

REAL ESTATE.

46. The Office administers all classes of interests in freehold and leasehold lands, comprising urban, suburban, rural, improved, and unimproved areas. The efficient management of these assets demands a large amount of expert knowledge, care, and close attention, and the organization of the Department has been designed and developed to supply this. Technical and specialized knowledge and experience play no small part in work of this kind. It is recognized that the complexities and problems which attend the dealing with all kinds of assets necessitate the fullest knowledge of the surrounding facts and circumstances. A trustee is bound to display the skill and vigilance which a prudent man of discretion and intelligence would use in the conduct of his own affairs. He must be guided by the interests of the estate he administers, and cannot embark on any risky or speculative course. The circumstances of a particular estate in a large measure must determine the trustee's course of action. Where liabilities are heavy and creditors pressing, realization may be forced through no fault of the trustee, possibly at an unfavourable time, whilst where an estate is sound financially or where financial accommodation can be arranged the trustee is in a position, if need be, to wait for more favourable markets and improved conditions before attempting to realize. I have mentioned elsewhere the facilities which the Office affords for financing estates and so preventing the sacrifice of assets by enforced realization.

Provided that realization is not compelled by the condition of the estate, and the trustee can be guided by the estate's best interests, subject to the terms of the trust, it is necessary to decide between retention and sale. Obviously, the state of the market is an important factor. In times of depression it may be well to wait for a return to normal conditions, and in times of high prices it may be wise to effect prompt realization whilst favourable prices can be obtained. Under ordinary conditions the return which would be secured from the rents or profits if properties were retained as compared with that which would be forthcoming from the proceeds of a sale is of importance. Another matter to be taken into consideration is that of prospective values. When considering these the trustee is departing from the realm of established facts and is dealing in probabilities deduced from his experience and the expert advice available to him, and so he must exercise the greatest caution.

47. Each year an increasing number of farming estates are reported for administration, and the Public Trust Office controls numerous holdings of rural lands throughout the country. In many instances farming businesses have to be actively carried on on behalf of the estates concerned. During the anxieties and uncertainties of the past eight or nine years it has been no small task to do this, but the efforts of the Office have met with a satisfactory measure of success. In those cases where farming operations are being carried on, the advice of the departmental Farm Inspectors or of outside experts is freely availed of. Effective systems of recording, accounting, and check are in operation, and every possible action is taken to ensure that the interests of the estates are amply protected. The bulk of rural properties, however, are leased, and in arranging leases strict attention is paid to rental and to the covenants to be inserted in the leases to protect the estates and enhance their earning-capacity.

One of the most serious post-war problems is the widespread depression in the farming industry. From almost every country comes disquietening evidence that the remuneration which goes to the farmer for his labour is inadequate. In almost every country the farmer complains of the shrinkage of his income and of the additional burdens he is called upon to bear. Since the post-war depression, and the consequent financial and economic disorganization, the market price of farm lands has exhibited a downward tendency. This is, however, no matter for pessimism or discouragement when once it is realized that an economic adjustment must necessarily be established. It is abundantly evident that during the boom of the war years prices for farming properties were unduly inflated, and in the majority of instances reached levels which were excessive and unjustified. Accordingly the fall in the price of our staple products affected not only those estates which were being actively farmed, but also those cases where rural lands had been sold in the period of prosperity and a considerable portion of the purchase-money had remained outstanding. A common experience throughout