

those in country districts. The Public Trustee's remarks on the new factors which are now operating in dealing with the investment of trust funds on mortgage securities are worthy of note.

10. The Public Trustee also refers to the decentralization of the investment work, thus completing the decentralized system which has been in process of development for some years past. I am assured that much of the success which has attended the operation of the Public Trust Office in recent years has been due to the "localizing" of the work in close relation to the beneficiaries and clients of the Office, and in proximity to the assets and securities which are under administration.

11. It is abundantly clear from the information supplied by the Public Trustee in his report that the greatest care is exercised to see that the maximum return is obtained on the investments of the Office consistent with the security of the trust funds committed to him, and that every possible precaution is taken to avoid any loss of the funds invested.

12. During the year additional wills numbering 5,789 were deposited by testators with the Public Trustee for safe custody. The number now on deposit is 58,065, an increase of 4,534 over the number held as at the 31st March, 1927. The difference between the number deposited and the increase in the total held is, of course, represented by wills withdrawn through the death of testators or for other reasons. It is estimated that wills on deposit represent prospective business of over £230,000,000, and this in itself assures the future of the Office. The figures afford evidence of the fact that New-Zealanders in increasing numbers are taking steps by means of testamentary directions to ensure the efficient administration of their estates and the protection of their dependants. The testators whose wills are held by the Public Trustee form a very considerable proportion of the country's property-holders. The accommodation provided by the Office for the storage of wills on deposit is most up-to-date, and every care is taken to ensure their safe custody and to preserve secrecy regarding the directions of testators.

13. I have previously directed attention to the Common Fund of the Office, and reference was made in the Public Trustee's last annual report to a plan instituted by one of the large trust companies operating in the United States which had attracted considerable attention in that country. Briefly, the plan pledged the company to absorb any losses in payment of interest or depreciation of principal where trust investments are purchased by the company as a trustee. For this purpose the sum of 2,000,000 dollars was set aside from the company's reserves to meet any such losses. The object of this scheme is to afford beneficiaries protection on somewhat the same lines as is enjoyed by beneficiaries in estates whose funds are invested in the Common Fund, where, however, the guarantee enjoyed is wider and more extensive. It is interesting to note that the Common Fund is attracting attention in the United States, and during the year inquiries as to its working and the investment of the moneys of which it is comprised have been received from persons in that country interested in fiduciary work.

14. The Common Fund provides a safe and easily managed form of investment, and is greatly appreciated by testators and beneficiaries alike. Of course, the problems attendant on the investment of trust funds arise in connection with the investment of Common Fund moneys, but the problems peculiar to the holding of a vast number of estates funds in watertight compartments, as it were, are not encountered under the Common Fund system.

15. The Public Trustee discusses the importance of trusteeship, and sets forth reasons why it is a suitable activity to be undertaken by a State official. A good deal of criticism of the extension of the Office operations is made from time to time, and it is frequently urged that this growth is due mainly to the privileges and powers which the Public Trustee enjoys. These powers have been dealt with at length in previous years, and therefore it is not necessary for me to do so again on this occasion. The justification for these powers should be obvious when it is pointed out that they may be safely given to a public officer like the Public Trustee, subject to public inquiry and criticism, whereas they could not possibly be given to the general body of private trustees. This principle has long been recognized, and we find that the policy of the law has been, in New Zealand and elsewhere, to free a