. It was found that they were carefully and satisfactorily managed, but, in view of the large number of questions of policy or otherwise constantly arising out of the administration of these affairs, the Commissioners were of opinion that the whole of the Native reserves and their administration should be invested in an independent body. They further suggested that a Native Reserve Trustee should be created, with a Board consisting of the Under-Secretary of Native Affairs (or some other expert in Native affairs), the Under-Secretary of Lands, and two other members appointed by the Governor, of whom one should be a Native and the other a European who has had experience in agricultural matters. The recommendations of the Commission in this respect have been duly given effect to in the Native Trustee Act, 1920.

The Commission also reported upon other matters that came under their notice in the course of the investigations, and made suggestions which in their opinion would add to the greater efficiency of the Office. Amongst these was the question of Office staff and organization. The Commissioners pointed out very strongly that an undertaking such as the Public Trust Office, the business of which was not only commercial but of a highly technical and difficult nature, should be amply staffed, with a staff of skilled officers capable of efficiently doing the work. The Commissioners found that the existing staff was competent, but insufficient to cope with the volume of business. Since that time this difficulty has been overcome, and the staff arrangements strengthened in such a way that the business of the Department can be fully and promptly carried on.

CHARGES FOR THE SERVICES OF THE PUBLIC TRUSTEE.

During the debates which took place when the Public Trust Office Bill of 1872 was before Parliament, among the objections which were raised to the establishment of the proposed institution was one which dealt with the probability of the expenses of the Office becoming a charge upon the Consolidated Fund. This contention was strongly opposed by Sir J. Vogel (then Mr. Vogel), who was strong in

his conviction that the various important functions which the Public Trustee would be called upon to perform would prove self-remunerative, and that the fees which would be received would more than cover the cost of the Office. While one of the chief aims of the successive executive officers of the institution has been to obtain each year a return by way of income sufficient to cover the expenses incurred in performing the functions of the Office for that year, at the same time the scale of charges and fees for services rendered to beneficiaries in estates has been fixed on the lowest possible basis. That Sir Julius Vogel's faith in the proposed institution was well founded is witnessed by the fact that as a result of fifty years' operations on no occasion has the Consolidated Fund been called upon to contribute to the expenses of the Public Trust Office. On the contrary, out of its profits the Office has contributed no less than £38,000 to the Consolidated Fund.

Section 13 of the Public Trust Office Act of 1872 enacted that the Governor might by Order in Council make regulations—

- (a.) For the conduct of the business of the Office :
- (b.) Determining the duties of the officers of the Public Trust Office :
- (c.) For the custody of property placed in the Office :
- (d.) Fixing scales of charges upon such property for the cost of management of that property :
- (e.) Prescribing the accounting procedure to be adopted in connection with the receipt, investment, and payment of moneys, and prescribing the precautions to be taken for the safe custody of documents of security for investments.

By the authority conferred by that section of the Act, under an Order in Council dated 20th December, 1872, regulations were published in the *New Zealand Gazette* of the 2nd January, 1873, and appended to these regulations was a scale of fees which were to be charged for the Public Trustee's services.

For the management of estates, including the collection of interest and rents and for the realization of property, a flat rate of $1\frac{1}{2}$ per cent. commission was fixed. In addition the following fees were set down by the regulations :—

For receiving and recording wills deposited for safe custody, 10s.

For delivering will to testator and receiving and recording another will in lieu thereof, 10s.

For investment of moneys in Government securities, or in such other way as may be directed by deed, or trust, or will—

If the amount did not exceed £1,000, 10s. per cent.

If above £1,000, 5s. per cent.

By section 12 of the Public Trust Office Act Amendment Act of 1873, dealing with the estates of persons dying intestate, it was provided that there should be deducted from all moneys paid into the Public Trustee's Account on behalf of such estates such amount as should from time to time be fixed by the Governor in Council, but not exceeding £7 per cent., and that the sum so deducted should be passed to the credit of the Public Trust Office Expenses Account.

In pursuance of the authority just mentioned a scale of charges was fixed by Order in Council dated 19th March, 1874, and published in the *Gazette* of the 9th April, 1874. The scale of charges was as follows :—

On all estates the gross collections in respect of which do not exceed the sum of £250, 7 per cent.

Estates exceeding £250 but not exceeding £1,000, 5 per cent.

Estates exceeding £1,000, 4 per cent.

The above rates were stated to be “in addition to all actual expenses incurred for postages, telegrams, or any other necessary service.”

Owing to the rapid extension of the scope and functions of the institution it has been found necessary at frequent intervals to revise the scale of charges. At all times the charges have been fixed on the lowest possible scale consistent with the ensuring of a reasonable remuneration for the services performed, as the following comparative statement of charges will show :—

<i>Wills and Trusts Estates.</i>						1872.	1922.
Commission on proceeds of realization of—						Per Cent.	Per Cent.
Estates not exceeding £1,000 in value						$1\frac{1}{2}$	
On first £400						..	5
On balance						..	$2\frac{1}{2}$
Estates exceeding £1,000 in value						$1\frac{1}{2}$	
On first £10,000						..	$2\frac{1}{2}$
On balance in excess of £10,000						..	$1\frac{1}{2}$
<i>Intestate Estates.</i>						1874.	1922.
Commission on proceeds of realization of—						Per Cent.	Per Cent.
Estates not exceeding £250 in value						7	5
Estates exceeding £250 in value but not exceeding £1,000						5	
On first £400						..	5
On balance						..	$2\frac{1}{2}$
Estates exceeding £1,000 in value but not exceeding £10,000						4	$2\frac{1}{2}$
Estates exceeding £10,000 in value						4	
On first £10,000						..	$2\frac{1}{2}$
On balance in excess of £10,000						..	$1\frac{1}{2}$

That the fairness of the charges made from time to time has been appreciated by the general public is clearly evidenced by the figures showing the remarkable growth of the business of the Office since it was first instituted.

INTEREST ON ESTATE FUNDS.

By section 25 of the Public Trust Office Act of 1872 it was provided that the Office Board should direct how moneys held by the Public Trustee should be invested, but, subject to special provisions in a trust or will to the contrary, all such investments were to be made in the following securities: (a) Government securities of New Zealand; (b) Government securities of the United Kingdom; (c) Government securities of Australian colonies, including Tasmania. Investments so made from time to time were made as investments of the various estates and funds under the Public Trustee's administration, and interest received from those investments was credited to the appropriate estates.

By the amending Act of 1873 it was provided that all moneys in the Public Trustee's Account (except as regards moneys as to which special provision was made by the trust instrument) should for the purposes of investment form one common fund, and that the investments so made should not be made on account of any particular estate. The interest to be derived from these investments was to be divided amongst the various estates the funds of which constituted the Common Fund, in such manner and at such times as might be determined by regulations to be made by the Governor in Council.

By Order in Council dated 4th June, 1874, regulations were gazetted to give effect to the above provisions. Under those regulations the estate funds were classified under two headings, namely: (a) Sums to remain in the Office for a fixed period; (b) floating balances.

With regard to the former class of funds it was provided that any sum exceeding £100 which was not required to be withdrawn from the Office within three years should be invested under the direction of the Board in one or other of the securities of the nature prescribed by section 25 of the Act of 1872. All investments so made were held on behalf of the estate for which the investments were made, and the interest received in respect of those investments was added to and formed a part of the balance of that estate. When the balance of such an estate was withdrawn from the Office the securities were delivered to the person entitled to receive the balance, the value of those securities being taken to be the price at which they were originally purchased.

With regard to the latter class of funds it was provided that, subject to specified conditions, all floating balances at credit of estates should bear interest at the rate of 4 per cent.

The principal conditions attaching to these regulations were—

- (a.) Interest was computed and allowed as to the 31st March, 30th June, 30th September, and 31st December in each year on the minimum balance that had been at credit at any time during the quarter ending on one of the dates mentioned, and no interest was allowed on any estate in respect of which there was no balance at credit.
- (b.) No interest was allowed on any estate that had not had a balance at credit amounting to £50 at some time during the quarter.
- (c.) Office interest was capitalized annually.
- (d.) Interest was added up to the last day of the quarter preceding the withdrawal of the funds from the Office.

In 1887 proviso (b) was modified to the extent that interest should be allowed at the rate of 4 per cent. on moneys held for minors for whom the minimum balance during a quarter had not been less than £10.

The conditions under which interest at the rate of 4 per cent. was allowed on floating balances were further modified by an Order in Council dated 14th May, 1889, which determined—

- (a.) That no interest should be allowed during a quarter, other than on moneys held for minors, on the balance at credit of any estate if that balance had fallen below £50 at any time during that quarter:
- (b.) That interest so allowed was not actually credited until it was required for distribution to the persons entitled—in other words, that the provision for yearly capitalization of Office interest was revoked.

The principle of the common fund as constituted by the Act of 1873 was considerably extended by the provisions of the Public Trust Office Acts Amendment Act of 1891. Section 11 of this Act enacted that all moneys in the Public Trustee's Account were, in the absence of any special direction by statute or instrument, to form a common fund for investment. The interest from these investments was not credited proportionately to the estates the funds of which constituted the Common Fund, but was credited to an Interest Account. The section just referred to provided, however, that on the funds constituting the Common Fund interest should be credited at rates from time to time to be determined by the Governor in Council, subject to a limit of 5 per cent. on funds below £3,000, and to a limit of 4 per cent. in other estates.

By Order in Council dated 26th November, 1891, and gazetted on the 10th December of that year, the rates of interest were determined as follows:—

- (1.) Where the moneys arising from one property did not exceed £3,000, £5 per cent.;
- (2.) Where the moneys so arising exceeded £3,000, £4 per cent.

This Order in Council also declared that such rates of interest should be computed from the 1st day of the month following the receipt of such moneys. It will be noted that these regulations fixed no minimum balance on which interest should be credited. Further, the method of computation was placed on a more liberal basis than under the previous regulations.

The principal feature of the provisions in the 1891 Act in so far as the Common Fund was concerned was the direction that any deficiency in the Common Fund should be paid out of the Consolidated Fund. The effect of this provision was, of course, that the interest at the rates from time to time prescribed by regulations pursuant to the various Office Acts was guaranteed by the State. The principal sums were similarly guaranteed.

It was submitted in this latter connection that the boon of such a guarantee should not be given without obtaining authority to form the unrestricted moneys of all estates into a common fund for general investment, and to pay at regular periods common limited rates of interest on those moneys.

The Common Fund rate of 5 per cent. which was allowed on sums under £3,000 was considered to be equal to the net return which could have been obtained at the time by the special investment of those funds in authorized securities. It was further considered that with the larger funds the rate of interest should be lower, since the greater the fund the greater the concern for security and the less the concern for a high rate of interest.

Prior to 1891 investments by way of mortgage of real estate had in many instances been made on behalf of estates under administration by the Public Trustee. If these investments were to be subject to the State guarantee provided by the 1891 Act it was only reasonable that they should pay for such a privilege. Accordingly a provision was made in that Act that a guarantee charge not exceeding $\frac{1}{2}$ per cent. per annum might be made by the Public Trustee on moneys so invested. Subsequently, by a provision of the Public Trust Office Consolidation Act of 1894, it was directed that any deficiency arising from any investment in respect of which such charge had been made should be made good from the Consolidated Fund. In cases in which a trust instrument directed that the funds should be invested in securities other than those prescribed by the Office Act, any investments made in compliance with those directions were not entitled to the benefits of the State guarantee. When the mortgages which were subject to the guarantee charge were repaid the funds fell into and formed part of the Common Fund, and bore interest accordingly.

In 1894 it was determined by Order in Council that no interest should be allowed on moneys paid to the Public Trustee for the purpose of being paid forthwith to the persons entitled. With regard to moneys received by the Public Trustee on behalf of testate or intestate estates for distribution or investment in the ordinary course of business, it was determined that no interest should be allowed until the Public Trustee had ascertained what was the net amount available for distribution or investment.

In 1895 the basis of computation of interest was again modified. Regulations gazetted on the 24th January, 1895, provided that on moneys forming part of the Common Fund interest should be computed on every complete pound from the 1st of the month following the date of receipt of these moneys in the Public Trustee's Account, up to the first day of the month in which the moneys were paid to the persons entitled. Interest was, however, to be allowed on capital sums only, unless interest was directed to be accumulated, and in that case interest was to be allowed on accumulations of £20 and upwards. The limit of £20 was, however, removed in 1905.

In 1910 a further step was made, and it was determined that Office interest should be capitalized yearly on the 1st day of April, and that all other income should be capitalized half-yearly on the 1st April and the 1st October, and that interest should be allowed on income so capitalized. The regulations also directed that the Public Trustee should fix the date when interest should begin to accrue. This provision is incorporated in the regulations at present in force.

The Public Trust Office Amendment Act of 1910 increased the Common Fund rates of interest which had been authorized by the Act of 1891. By this amendment the maximum rates were fixed at 5 per cent. on amounts not exceeding £6,000, and at $4\frac{1}{2}$ per cent. on amounts in excess of £6,000.

The next alteration in the method of computation was made in 1914, when it was directed that all interest payable by the Public Trustee in respect of the capital of any estate should be computed on the daily balance of capital. Further, it was provided that the Public Trustee should decide whether Office interest was to be capitalized. In very many cases the income of estates is required for payment to the beneficiaries concerned or for the purpose of meeting outgoings, and in such cases it is obvious that the income cannot be capitalized. As a general rule, however, when income is being accumulated Office interest is still capitalized on the 1st April in each year.

By section 26 of the Finance Act of 1920 the limits placed by the Public Trust Office Amendment Act, 1912, as mentioned above were removed. By this section it is provided that interest shall be allowed at such rate or rates as may from time to time be fixed by the Minister of Finance.

Pursuant to the authority conferred on the Minister of Finance by the Finance Act, the rates of interest were increased as from the 1st April, 1920. As a consequence those estates which had formerly been allowed interest at the rate of $4\frac{1}{2}$ per cent. on the first £6,000 and at $4\frac{1}{4}$ per cent. on the balance were as from that date credited with a flat rate of 5 per cent. Similarly, the interest on those classes of estates which had previously been credited at 4 per cent. was increased to $4\frac{1}{2}$ per cent.

From the foregoing remarks it will be noted that the system of crediting interest to estates has been altered from time to time, and the rates which have been allowed have been adjusted in sympathy with the fluctuation in the rate of interest which has been received by the Office from its Common Fund investments. It is gratifying to note, however, that at no time in the history of the Office have the rates of interest allowed on moneys lying in the Common Fund been higher than those that are at present allowed, and at no time has the computation of the interest been made on so liberal a basis.

On the 31st March, 1892, immediately following upon the creation of the Common Fund as it continues to the present time, the amount invested in the Common Fund was £408,231. On the 31st March, 1922, it was £13,174,181.

APPROPRIATION OF PROFITS.—BUILDING UP OF RESERVES.—ACQUISITION OF OFFICE SITES, PREMISES, AND OTHER PROPERTY.

While the original Public Trust Office Act provided that any deficiency in the Public Trust Office Expenses Account (latterly the Profit and Loss Account) should be advanced from the Consolidated Fund, at the same time it was enacted that if the balance in that account should be more than sufficient to meet the charges thereon, then that excess should be paid to the Consolidated Fund at such times as the Colonial Treasurer might direct. In the year 1889 the sum of £18,000 was paid to the Consolidated Fund in pursuance of that statutory provision.

The Public Trust Office Acts Amendment Act of 1891 authorized the purchase of freehold land and the erection of buildings thereon for business premises. Section 18 of that Act provided as follows: "The Queen shall have power to purchase any freehold lands and erect buildings thereon for the purpose of being wholly or partly occupied for the business of the Office."

No direction or indication was given, however, with regard to the source from which funds for this purpose were to be made available, and, in fact, in his report to Parliament in the year 1897 the Public Trustee stated that as the law then stood the Office funds could not be so invested, and that in order to acquire lands and erect buildings Parliament must either provide the money or grant its sanction to the Public Trustee investing Office funds in that manner. Section 18 of the amending Act of 1891 had apparently been repealed when the various Office statutes were consolidated in 1894.

By section 37 of the Public Trust Office Consolidation Act of 1894 a further provision was made with regard to the disposal of the profits of the Office. That section directed that the Public Trustee should invest one-fourth of each year's profits, and should retain that portion together with its accumulations as an Assurance and Reserve Fund out of which any deficiency incurred in subsequent years might be met. The remaining three-fourths of each year's profits were to be held available for payment to the Consolidated Fund at the direction of the Colonial Treasurer. In the year 1905 the sum of £20,000 was paid to the Consolidated Fund.

By section 21 of the Appropriation Act of 1899 it was enacted that the Public Trustee might apply, out of any balance at credit of the Profit and Loss Account, any sum not exceeding £12,000 in the purchase of land and in the erection of buildings thereon, and in providing office accommodation and furniture for the purpose of carrying on the business of the Public Trust Office. Further sums were appropriated by Parliament in the annual Appropriation Acts from 1901 to 1911.

The Public Trust Office Amendment Act of 1913 made further provisions regarding the disposition of the profits of the Office. Section 34 of that Act provided that—

- (a.) No portion of the profits which had been or might thereafter be expended in the acquisition and furnishing of office premises should be payable to the Consolidated Fund without the authority of a special Act.
- (b.) Out of the profits the Public Trustee might set aside each year such sum as he might think proper as an Investment Fluctuation Account.
- (c.) With the approval of the Minister of Finance, the Public Trustee might from time to time out of profits expend money in the acquisition and furnishing of office premises.
- (d.) For the space of ten years from the passing of that Act the whole of the net profits should be added to the Assurance and Reserve Fund.

The Finance Act of 1916 conferred authority on the Governor in Council to direct that profits of any one year in excess of £20,000, or part of them, should be credited *pro rata* to each estate in the Office (other than investment agencies) that received interest from the Common Fund during that year and had not been finally closed before the end of that year. In pursuance of this authority, bonuses equal to 10 per cent. of the interest allowed were credited to estates yearly from the 1st April, 1915, to the 31st March, 1920. From this latter date the rates of interest allowed to estates were increased.

The matter of utilization of the profits of the Office was again dealt with in the Public Trust Office Amendment Act of 1921. Section 29 of that Act authorized the Public Trustee, with the approval of the Minister of Finance, to expend profits in the acquisition of property other than Office premises. The same section directed that all Office premises and property of any kind previously or subsequently purchased out of the profits of the Office should constitute investments of the Assurance and Reserve Fund. Further, authority was also conferred on the Public Trustee to expend moneys, subject to the approval of the Minister of Finance, out of the Assurance and Reserve Fund and out of the Investment Fluctuation Account in the acquisition and furnishing of premises, and in the acquisition of other property required for the proper conduct of the business of the Office.

Section 28 of the same Act directed that each year the Public Trustee should pay out of the profits for that year such sum as the Minister in Charge of the Public Trust Office might determine into a fund to be called the "General Legal Expenses Account." Out of this account authority is given to pay costs, charges, and other moneys which may be incurred by the Public Trustee in obtaining legal opinions, or which may be awarded against him in any legal proceedings of general interest to which the Public Trustee is a party, if those costs by reason of the general interest and of the importance of the matter in dispute cannot be fairly charged against any particular estate under administration by the Public Trustee.

The following figures show the very large amount of profits which have been paid to the Consolidated Fund, distributed by way of bonuses to estates, or accumulated by way of reserves:—

Amount paid to Consolidated Fund during year ended 31st December, 1889	£	s.	d.
Amount paid to Consolidated Fund during year ended 31st March, 1905	18,000	0	0
Assurance and Reserve Fund—Balance as at 31st March, 1922	20,000	0	0
Investment Fluctuation Account—Balance as at 31st March, 1922	402,302	5	2
General Legal Expenses Account—Balance as at 31st March, 1922	49,283	5	3
Amount distributed by way of bonuses to estates during the period from the 1st April, 1915, to the 31st March, 1920	1,000	0	0
	140,483	6	5
	£631,068	16	10

From the above statement it will be seen the institution has been placed on an exceedingly sound financial basis.

GOVERNMENT SINKING FUNDS.

The Local Bodies' Loans Act, 1908, Sinking Fund.

The Government Loans to Local Bodies Act of 1886, section 45, made provision for the creation of a sinking fund which should be placed under the control of the Commissioners of the Public Debt Sinking Fund. The instalments of the fund were to be of such amounts as might be appropriated from time to time by Parliament, not exceeding 2 per cent. of the debentures received by the Treasury from the local authorities in accordance with that Act.

This section of the 1886 Act was repealed by an amending Act of 1892, which placed the fund under the control of the Public Trustee. By this Act the Colonial Treasurer was directed to pay into the fund instalments at the rate of £1 10s. per cent. on the amount of debentures issued under authority of the Act. The Public Trustee was authorized to transfer from the Land Assurance Fund a further 10s. per cent. on the amount of those debentures.

During the year ending 31st March, 1893, the sum of £21,015 was credited to this sinking fund in pursuance of the Act of 1892, which enacted that all amounts so credited should be invested by the Public Trustee in such of the securities sanctioned by section 10 of the Public Trust Office Amendment Act, 1891, as would yield the highest rates of interest.

By the Local Bodies' Loans Act, 1901, the rates of instalments payable to the Public Trustee as Sinking Fund Commissioner were varied with regard to the several classes of loans, but the rate at which the amount was to be transferred from the Land Assurance Fund remained at 10s. per cent. in all cases.

The Local Bodies' Loans Act Amendment Act of 1906 repealed the former provision for the transference by the Public Trustee from the Land Assurance Fund. The instalments at the rates provided by the Act of 1901 were henceforth to be paid by the Treasury.

The payment of instalments into this sinking fund ceased as a result of section 12 of the Public Debt Extinction Act of 1910. The capital funds in the hands of the Public Trustee at the time of the passing of this Act are held pending the entire repayment of the public debt. When that debt is repaid those funds are to be paid to the Public Account at such times and in such amounts as the Minister of Finance shall direct. The interest on these capital funds is paid during each financial year into the Consolidated Fund, as provided by the Act.

The amount of capital funds held by the Public Trustee is £799,600.

War and Defence Loans Sinking Fund.

For the purpose of providing a sinking fund for the repayment of loans, amounting to £3,995,500, raised prior to 1906 for war and defence purposes, the Colonial Treasurer was directed, by section 4 of the New Zealand Loans Act Amendment Act of 1906, to pay over each year to the Public Trustee out of the Consolidated Fund instalments equal to 1 per cent. of the amount of those loans.

Section 4 (3) of that Act directed that the moneys held by the Public Trustee at the credit of this sinking fund should be retained by him until the year 1945, when they are to be disposed of as the Colonial Treasurer shall direct.

Section 12, subsection (1), of the Public Debt Extinction Act of 1910 directed that the payment to the Public Trustee of the annual instalments above referred to should cease. The provisions of that Act with regard to the capital funds then in the hands of the Public Trustee, and with regard to the income earned by those funds, are as already stated in connection with the Local Bodies' Loans Act, 1908, Sinking Fund.

The amount of capital funds held by the Public Trustee on the 31st March, 1922, was £192,690.

State Advances Sinking Funds.

Numerous sinking funds are held by the Public Trustee in connection with loans raised by the State Advances Department.

In 1906 a sinking fund was established in connection with loans raised under the Land for Settlements Acts. The Public Trustee was appointed Sinking Fund Commissioner, and the Colonial Treasurer was directed to pay to him during each financial year instalments of 1 per cent. of the securities outstanding in connection with the Acts referred to.

The New Zealand State-guaranteed Advances Act of 1909 established a sinking fund in connection with each branch of the Advances Department, and the Public Trustee was by that Act appointed Sinking Fund Commissioner. Annual instalments equal to 1 per cent. of the loans raised by each separate branch and then outstanding were directed to be paid by the branch concerned. By the same statute the balance at credit of the sinking fund established in connection with the Land for Settlements Act was directed to be transferred to the credit of the fund established in connection with the Land for Settlements Branch of the State Advances Office.

The sinking funds created in respect of the State Advances Department were to be applied by the Public Trustee, as and when the Minister should direct, in repaying the capital moneys in respect of which they were a security.

The above statutory provisions were considerably modified by section 26 of the State Advances Act, 1913, which provided that all loans raised under section 18 thereof should be deemed to be portions of the public debt of New Zealand, and that accordingly they should be subject to the provisions of the Public Debt Extinction Act, 1910. As a consequence, with the exceptions referred to later, the payment of annual instalments defined by the Act of 1909 ceased.

Subsection (6) of section 26 of the 1913 Act provided that, with respect to loans raised prior to the passing of that Act for the purposes of the Guaranteed Mining Advances Branch, the Land for Settlements Branch, and the Native Land Settlement Branch respectively, the following provisions should apply:—

(a.) The provisions of the Public Debt Extinction Act should apply to all such loans as have been raised from Government Departments. From the passing of the Act the annual instalments in

respect of the sinking funds concerned were no longer payable to the Public Trustee. The capital which was at credit of the funds at the time of the passing of the Act remains in the hands of the Public Trustee, but the interest is paid annually into the Consolidated Fund. On the 31st March, 1922, the following sinking funds were held in connection with loans raised from Government Departments :—

Guaranteed Mining Advances loans	..	..	..	..	£
Land for Settlements loans	..	..	..	..	104
Native Lands Settlement loans	..	..	..	..	118,765
					11,976
Total	..	..	..	..	£130,845

(b.) Those loans which had not been raised from Government Departments should not be deemed for the purposes of the Act to form part of the public debt, and as a consequence the Public Debt Extinction Act of 1910 should not be applicable to them, and the provisions of the 1909 Act with regard to sinking funds should remain in force. The particular sinking funds which were subject to these provisions were in respect of Land for Settlements loans and of Guaranteed Mining Advances loans. The capital of these sinking funds and the accumulations of interest held by the Public Trustee on the 31st March, 1922, were—

Guaranteed Mining Advances Sinking Fund	..	..	..	..	£
Land for Settlements Branch Sinking Fund	..	..	..	..	676
					877,691
Total	..	..	..	..	£878,367

Instalments are still received by the Public Trustee in connection with the sinking fund in respect of those Land for Settlements loans which were not raised from Government Departments.

A portion of the sinking fund held by the Public Trustee prior to the passing of the 1913 Act in connection with the Advances to Local Authorities Branch of the State Advances Department was in respect of loans raised for the purpose of that branch, and appropriated as follows :—

(a.) Under section 77, New Zealand State-guaranteed Advances Act, 1909 (relating to opening up land for settlement) :

(b.) Under section 84 of the same Act (relating to Hauraki Plains settlement) :

(c.) Under section 5 of the Rangitaiki Land Drainage Act, 1910.

The loans so appropriated were deemed by subsection (5) of section 26 of the 1913 Act to form part of the public debt of New Zealand. The capital of that portion of the Advances to Local Authorities Sinking Fund which was in respect of the loans appropriated under headings (a), (b), and (c) above was directed to be retained by the Public Trustee, who should from time to time pay the interest thereon into the Consolidated Fund.

The capital amounts so retained were as follows :—

Opening up land for settlement	..	..	..	..	£
Hauraki Plains settlement	..	..	..	..	3,416
Rangitaiki drainage	..	..	..	..	2,176
					904

These amounts were still held by the Public Trustee on the 31st March, 1922.

The capital of the remaining State Advances sinking funds which were held by the Public Trustee prior to the passing of the 1913 Act was directed to be held by the Public Trustee subject to the provisions of subsection (3) (a) of section 26 of that Act. The interest earned by this capital is paid annually to the Superintendent of the State Advances Office in accordance with subsection 3 (b) of section 26.

Following are the balances of such sinking funds which were held by the Public Trustee on the 31st March, 1922 :—

Advances to Local Authorities sinking funds	..	..	..	..	£
Advances to Settlers sinking funds	..	..	..	..	48,461
Advances to Workers sinking funds	..	..	..	..	302,904
					2,715
Total	..	..	..	..	£354,080

Naval Defence Act Sinking Fund.

Section 7 of the Naval Defence Act, 1909, made provision for the establishment of a sinking fund for the repayment of any loans raised under that Act for the purpose of meeting the cost of the gift to the Imperial Government of a warship. The instalments which that section directs shall be paid to the Public Trustee each year are computed at the rate of 4 per cent. of the capital sum outstanding at the commencement of the financial year in respect of those loans.

The sinking fund is held by the Public Trustee in trust, to be applied by him in repayment on maturity of loans raised in pursuance of the Act.

An annual statement of the securities in which the sinking fund is invested is required by the statute to be laid before Parliament within fourteen days after the commencement of each session.

On the 31st March the balance at credit of the fund, which was opened on the 29th March, 1913, by the crediting of an instalment of £50,000, was £931,429 1s.

War Loans Sinking Fund.

Section 5 of the Public Revenues Amendment Act (No. 2) of 1915 directed that the Public Debt Extinction Act, 1910, should not apply to moneys raised by the Minister of Finance for the purposes of the war with Germany, but that a War Loans Sinking Fund should be established, into which fund the Minister of Finance should pay annually instalments equal to 1 per cent. of the total capital moneys raised for those purposes and outstanding on the 31st March of the preceding year. The Act also directed that this fund should be held by the Public Trustee, who should, on the request of the Minister of Finance, pay over such portion of the fund as might be required for the repayment of the loan-moneys in respect of which the sinking fund was created.

This direction to pay the annual sinking-fund instalments to the Public Trustee was modified by section 25 of the Finance Act, 1921 (No. 72), which authorized the Minister of Finance, in lieu of paying any amount into the War Loans Sinking Fund, to pay the amount of the annual instalment to the Imperial Government as a sinking fund to be applied towards the extinction of the liability of the New Zealand Government to the Imperial Government.

The balance at credit of the War Loans Sinking Fund on the 31st March, 1922, was £3,451,106.

LOCAL BODIES' SINKING FUNDS.

By the Municipal Corporations Act of 1886, section 206, it was enacted that the Public Trustee might be appointed by a Borough Council as Commissioner of Sinking Funds established in accordance with the provisions of that Act. Similar provisions were made by section 61 of the Local Bodies' Loans Act and by section 215 of the Counties Act, both of the same year. The moneys paid to the credit of the sinking funds created in accordance with those Acts were directed to be invested in such securities as the Councils of the respective local authorities should direct.

In 1908 an amendment to the Local Bodies' Loans Act was passed, and section 25 of that amending Act provided that, as from the 6th October, 1908, no local authority should appoint as Sinking Fund Commissioner of any loan raised under the Local Bodies' Loans Act, 1908, any person other than the Public Trustee. The same section definitely limited the investment of the moneys belonging to such sinking funds to New Zealand Government securities. The statutory provision regarding the appointment of the Public Trustee as Sinking Fund Commissioner of all loans raised under the Local Bodies' Loans Act, 1908, was modified by a further amending Act in 1912, which provided that the compulsory appointment of the Public Trustee as Sinking Fund Commissioner should be confined to loans obtained from any Department of the Government. By the same Act the direction for the investment in New Zealand Government securities of the moneys belonging to these sinking funds was revoked by a direction that the moneys should be invested in the Common Fund of the Public Trust Office.

On the 31st March, 1922, the Public Trustee was acting as Commissioner of 1,041 sinking funds established in pursuance of the statutory provisions mentioned above. The total value of those funds was £596,222.

*SUPERANNUATION FUNDS.**Government Railways Superannuation Fund.*

In 1902 an Act was passed for the purpose of establishing a superannuation fund in connection with the Government Railways Department. This Act directed that all deductions by way of contributions should be paid to the Public Trustee for investment.

On the 31st March, 1903, the amount at credit of the fund was £7,056. The fund is subsidized from time to time by the Consolidated Fund, and as a result of accretions of contributions, subsidies, and income from instalments the balance had increased to £476,557 on the 31st March, 1922.

In pursuance of section 4 of the Government Railways Amendment Act of 1911 this amount forms part of the Common Fund of the Public Trust Office, from which interest at the rate of 5 per cent. is derived.

Teachers' Superannuation Fund.

This fund was established in accordance with the provisions of the Teachers' Superannuation Act of 1905, section 7 of which enacted that the superannuation contributions deducted from the salaries of the members of the fund should be paid to the Public Trustee by the governing body charged with the payment of those salaries.

Section 8 of the Act provided that the Public Trustee should from time to time invest the moneys of this fund in such lawful securities prescribed by regulations as would return the highest rate of interest.

In December, 1908, regulations were gazetted which prescribed that the Public Trustee should from time to time, as securities should offer, invest the moneys of the fund in freehold securities at current rates of interest. It was further prescribed by those regulations that such portion of the fund as should not be so invested should bear the Common Fund rate of interest.

On the 11th July, 1918, as a result of negotiations between the Teachers' Superannuation Board and the Public Trustee, amending regulations with regard to the investment of the fund were gazetted. These regulations removed from the Common Fund the moneys held by the Public Trustee, and directed that instead the moneys should be specially invested. As at the 30th June, 1918, investments totalling £444,210 were allocated from those held by the Public Trustee as Common Fund investments.

In accordance with the regulations last referred to, the Public Trustee invests the whole of the moneys by way of either interest or principal received by him on behalf of the fund in securities of the same class as those in which the Common Fund is invested. All duties in connection with the investments are performed by the Public Trustee, who receives a remuneration by way of commission at the rate of 2½ per cent. on all interest collected.

The amount of investments (including interest due but not collected) and funds held by the Public Trustee on the 31st March, 1922, in this behalf was £722,368.

Public Service Superannuation Fund.

This fund was established by the Public Service Superannuation Act of 1907, section 5 of which provided that all moneys belonging to the fund should be paid to the Public Trustee, who should from time to time invest those moneys in such manner as might be prescribed by regulations.

In addition to the contributions made to the fund by members of the Public Service, a subsidy of £20,000 per annum is paid from the Consolidated Fund, together with such further amount as may be deemed necessary, in accordance with a triennial actuarial report, to meet the charges on the fund during the ensuing year.

Regulations were gazetted in November, 1909, prescribing that the Public Trustee should from time to time, as securities might offer, invest the moneys of this fund in freehold securities at current rates of interest, and that such portion of the fund as might not be so invested should bear the Common Fund rate of interest.

The funds held by the Public Trustee in connection with this fund were declared by regulations gazetted on the 18th January, 1912, to form part of the Common Fund of the Public Trust Office.

The Public Service Classification and Superannuation Amendment Act of 1915 made considerable changes in the method of investment of this fund. It was directed by that Act that the moneys of the fund should no longer be paid to the Public Trustee, but that they should be paid into the Post Office Account on behalf of the fund. With regard to the funds held by the Public Trustee on the 1st January, 1916, this Act provided that the Public Trustee should appropriate from the Common Fund securities such securities as might be agreed upon by the Public Service Superannuation Board and the Public Trustee. The balance of the moneys not so appropriated was to be paid over in cash. The total amount handed over by the Public Trustee in the early part of the year 1916 was £769,695.

Section 5 of the Act above referred to provided that the investments of the fund's moneys should be arranged by the Public Service Superannuation Board, but that with regard to loans on mortgage of real estate all the mortgages should be executed in the name of the Public Trustee, who should, if so requested by the Public Service Superannuation Board, act on its behalf in connection with the completion of the necessary documents. The collection of interest and of the principal due on maturity is entrusted to the Public Trustee, who is entitled to receive for his services such sum as might be agreed upon between the Public Trustee and the Public Service Superannuation Board; provided, however, that the remuneration so received does not exceed $2\frac{1}{2}$ per cent. of all revenue received by the Public Trustee in respect of the fund.

The Public Trustee now acts in accordance with the provisions of this latter statute, and on the 31st March, 1922, the investments from which he was collecting interest totalled £1,732,992, in addition to which the sum of £12,180 was held for payment to the Public Service Superannuation Board.

Local Authorities' Superannuation Funds.

The Local Authorities Superannuation Act of 1908 conferred upon local authorities the power to establish superannuation funds for the benefit of persons in their service.

Section 9 of that Act provides that every fund established in pursuance of that power shall be vested in the Public Trustee, who shall invest all moneys belonging to any such fund in manner prescribed by regulations.

Regulations in pursuance of the provisions of the Act were gazetted on the 13th March, 1913. By these regulations the Treasurer of each local authority concerned is directed from time to time, at intervals of not less than one month, to pay over to the Public Trustee all moneys deducted from the salaries of contributors. These moneys, as directed by the regulations, form part of the Common Fund, and bear interest accordingly. It is also prescribed by these regulations that the Public Trustee shall from time to time pay to the local authority concerned such amount as is required by that body for payments in respect of its superannuation fund.

Four local authorities have exercised their authority to establish such funds, and the amount invested in the Common Fund in this connection totalled as at the 31st March, 1922, £88,464.

NATIONAL PROVIDENT FUND.

The National Provident Fund was established in accordance with the provisions of the National Provident Fund Act of 1910. Subsection (3) of section 3 of that Act directs that the fund shall be vested in the Public Trustee, who shall invest all moneys belonging thereto in such manner as is prescribed by regulations.

By an Order in Council regulations relative to the fund were gazetted on the 19th January, 1911. Regulation 35 prescribed that the Public Trustee should from time to time, as securities might offer, invest the moneys of the fund at current rates of interest, and that such portions of the fund as should not be so invested should bear the Common Fund rates of interest as defined by the Public Trust Office Regulations.

This regulation was amended by an Order in Council gazetted on the 29th June, 1911, which directed that all moneys belonging to the fund and in the hands of the Public Trustee should form part of the Common Fund of the Public Trust Office, and should be invested accordingly.

The amended regulation of the 29th June, 1911, was revoked by an Order in Council dated the 21st April, 1921, and gazetted on the 28th of that month. Under this Order in Council regulations were made which directed that, as from the 1st April, 1921, the moneys held by the Public Trustee on behalf of this fund should be specially invested. The terms of the regulations were similar in effect to those prescribed for the Teachers' Superannuation Fund in the year 1918.

The amount held by the Public Trustee on the 1st April, 1921, was £471,650, for which investments were appropriated as at that date from the Common Fund of the Public Trust Office.

The amount of the investments (including interest due but not paid) and funds held by the Public Trustee on the 31st March, 1922, was £622,107.

GROWTH OF BUSINESS.

The growth of business has been progressive, and during the past twenty years it has been very rapid. The earlier records do not supply complete information regarding the number and value of estates under administration in the commencing years, but the following table, set out in periods from 1889, will be of interest, showing how the business has progressed since that year:—

Year.	Number of Estates.	Value of Estates.	Year.	Number of Estates.	Value of Estates.
		£			£
1889	1,678	1,240,098	1907	4,276	4,969,100
1892	1,912	1,284,775	1912	6,694	9,493,959
1897	2,334	1,898,163	1917	13,632	15,065,583
1902	3,049	2,467,614	1922	9,538	25,497,779

The abnormal increase in 1917 was caused by the large number of soldiers' estates which the Office was called upon to administer.

It will be noted that the value of the estates and funds entrusted to the care of the Office in 1922 is ten times greater than it was twenty years ago.

In the same period the cash balances held on behalf of estates and funds under administration increased from £523,270 to £15,329,125. At the end of 1874 they amounted to £25,116.

ADMINISTRATION OF PUBLIC RELIEF FUNDS AND CHARITABLE TRUSTS.

During its existence the Public Trust Office has administered many charitable trusts, and has been closely identified with a large number of funds raised from time to time for the relief of distress occasioned by shipwreck, mining, and other disasters.

Section 4 of the Public Trust Office Amendment Act, 1912, provides simple machinery whereby funds raised by public subscription can be readily vested in the Public Trustee, and at the same time the terms of trust clearly defined. Under this section representatives of the subscribers may arrange with the Public Trustee a scheme of trust which is submitted to the Supreme Court for approval or modification.

Brunner Relief Fund.

The most important of these funds was the Brunner Relief Fund, amounting to £31,000, raised in 1896 by public subscription throughout the Dominion and the Commonwealth of Australia for the relief of the widows, children, and other dependants of miners who lost their lives in the disastrous explosion at the Brunner Mine. There were a large number of dependants, and since the time of the disaster the Public Trustee has administered this fund for their maintenance. There still remains about £3,500, which is being applied in accordance with the objects for which the money was originally provided. In accordance with the original deed of trust, from its inception until recently the Public Trustee was assisted in the administration by an Advisory Board of certain public men, who considered various matters arising out of this administration and furnished their advice to the Public Trustee. In the course of years, however, the number of dependants has largely diminished, and now the administration is a simple matter. Consequently, special legislation has been passed abolishing the Advisory Board and placing the fund directly under the control of the Public Trustee.

"Wairarapa" Relief Fund.

Consequent on the wreck of the s.s. "Wairarapa" at Great Barrier Island in October, 1894, with disastrous loss of life, the Public Trustee was asked to accept the sum of £2,027, being the balance of a fund raised throughout New Zealand for the relief of sufferers by the wreck. This fund was allocated for the benefit of widows and orphans of those who lost their lives in the disaster, and the money was disbursed by way of periodical payments until the fund was finally exhausted in 1915.

Kaitangata Relief Fund.

In February, 1879, an explosion occurred in the Kaitangata Coal-mine whereby thirty-four miners lost their lives. By public subscription throughout New Zealand and Australia a large fund was collected for the benefit of the wives and children of the miners who were so killed. This fund was administered by private trustees for about thirteen years. In 1892 the existing trustees of the fund were the Mayor of Dunedin (*ex officio*) and certain other business men resident in that city. There then remained, however, few of the widows and children of those who had suffered in the disaster to receive relief from the fund, and consequently there was a large surplus in the hands of the trustees. It was considered desirable to make the surplus funds (after providing for the original beneficiaries) available for the relief of widows and children of coal-miners who might be killed by mining accidents occurring from time to time in any part of the Dominion. Accordingly in 1892 the Kaitangata Relief Fund Act was passed, under which the surplus was transferred to the Public Trust Office as the nucleus of a permanent Coal-mining Accident Fund. Since that time the fund

has been administered by the Public Trustee, and there still remains in his hands approximately £3,500. By legislation passed last session it was provided that moneys in the Coal-mining Accident Fund not required for the purposes of the Kaitangata Relief Fund might be applied for the relief of widows, orphans, and dependants of miners who may have heretofore lost or may hereafter lose their lives in coal-mining accidents in New Zealand. It was further provided by amending legislation that payments under the amendment should be made by the Public Trustee at the direction of the Minister of Mines, who should cause to be made such inquiry as he shall think fit before directing any such payment.

Huntly Relief Fund.

In 1914 occurred the Huntly Coal-mine disaster, when a fund amounting to £9,828 14s. 1d. was raised by public subscription for the benefit of the widows and orphans of the victims. The administration of this sum was placed in the hands of the Public Trustee, and in terms of section 4 of the Public Trust Office Amendment Act, 1912, a scheme of trust was drawn up by the representatives of the subscribers and the Public Trustee, and submitted to the Court for its approval. This scheme provided for payment of 15s. per week to every widow through the disaster, and 5s. per week for every child until the age of fourteen years who lost its father, or 7s. 6d. where it has lost both its parents. In addition, provision was made for the dependants of deceased miners other than widows and children. Of the original sum there still remains in the Public Trustee's hands £2,500, which is being disbursed in accordance with the scheme of trust.

Mayor of Wellington's Patriotic Fund.

At the conclusion of the Boer War the Mayor of Wellington asked the Public Trustee to accept the unexpended balance of his Patriotic Fund raised for the relief of distress caused by the war in South Africa. This balance amounted to £2,188 2s. 8d., which was disbursed by way of allowances to the beneficiaries until exhausted in 1909.

Nelson Almshouses.

In 1882 the trustees of the late Adeline Renwick arranged with the Public Trustee to accept the trusteeship of a sum of £2,000 which the testatrix directed should be utilized for purchasing a piece of land in Nelson and erecting thereon six two-roomed almshouses, the use of which was to be granted rent-free to that number of deserving poor in the City of Nelson. In that year the Public Trustee acquired half an acre at the corner of Wellington and Examiner Streets, and at a cost of £1,128 erected six dwellings in accordance with the directions of the benefactress. In 1883 the cottages were completed, and since that date have been maintained and controlled by the Public Trustee. The cottages have been occupied during the whole of that time by poor people, and are eagerly sought after by sick and indigent persons, from whom the Mayor of Nelson and the Public Trustee select occupants as vacancies occur. The unexpended balance of the fund is used for the payment of outgoings on the cottages and in providing small monthly allowances to the occupants.

BUILDINGS AND ACCOMMODATION.

When the Public Trust Office was established it was such a small concern that the matter of suitably housing it was an easy one. As the volume of business rapidly increased, the question became more acute.

Wellington.

When the Office commenced operations on the 2nd January, 1873, it occupied offices situated on the ground floor of the Government Buildings, the original accommodation comprising a suite of three and later four rooms there. Here it carried on its business both under the first Public Trustee (Mr. Jonas Woodward) and the next one (Mr. R. C. Hamerton) until 1880. By this time the work had so increased that the accommodation afforded by this suite was totally inadequate. As a result of the representations of the Public Trustee, a move was made from the Government Buildings to the Mutual Life Buildings at the corner of Featherston and Brandon Streets, then known as the Old Post Office Buildings. Here operations were carried on until 1886, when the rapid increase in the business necessitated larger accommodation, and a move was made to the National Mutual Life Association Buildings in Customhouse Quay, where the operations of the Department were continued until 1894, when, on the completion of the Government Life Insurance Buildings, more commodious offices were obtained. Here again Mr. J. K. Warburton, who was then Public Trustee, was faced with the problem of providing for the accommodation of the staff, owing to the rapid growth of the activities of the Office, and in 1897 he pointed out in his annual report to Parliament that, whilst he had concentrated the staff as far as possible, it was still necessary to locate the public office on a different floor from that occupied by the major portion of the staff, resulting in considerable difficulty in maintaining that supervision of the office which he considered desirable. The Government, in view of the position which had arisen, authorized in 1900 the acquisition of two sections in the Thorndon Reclamation, fronting Lambton Quay and Stout Street, at a cost of £3,635 8s. 4d., and authorized the erection thereon of a five-story building of brick and Tonga Bay granite. This work, however, was not immediately put in hand, and in 1905 the Public Trustee further urged the necessity for proceeding with the work without delay, owing to the position of the accommodation in the Government Life Buildings having by that time become desperate, necessitating as it did the leasing of additional rooms in St. George's Building, Brandon Street, and also in the old Municipal Council Chambers, the whole of this extra accommodation being some distance from the main premises.

Plans were then prepared by the Government Architect, Mr. J. Campbell, and in 1906 tenders were invited, and that of Messrs. J. and A. Wilson, of Wellington, for the sum of £40,780, was accepted for the structure. The date for completion of the contract was fixed for the 3rd August, 1908. Owing to difficulty in procuring stone, the work was necessarily slow, and it was not until the 9th June, 1909, that the building was officially opened.

The opening of these commodious and up-to-date premises, which were to be the permanent home of the Head Office of the institution, was an important event in the history of its career, being the commencement of a policy which provided permanent accommodation for the Office and its branches in the principal towns of the Dominion. Furthermore, it impressed upon the public that the Public Trust Office was a large and important institution carrying on a very special work, and entering largely into the life of the community.

At the official opening many important and prominent citizens of the Dominion were present. Amongst these was the Hon. E. C. J. Stevens, M.L.C., who, in a large measure, was responsible for the founding of the Office.

The Prime Minister, Sir Joseph Ward, referring to the importance of the institution in the Dominion, said that it was a cause for pride to the founders when its marvellous growth and development were considered. He pointed out that within two years of its establishment the Department was practically self-supporting, and from that time onwards all salaries and expenses in connection with it had been paid out of its profits.

When the new premises in Lambton Quay were opened it was imagined that they would provide sufficient accommodation for probably the next fifty years. From the year 1909 onwards, however, the growth and extension of the business were phenomenally rapid. At first the Office occupied only two floors of its new building, the remainder being let to various tenants. In a few years, however, the whole of the building was required by the Office for its own purposes, and by the year 1918 it became necessary to provide further accommodation for the Head Office. In that year Cabinet approved of the purchase of the adjoining premises at the corner of Stout and Ballance Streets, formerly occupied by the Civil Service Club. This was renovated and connected with the main building, and there were housed the Wellington District Office and the Records Division. At the same time the whole of the interior of the office was remodelled on modern lines, so that the work could be carried out not only under more economical and efficient supervision, but also with greater comfort both to the public and the staff.

Accommodation at Branches.

In the early stages of the career of the Office the branches were extremely small, and rented accommodation was quite satisfactory. As the business increased and the branches grew in importance in every respect, economically and otherwise, it was found to be advantageous to the Office to have its own premises. Consequently in the course of time the policy of gradually establishing such premises in all of the important centres was conceived.

Christchurch.—This policy of acquiring permanent premises was first put into force in connection with the Christchurch Branch. It was first accommodated in the Post-office Buildings, but later on, however, owing to the insufficiency of the accommodation provided, it was transferred to Mr. Charles Clark's premises in Cathedral Square, in the buildings now occupied by the Government Life Insurance Department and others. The business in Christchurch increased very rapidly, and the Office soon became firmly established in the Canterbury District. The consequential increase in the volume of business rendered these premises quite inadequate. More commodious permanent premises were ultimately acquired in Gloucester Street at a cost of £3,750. The progress still continued, and it was not many years before even these premises were found to provide insufficient accommodation for the efficient and expeditious carrying-out of the work. In 1920 a suitable site was acquired in the centre of the city, in Oxford Terrace, next to the Clarendon Hotel. The site is admirably situated, and has a beautiful outlook over the River Avon and its pleasant surroundings. Cabinet has authorized the erection of an up-to-date building suitable for the transaction of such a large and important volume of business as is transacted at this branch. The contract has been let for a four-storied building with basement of reinforced concrete on up-to-date lines at a cost of £39,385, and a commencement has been made with the building operations.

Auckland.—For many years the work of the Department in Auckland was conducted from offices situated in the Palmerston Buildings in Queen Street, above the office of the Union Steamship Company. This accommodation soon became inadequate, and a lease was taken for three years of the second flat of a small building in Swanson Street. The business in Auckland, however, was a growing one, and before the term of the foregoing lease expired had quite outgrown the accommodation. The position was represented to the Government in 1910, when the Public Trustee was authorized to enter into negotiations for the acquisition of a suitable site, and on the recommendation of the Public Trustee, Dr. Fitchett purchased a section in Albert Street, about 40 ft. from the junction of that street and Wellesley Street. This land was acquired at a cost of £3,816, and the plans prepared by Mr. Prouse, architect, of Wellington, for a building in concrete with a steel frame were finally approved, and the tender of Messrs. Campbell and Burke, of £16,473, was accepted for the erecting of the structure, which was opened on the 9th May, 1913. The business of the Department has been conducted since that date from the Albert Street premises.

Dunedin.—The Public Trust Office in Dunedin until 1899 was housed in the A.M.P. Building in Princes Street, when a move was made to the Standard Insurance Buildings in Lower High Street, and later to more convenient and commodious premises in the New Zealand Insurance Company's building in Crawford Street. The work of the Department, however, had grown to such an extent

that it became vital to the interests of the Office that it should be housed in a building of its own. As a result of negotiations and inquiries extending over nearly twelve months the Department acquired, at a cost of £5,000, a leasehold property in Princes Street, at that time occupied by Messrs. Mondy and Stephens. This property is a Presbyterian Church Board lease, perpetually renewable, and the building thereon, which was erected at an original cost of about £6,200, is solidly constructed of Port Chalmers and Oamaru stone. Extensive internal alterations were carried out after possession had been acquired in 1915, and the business of the Department has been conducted therein since that year.

Greymouth.—For many years the work of the Public Trust Office in Greymouth was conducted from a very old building at one time used by the Star Newspaper Company, but as these premises were so small and utterly unsuitable, both from the point of view of the staff and clients of the Office, an endeavour was made in 1910 to acquire a site in a more central locality with the object of erecting a building more in keeping with the requirements of the Office. As a result of negotiations a lease was acquired of a portion of the Government reserve immediately adjoining the Post-office, with a frontage of 33 ft. to Tainui Street, and a contract was entered into with Mr. A. Cundy, a local builder, for the erection of premises designed by the Government Architect. The contract price was £1,449 6s., and the date of completion 6th September, 1912, since which date the business of the Office has been carried on from these premises.

Wanganui.—The business of the Office in Wanganui was for many years conducted from offices held on short lease situated in Victoria Avenue, and in view of the expansion of the Department's activities a site was purchased in 1912 on the corner of Market Square and Campbell Place. The site is an excellent one, in close proximity to the Supreme Court. Mr. T. H. Battle, architect, of Wanganui, was entrusted with the designing of the building, which is of two stories, and was constructed in reinforced concrete by Mr. John Jones, the contract price being £3,425 9s. 9d. The premises were officially opened on the 7th April, 1914, when a large number of prominent citizens and representatives of local authorities were present. The Hon. A. L. Herdman, Minister in Charge of the Office, outlined the progress of the Department in the district.

Hawera.—Up to 1911 the business in the Hawera district was conducted by an Agent, but in view of the volume of the work it became necessary to establish a branch in charge of a District Manager. Difficulty was experienced in procuring convenient office accommodation, and the Government authorized in 1911 the purchase of a site at the corner of Caledonia and High Streets, on which was erected an Office building designed by Messrs. Hoggard and Prouse. The work was carried out in 1912 by Messrs. Campbell and Burke, the contract price being £1,700. Following on the conversion of the office in 1919 to the status of a Local Deputy Trustee office, it was necessary, in consequence of the increase in staff, to provide additional accommodation, and the building was altered at a cost of £1,919, the work being carried out by Mr. A. B. Burrell, contractor, of Hawera.

New Plymouth.—For seventeen years the office of the Public Trustee in New Plymouth was situated in the Government Buildings. In 1920 it became necessary for the Department to vacate the premises, and in view of the difficulty in securing accommodation the Government authorized the purchase of a site at the intersection of King and Queen Streets, and the tender of Messrs. Robert and Son was accepted for the erection of a building suitable for the requirements of the staff, in accordance with plans drawn by Mr. T. H. Bates, architect, of New Plymouth. The offices are of reinforced concrete, and finished off in white cement. The structure is arranged on thoroughly modern lines, and contains a safe deposit for public use, together with a separate office for dealing with Native affairs.

Palmerston North.—In 1917, preparatory to abolishing the office of Agent and establishing a permanent office in Palmerston North, a site was acquired adjoining the Courthouse, at a cost of £1,275. The office when first established occupied a suite of rooms on the first floor of the Bank of New Zealand Building in the Square. The business of the Department, however, grew rapidly, and this accommodation proved totally inadequate, with the result that in 1920 the tender of Mr. F. Needham, of £6,754, was accepted for the erection of an up-to-date building on the site previously acquired. The design was prepared by Mr. E. V. West, architect, of Palmerston North, and the work was carried out under his supervision. The office erected is a modern building of brick construction, and presents a handsome appearance. The work was completed in December, 1921, and the Department commenced operations in the new building at the beginning of January, 1922.

Napier.—The business of the Department in Napier was conducted originally from the Government Buildings, but owing to the growth of the Office activities it was necessary to acquire additional accommodation, and a lease was obtained of premises in Tennyson Street. It was, however, apparent that the business of the Office could not for long be carried on successfully in this location, and towards the end of 1918 a site was acquired at the corner of Tennyson and Bolton Streets. Competitive designs were invited, and Mr. G. A. Troup, of Wellington, acted as assessor, awarding the first prize to Messrs. Hyland and Phillips, of Hastings. The main features of the conditions were that the building should be of two stories, so designed and with sufficient strength to permit of two additional stories being built at some future time; the walls to be of brick, and the building to be fireproof. On tenders being invited, that of Messrs. Hamilton and Whillans, of Napier, of £14,693, was accepted. The building, which is an imposing one, has but recently been completed, and the business of the Office transferred thereto. The building has been designed in accordance with the modern ideas of office supervision and control, and must favourably impress all who see it.

Masterton.—In 1916 the Public Trustee pointed out to the Government that the premises in Masterton, consisting of three upstairs rooms in a large building occupied under a short-dated lease, were proving very inconvenient, and, in view of the steady growth of the Department's business, urged the acquisition of a site at the corner of Perry and Chapel Streets, at a cost of £2,100. This proposal was approved, and the section purchased. The erection of premises was not, however, proceeded with at once, and in the meantime it became necessary to move to a more suitable suite of offices in Messrs. Hallenstein's building in Church Street. It was not long, however, before these offices proved totally inadequate, and in 1921 tenders were called for, and that of Messrs. Jones and Cameron, contractors, Napier, of £10,418, was accepted. The building was designed by Messrs. Watson and Gooder, and its construction is now under way.

Invercargill.—The Public Trust Office at Invercargill was located in the A.M.P. Building until 1914, when the Office acquired a site in Don Street, at a cost of £3,050, on which stood an eight-roomed building which was converted into suitable office premises, and the business of the Department conducted therefrom until 1920, when, on plans and specifications prepared by Mr. Broderick, the tender of Mr. A. J. Ball, of £13,050, was accepted for the erection of the building, and that of R. G. Speirs, of £586 10s., for the installation of the hot-water system. During the erection of these premises the office was again temporarily housed in the A.M.P. premises. The building, which was recently completed, is an imposing one, and designed specially to cope with the growing business of the Public Trustee in Southland.

Nelson.—Until 1915 the business of the Department in Nelson was conducted from offices situated in the Government Buildings, when, on account of the steady expansion of the activities of the Office, it was found necessary to acquire larger premises. The Government authorized the purchase, at £3,400, of a brick building in Hardy Street, then owned and occupied by Messrs. W. Rout and Sons. The business of the Department has since been conducted from these offices, which occupy a prominent position in the centre of the business area of Nelson.

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