

the general inspections dealing with matters relating to staff, organizations, and systems, and the reviewing system, covering the administration of individual estates and the investments of the Office funds. In view of the high standard of efficiency now attained by the Branch officers and the necessity for rigid economy, the two systems of inspection have been amalgamated, and the scope of the general inspections has been enlarged to cover the more important aspects of the reviewing system, which has been discontinued. The amalgamation has enabled the services of four officers to be made available for other duties.

In addition to the inspection system, there is in operation an internal check of accounting matters and systems. Part of this work is conducted by independent officers at the Branches and the remainder by the Government Audit Department, while the whole is supervised by the inspectorial staff.

RURAL INTERMEDIATE CREDIT.

49. The Office has continued to act as agent for the Rural Intermediate Credit Board (of which the Public Trustee is the principal executive member) in the administration of the rural intermediate credit system, and senior officers of the Office have acted as the principal executive officers of the Board.

Although the loans granted by the Board during the year under review did not equal in number or amount those granted during the previous year, the administration of the system has not been less exacting, and the increasingly unfavourable conditions which have ruled in the farming community have rendered more difficult the work of those engaged in the administration.

The position of the loans continues to be very satisfactory, the arrears of interest being comparatively small and there being few cases where any loss is anticipated. The Rural Intermediate Credit Board has placed on record its appreciation of the close watch on the accounts kept by the officers and of the care exercised in the administration.

During the year the Government made available to the Board a special fund of £100,000 for the purchase of fertilizer by farmers on extended credit. Farmers did not, however, make on the fund the demands which were expected, and only a small proportion of the amount available was used. As the Board's discounting system mainly was followed in making loans from the fund, the moneys were advanced with little expense to the borrowers, and no legal or valuation fees were incurred.

CONCLUSION.

50. Though the conditions which have been experienced during the year have been generally unfavourable, the Public Trustee is able to assure the Right Hon. the Prime Minister that no effort is being spared to ensure that the interests of those whose property is entrusted to the Office for administration are being properly safeguarded, and that the management of the Office is being conducted with the utmost economy which is rendered necessary by present conditions. In these matters I have had the whole-hearted assistance of the Executive and the staff throughout the year, and I take this opportunity of recording my appreciation of the services which they have loyally rendered during a period in which it has been necessary to make unusually heavy demands upon them. I also desire to place on record the valuable services rendered by the Agents of the Office who ably represent the institution in many parts of the Dominion.

I have, &c.,

J. W. MACDONALD, Public Trustee.

The Right Hon. the Prime Minister.

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