

in trust and a reduction from 3 per cent. to 2 per cent. of the rate of interest in respect of moneys held at call were brought into operation as from the 1st April, 1932, by an Order in Council dated the 20th May, 1932, and published in the *New Zealand Gazette* of the 26th May, 1932. A notice, dated the 26th May, 1932, issued by the Hon. the Minister of Finance under the power reserved in section 48 of the Finance Act, 1932, and published in the *New Zealand Gazette* on the 26th May, 1932, also imposed a 10-per-cent. reduction from the 1st April, 1932, of the rates of interest payable by the Office under existing contracts in respect of moneys invested in the Common Fund on investment agencies, and the maximum rate of interest payable in respect of future contracts of this nature was fixed at 4 per cent. per annum.

31. Though these reductions have been necessary for the time being in sympathy with the general financial position and in consequence of the special legislation which has been passed by Parliament, it can justly be claimed that the Common Fund system has been of inestimable benefit to beneficiaries and clients by reason of the fact that with the assured safety of both capital and interest—supported by the guarantee of the State—they have continued during the whole period of depression to receive their interest at the fixed rate without fail on the appointed dates, and have had the constant assurance that the capital will be preserved intact and will be available immediately the appointed time for payment or distribution arrives. Their position is in marked contrast with that of many beneficiaries dependent on the return from moneys separately invested on behalf of estates privately administered, who have had their income seriously reduced or even stopped, and are, in addition, frequently faced with the possible or ascertained loss of portion of the capital invested.

32. The reductions of the Common Fund rates of interest are of a temporary nature, and when an improvement in the general position is recorded and the compulsory reductions and the special stamp duty imposed by the legislation referred to cease to be operative an increase in the rates at present allowed will be made as soon as possible.

FINANCE.

33. The control of the finances of the Office has presented greater difficulty than in previous years, as in consequence of the unfavourable market for realization of assets, and the difficulties associated with the collection of estate interest and rent, the commission earned has shown a substantial decline in comparison with the amount received during the previous year, despite the fact that new business exceeding £6,000,000 was accepted for administration. Although an increased amount of work has been entailed in the administration of the estates and funds, the effect of the prevailing conditions has been to postpone in many instances the time when the Public Trustee's remuneration for the services rendered will be received. In the meantime, therefore, the revenue of the Department has been considerably reduced.

34. The conditions have, however, rendered it impossible to make any corresponding reduction in expenditure. The amount of business in hand represents an increase in volume which, as I have stated elsewhere, is much greater than the comparative statistics alone indicate, and the difficulties under prevailing conditions of administering the estates and funds and controlling investments have added greatly to the work of the Department. In these circumstances it has not been possible to effect any substantial reduction in the number of the staff employed, though this would be the main avenue of savings, as the greater portion of the expenditure of the Office is accounted for by the salaries of the staff. Nevertheless, savings of a substantial amount, more marked when the increase of staff which would normally be required is considered, have been effected, chiefly through the non-replacement of officers who during the year left the Service through transfers, retirements, resignations, or other reasons, their duties being taken over or absorbed by the existing personnel. A reorganization of the reviewing system also made the services of four officers available for other staff requirements. As a result the numerical strength of the staff at the close of the year showed a reduction of sixteen compared with the number of officers employed at the commencement of the year.