these assets are kept in good order, and that the best course of dealing with them is adopted.

46. During the past few years the difficulties in the administration of farming estates have been accentuated by the fact that the market value of farm lands has shown a downward tendency. Apart from any other considerations involved in the question of land-valuation in regard to the Office work, it is important in reference to its effect upon realization, retention, or leasing of properties held in estates. There is little doubt that the prices paid for farming-lands have been too high to enable purchasers buying them at these exorbitant figures to work them to economic advantage. Ever since 1896 prices have been rising, with only temporary checks, and during the war years the rise in prices of farming products was abnormally accelerated. Land-values also rose rapidly until 1920, when the peak was reached. By 1919, on account of the boom, stimulated by unhealthy speculation, land-values were rising with even greater rapidity than the prices of farming products. As an economic writer on the subject puts it—

> In 1919 the tendency of land-values to rise relatively faster than prices was making itself evident, for the speculative boom had started, and instead of farming land properly men bought with the object of selling at a higher price. The operations of land-salesmen also materially increased the rapidity of this rise. In 1920 the value of land rose to a point relatively higher than that reached by prices, showing that the estimation of future profits was over-optimistic. Productivity again increased, but more slowly than in the previous year, which, in view of the fact that still more men were going on the land, shows that there was a considerable slackening in individual effort, due to rising prices, which were expected to take the place of increased production.
>
> In the years 1919 and 1920 appear more sales of land than in any other years of this period. This, in conjunction with the very rapid rise in land-values during these two years, indicates the speculative nature of much of the buying. Profits were looked for not from the produce of the farms, but from the increase in value—an unearned increment—which could be realized by resale. In this way land would often not be farmed at all, or would perhaps be used only for grazing a few cattle or sheep, which would break down fences, damage buildings, &c., while no attempt was made to maintain the pasturage. This happened in several instances known to the writer. Such methods naturally resulted in a reduction in the productivity of the land.

The demand for land is only a derived one, dependent upon the fact that it is an agent of production. Its economic value should be measured only by the return which it yields to the farmer, after all costs of production and a reasonable recompense for the labour of himself and his family are deducted from the gross value of the products. In order, therefore, to re-establish the sound relationship between land-values and prices in this Dominion it is obvious that deflation to a reasonable basis of value is not only inevitable, but an economic necessity. At the same time, a combination of circumstances may operate to depress values unduly, and so at times of falling prices it is essential that a trustee should exercise the greatest care to ensure that properties are not sacrificed.

47. During the year the demand, for the most part, has been slack, and the market slow. Accordingly it has been necessary to postpone the realization of numbers of estate properties, both urban and rural, until values become more stabilized and the market improves. The country properties which have been most easily and favourably disposed of were those of small area and fertile soil. The larger areas have been more difficult of disposal. In some centres, too, the realization of residential properties has been a difficult matter; and, indeed, in most places the supply of houses has practically overtaken the demand, and rentals have shown a tendency to fall. That being so, prices will also be affected, and must inevitably fall in sympathy with the return which the properties yield.

48. There is such a large number of properties and tenancies controlled by the Public Trustee in the city and suburbs of Wellington that it has been found necessary to establish a special Property Section at the office of the District Public Trustee, Wellington. This section arranges tenancies and leases, supervises the collection of rents, and pays special attention to all cases of arrears. This Property Section has been in operation only a short time, but already the results have more than justified the experiment. The handling of the various matters in connection with properties and tenancies has been greatly facilitated, and it has been possible to afford tenants and others increased attention.