

1893.

NEW ZEALAND.

## PUBLIC TRUST OFFICE

(REPORT RELATING TO THE).

*Presented to both Houses of the General Assembly by Command of His Excellency.*

The PUBLIC TRUSTEE to the Hon. the COLONIAL TREASURER.

SIR,—

Public Trust Office, Wellington, 10th June, 1893.

I beg leave to submit a report on the Public Trust Office.

The Royal Commission exposed the conduct of the office and some of the details of its business to so strong a current of public criticism that a temporary fear was occasioned that all confidence in the institution would be swept away. Some information, therefore, besides that which may be readily gathered from the accounts merely of the pecuniary transactions of the office may be expected as to the arrangements which have been made during the past two years, and as to the financial position of the office. This information, furnished in a statement unencumbered by returns, which, however useful for statistical purposes, are commonly unattractive, may operate profitably to the office in drawing attention to its business, and to the value of its services. It should be interesting to the public to know what is taking place in their institutions, and especially in one which is established for the purpose of affording a safe, inexpensive, and convenient recourse to all persons who, resident as well abroad as in New Zealand, may be unable or unwilling, for various reasons, to undertake the administration of estates in the colony, or who may be in doubt or difficulty as to the choice of trustees or executors.

The cases in which the administration of properties had been unfortunate or unsatisfactory, wanting in foresight or prudence, or impeded by impracticable legislation may be passed over, but the position in which the office was found with regard to many of its investments of the capital funds of properties is too important to be dismissed without a cursory mention. These investments, it may be recollected, which had in the greater part been made in mortgages, had been made in a large number of cases by such a contribution to the amounts of the mortgages that the funds of two or more properties were lent upon one security, and there appeared reason to fear that contributory investments of this character might be held as breaches of trust. The office was placed for the moment in a position of extreme embarrassment, and the only means of escape from the difficulty without loss of strength or prestige was in a resolution to accept the responsibility of any loss of capital from all the investments which had been made at the option of the Public Trustee. This resolution was promptly adopted by the Government, and there was designed, submitted to the Legislature, and passed into law the most important perhaps of the Acts relating to the Public Trust Office—"The Public Trust Office Acts Amendment Act, 1891," under which the integrity is guaranteed by the colony of the capital funds which, arising for investment from properties placed in the office, may be invested at the option of the Public Trustee in New Zealand Government securities, or in mortgages of real estate within the colony. The Act also authorises the regular quarterly payment of a common rate of interest on such capital funds, and requires them to fall into a common fund for general investment.

This measure, which, besides providing these guarantees, removes many impediments to the prompt and efficient administration of the business of the office, has won general approval, and gained for the office the confidence of the most sensitive and timid possessors of property. No person arranges a trust or makes a will without being principally concerned as to the security of the capital fund, and the larger the amount of the capital fund the more important becomes the question of security, and the less that of the rate of interest.

Even in the subordinate matter of the accounts, though a matter on which I should dwell a little, the adoption of the principle of the common fund has been satisfactory in facilitating the

substitution of a simple and reliable system of book-keeping for methods which, if not unsafe, were but cumbrous and unintelligibly circuitous expedients. The capital funds for investment on account of a property were formerly passed by investment out of the ordinary property account into a separate investment account, and were balanced with another elaborate account, showing the proceeds of estates specially invested—showing, that is, the allotment to the properties of their shares of the investments.

Of these investments, there were many cases where a mortgage had been allotted, as already explained, to several properties; and the following example will perhaps suffice to show what, in an ill-devised method of accounts, a maze of entries a few transactions may involve:—

A sum of £20 10s. 6d., for interest due under a mortgage, would be paid into the bank to the credit of the office, and the clerks who would deal with the bank-receipt on its arrival would find that a trust property, a lunatic's estate, and the General Investment Account contributed the total amount of the loan. The clerk in charge of the trust would thereupon write an acknowledgment in triplicate for his portion of the amount, and after making on the back of the bank-receipt a note of this portion, and inserting a number, he would hand the receipt to the clerk in charge of the lunatic's estate, who would go through the same process for his portion, and would in turn pass the receipt on to a third clerk, who would repeat the operation with respect to the remaining portion. This sum of £20 10s. 6d., having thus been resolved into its elements, would be entered in its respective proportions in three cash-books, after a fourth clerk had sorted the receipts and acknowledgments into classes.

This is by no means an exaggerated example. There were hundreds of such cases, though the process has now become obsolete by the adoption of a system providing that the capital of properties may be entitled to a common rate of interest by falling into a common fund, of which the investment concerns only the Public Trust Office and the colony, and of which the integrity is guaranteed by the colony. Under this system the accounts show the capital funds of the properties as deposits at a fixed rate of interest, while the funds are invested with a view to a general return sufficient to pay that rate and the expenses of management.

The Act of 1891, which followed the issue of the report of the Royal Commission, also deprived the Audit of the power to compel compliance with its requests in respect both to the receipt and payment of the money and to the accounts of the Public Trust Office. An audit preceding, and as a necessary condition to, administration, may occasionally result, from one cause or another, in a serious embarrassment to the efficient conduct of a business which, like that of the Public Trust Office, requires methods as simple and expeditious as may be consistent with safety. Much of the business is, indeed, of a commercial character, and the public appear to expect that in the transaction of this business the office should be distinguished, as a Government office, for a commercial absence of impediments. An important Government office can, as a general rule, decide whether the accounts against it are regular, and when and how they should be paid; and to the inconvenience attending a system of audit preceding payment is probably due in some measure the recourse to the expedient of imprests. Persons who have to receive money from the Public Trust Office should not be distressed by a delay in payment which may be the consequence not of any fault of their own, but of doubts or disputes as to certain questions of form or administration. And now, as regards the Public Trust Office, the payment of accounts may take place as soon as the office is satisfied that they are correct and properly rendered; and this reform has been accomplished without having been proved by experience to have been of ill-advised expediency. It is, however, the usual practice to submit the accounts before payment for the approval of the Auditor-General, after they are audited and passed by the Public Trust Office, and when there is no reason to fear that this course will result in inconvenience. And, on the whole, the relative attitude of the two offices is more reasonable and satisfactory. At one time an Audit official could have even ventured to make into a huge package, and address to himself as a private letter, the accounts constantly required in the transaction of the business of the Trust Office, and have expected the Public Trustee to be called upon by the Auditor and Controller-General for an explanation why the private letter had been opened by the office-clerks, who required the accounts, and knew that the package contained them.

The journal involved a more formidable amount of work than is commonly required by the most cumbrous of ordinary commercial journals. Every item of commission or of interest or of other charge forming a transfer to or from an account was entered first in a schedule for Audit approval, and then in this journal; and the work of examining the book, which was trying enough, to make even an Audit official inquire "Of what use is it?" imposed upon the Public Trust Office a task which had become unendurable, and with which the severest process under the present system is in comparison light.

The numbering of forms, whether of receipt, or statement, or account, being understood by all who have carefully studied the subject, and generally acknowledged to be of no service in the prevention of fraud, has, with the duplication of vouchers, been discontinued wherever the discontinuance would not remove a mechanical assistance to the book-keepers. The numbered forms, in triplicate, of receipt and acknowledgment, bound up in more than a score of books, have therefore been dispensed with. The journal and the numerous cash-books have given place to one simple book of very small dimensions, in which the receipts and payments are balanced daily, and in which all the direct cash transactions, as well as the transfers or journal-entries, appear in classified totals. These totals are obtained from statements of every item of the receipts and payments at the Public Trust Office, and at money-order offices, which, under an arrangement with the Postmaster-General, receive and pay money for the office. The statements—which are the lists which the Post Office must prepare for its own convenience, and are supported by the lodgment-slips for

the receipts and the paid accounts for the payments—are completed as they arrive, and formed into books, to show the details of every transaction. The lodgment-slips and the paid accounts, sorted into classes, supply a ready means both of checking the entries in the cash-book and posting the ledgers, which are afterwards checked by the statements themselves. In methods of book-keeping there is rarely to be found a more complete check.

It was provided in section 16 of the Act of 1891 that “It shall be lawful for any officer or agent of the Public Trustee to pay out of any balances in his hands any claims upon the Public Trust Office which he shall be directed by the Public Trustee to pay,” and by an Order in Council of the 13th January, 1892, all the regulations are made which have up to the present been deemed necessary. Under that provision I have arranged with the Postmaster-General for the payment by Postmasters of the accounts against the Public Trust Office out of the Public Trust Office money which the Post Office may receive.

The old system of accounts—if we can so call a system in which the great economy of proper accounting was impossible—required that every shilling received for the Public Trust Office in any quarter of the colony should be lodged in a bank for remittance to Wellington, and that every amount payable should be remitted back from Wellington. Under this system, so complete in its simplicity, a sum, for instance, of £100 received at Auckland or Dunedin could not be retained there and applied to the authorised payment of that amount, and the receipted voucher returned in settlement of the two transactions. No; it was necessary to go through the form of remittance to Wellington, and remittance back from Wellington, and not only to incur the expense necessary to the maintenance of such a system, but to pay exchange as for a double remittance. The absurdity, or rather the extravagant operation, of the system may be better understood, perhaps, if illustrated by an example of two persons far apart, each receiving a ton of coals for transmission to the other. The rule which regulated the transport of the money would require these two persons to settle their obligations not by a simple acknowledgment, and leaving the coals alone, but to transport the ton of coals in each direction. The carriers of the coals would rejoice, and might be excused, perhaps, if they should encourage the folly. We ought no more to have tolerated the unnecessary carriage of money than we should tolerate the transport of the coals in the foregoing example. In lodging money with the bank for remittance from one of its branches to Wellington, and directing the remittance of the money from Wellington back to the branch, we have been wanting in a clear conception of what we were doing. The bank, which is the carrier of money, really did what we thought it wrong in principle to do ourselves. The bank simply used the lodgments of money to make the payments, satisfied us by book-entries and vouchers, without transporting any money, and made a charge as for a double carriage. Bankers, the carriers of money, must see as clearly as the carriers of the coals the extravagant folly of requiring superfluous remittances of money. But to the carriers of money, as to the carriers of the coals, the acquisition of gain is an object, and they could not be expected to expose the extravagance. The most scrupulous of them might, as business men, be excused for their approval of a system so profitable to their principals.

But, in truth, the faults in the methods of accounting for money have for many years been of the same character. Speaking from my own experience of a quarter of a century ago, a Government official whose cash transactions were of different classes understood it to be his duty to keep the money of each class to itself.

I recollect the case of a cashier then, a man of middle age and some intelligence, keeping the cash belonging to his seven different classes of pecuniary transactions in seven different match-boxes. Such was his care that the cash in one match-box should not, under any circumstances, be applied to the business to which another match-box was allotted, that it never entered his head to infringe that rule. The consequence often was that, with plenty of money in his hands, he could not make his payments. It was on one occasion explained to him that accounts were designed not to occasion all this difficulty, but to save it, and, as example sometimes helps precept, the explanation was followed by the throwing of the cash from all the match-boxes into one heap, this heap being, of course, the balance arising from his business generally. The man was for the moment lost in a sudden despair; but he soon recovered from the shock to understand and appreciate the value of a proper account. I relate this incident because many to whom it is known have regarded it as affording so apt an illustration of the method of those times that they to this day, in speaking of that method, distinguish it as “the Match-box system.”

Postmasters in charge of money-order offices have, as already explained, now become agents for the receipt of money and the payment of accounts of the Public Trust Office, and many acknowledgments have been received from persons resident in country places of the satisfaction which, in this respect, the Post Office affords. By this arrangement, too, the payments of the office are made, and the deposits received in cash, with a result, especially in places far remote from any agency of the bank, as satisfactory to the office as to the persons who have dealings with it. The rule, which taxed the office seriously, of making every payment by means of a bank cheque, and which was without a speculative recommendation, had not the merit of public convenience.

It often occasioned a serious exertion and loss of time to secure the payment of money for which a cheque was issued requiring a counter-signature. It happened sometimes that a person resident in a country place, to whom such a cheque was payable, had to travel far in one direction for the counter-signature, and far in another direction to the bank, or sometimes that the person came to exchange the cheque at the Public Trust Office for—another cheque.

The disbursement account kept by the bank for the office, after the fashion of a similar account kept for the Treasury, has now disappeared. This account, to which all the money required to pay the cheques throughout the colony was transferred before the issue of the cheques, and to which there were obvious objections, alone imposed upon the bank and the Public Trust Office more than twice the work of the arrangement with the Post Office for a more efficient service.

New ledgers, adapted in form to the more simple method which is now observed of keeping the accounts of the office—new ledgers which do not provide for the confusing and laborious practice of carrying out a balance on the entry of every transaction, and which have consequently saved the work of making upwards of 15,000 entries for last year, and the relative calculations—have been substituted for the old ledgers. The duty of proving the accuracy of the ledgers and auditing each ledger account has been rendered much lighter by ledger summaries, which, showing the quarterly totals of the ledger entries, afford a welcome relief during the period of the annual audit. Many necessary changes and modifications have been made in other books, though the old form of balance-sheet, showing the total of the receipts and payments in each general account, still remains for removal as one of the few last vestiges of the past.

The quarterly balance of the accounts of the office may now be ascertained without effort on the day after the close of the quarter; and the annual balance, which used to tax the office severely for several weeks, is now brought out more satisfactorily in as many days, and occasions no concern. In short, the accounts of the office are now as easy to keep as they are safe, and consequently require in their relatively subordinate importance no more than the attention which should be given to them. The officials can now, therefore, observe a course which has been so arranged of checking the accounts and the administration of the office as to afford internally the comprehensive audit which is necessary to the conduct of the business on its present basis. They can also afford to bestow on the administration, which is the principal business of the office, much of the attention which was wanting, and which has been saved by the abolition of unwieldy methods of book-keeping. The method which, by means of dockets, a perpetual diary, has been arranged to prevent any neglect in the administration of a property, or the conduct of any department of the office, alone deserves more than the reference to which I must here restrict myself. It is not too much to say that, but for this large economy of strength, the task imposed upon the office, and cheerfully undertaken, in connection with the preparation of "The West Coast Settlement Reserves Act, 1892," and in the administration of that Act, with other business, could not have been satisfactorily performed; for it was a task on which only the ablest of the officials could be employed, whose services would have been unavailable under the old condition of things. And, besides that important measure, the office has found time to give attention to a larger measure still—a Natives Reserves Administration Bill—and to afford assistance in the consideration and preparation of many other measures. It may, indeed, be confidently pronounced that, though the accounts have required less attention, the business of the office during the last two years has been, in respect both to the work which has been accomplished and the work which is in progress, larger, more arduous, and more important than the business attempted during any such preceding period. But in estimating the worth of enduring work—work of which the benefit will be lasting—it would be a great error to apply, without regard to indirect and prospective value, the narrow measure of the pecuniary transactions of the period.

The period of transition was a very trying one, and especially as, during that period, the business of the office was increasing, and as many difficult questions had to be considered and decided to which the late investigation gave rise. The new arrangements, however, which, to be understood properly, would require a description in such detail as would render this report tiresome, are affording the expected relief, and render practicable a proper consideration of the steps necessary to a satisfactory administration of the business of the office at the agencies throughout the colony. The efficient administration of the office requires, indeed, that there should be regular inspection of the real estate which may belong to properties placed in the office or form the securities for advances.

The change which the staff of the office has undergone in consequence of the increase of business and of the transfers and retirements has rendered necessary clerical assistance, for which permanent officers of the Civil Service, and of the required qualifications, were unavailable, on account of the exigencies of their departments, or because the salaries of such officers were higher than this office could afford. There has, therefore, been no recourse but to temporary or extra clerks, and in the selection of these preference has been given, all other things being equal, to men who, having previously been employed in other branches of the Service, had the necessary qualifications. The varied character of the duties of the office is such that the profitable employment of clerks on work of a routine and preparatory nature is practicable without giving them access to or exposing the business which, regarded as confidential, should be restricted to the officials who are permanently employed.

In many Government departments it is a recognised rule of economy to obtain, in times of pressure or special exigencies, temporary clerical assistance; but from among those who have been employed in the Public Trust Office as extra clerks there have been found men of very high qualifications, whom it is intended to employ as permanently as a temporary appointment will allow. I may here, I trust, be permitted to bear testimony to the earnestness and singleness of purpose which have distinguished both the permanent officials and the temporary clerks in the performance of the services which they have rendered. For month after month their hours of work were long, and their duties were trying, but the interests of the office have been made their first consideration, and to their voluntary and cheerful personal sacrifices the office owes a very large measure of whatever may be the merit of its administration.

Whenever it appears desirable to strengthen the staff, the permanent officers of other departments who are reputed to be qualified for the Public Trust Office are selected, subject, of course, to the concurrence of the heads of those departments. It, however, unfortunately happens that these selections have generally met with objections which could not but be recognised.

The appointment has for some time been contemplated of permanent officers of the Public

Trust Office to be agents in the large towns of the colony for the districts to which those towns belong, and to undertake the inspection of the properties which in those districts may be in the charge of the office, or form the securities on which the funds of the office may be invested; but the difficulty of obtaining suitable officers from the Civil Service departments to fill the positions in the Public Trust Office which the agency appointments would render vacant has until recently retarded the completion of the necessary arrangements. One inspector for the whole of the colony would be unable to render to the office a service either satisfactory generally or commensurate with the expense, and it is on this account proposed to add inspection to the duties of the agencies. At the centres of population where agencies are desirable in the interests of the office, but where the business is small, an arrangement has been made with the Police Department for the local police officer to represent the office; and the earnest and intelligent activity of these agents has been such as to satisfy me that the interests of the Public Trust Office could have no better care. At places where no agent is appointed the police constables afford gratuitously a very valuable assistance and source of reference.

The present accommodation of the office has long been found ill-adapted, and too small, both in respect to the space allotted for the clerks and to the strong-room. The latest proposal is that the office should be accommodated in the buildings now in course of erection for the Government Insurance Office; but several months must elapse before that portion of the building is ready which is designed for the Public Trust Office, while a removal ought not to be delayed.

The following three statements show,—

(1.) The REVENUE and EXPENDITURE of the PUBLIC TRUST OFFICE for the Two Years 1891 and 1892.

EXPENDITURE.	1891.	1892.	Total.
	£ s. d.	£ s. d.	£ s. d.
Salaries .. .. .	5,146 19 10	4,872 7 4	10,019 7 2
Commission to agents .. .. .	1,327 18 4	1,457 18 4	2,785 16 8
Clerical assistance and auditing .. .. .	589 15 2	1,006 4 8	1,545 19 10
Legal expenses .. .. .	93 11 2	38 1 4	131 12 6
Stationery and printing .. .. .	306 16 5	122 4 5	429 0 10
Miscellaneous .. .. .	1,681 4 9	2,652 11 11	4,333 16 8
Royal Commission .. .. .	2,280 6 10	1,596 7 8	3,876 14 6
Unauthorised .. .. .	726 17 3	789 0 11	1,515 18 2
Deficiency in realisation of mortgages .. .. .	..	1,717 7 9	1,717 7 9
	12,103 9 9	14,252 4 4	26,355 14 1

  

REVENUE.	1891.	1892.	Total.
	£ s. d.	£ s. d.	£ s. d.
Commission and charges .. .. .	5,470 15 4	5,912 14 2	11,383 9 6
Interest in excess of amount credited to properties .. .. .	4,308 11 5	6,177 7 7	10,485 19 0
Miscellaneous .. .. .	352 6 6	250 12 7	602 19 1
Balance, being excess of expenditure .. .. .	2,041 16 6	1,911 10 0	3,953 6 6
	12,103 9 9	14,252 4 4	26,355 14 1

(2.) The INCOME of the PUBLIC TRUST OFFICE Year by Year, from 1888 to 1892 inclusive.

—	1888.	1889.	1890.	1891.	1892.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Intestates .. .. .	2,246 0 10	2,104 6 1	1,604 7 7	1,723 0 6	1,695 18 8
Wills and trusts .. .. .	2,302 10 8	2,659 15 10	1,967 10 3	1,849 18 10	1,872 15 1
Real and lunatics .. .. .	483 11 3	395 4 2	362 11 4	503 5 11	513 15 6
Native reserves .. .. .	874 17 5	812 3 9	865 12 8	615 4 3	492 2 9
West Coast Settlement Reserves .. .. .	470 19 6	778 16 7	575 0 7	587 3 5	743 3 8
Miscellaneous .. .. .	261 8 5	281 8 5	100 6 2	192 3 5	594 18 6
	6,639 8 1	7,031 14 10	5,565 8 7	5,470 16 4	5,912 14 2
Interest .. .. .	4,580 8 3	6,326 8 8	3,595 12 5	4,308 12 5	6,177 7 7
Profit on sale of Inscribed Stock .. .. .	..	969 13 10	..	..	..
Total income .. .. .	11,219 16 4	14,327 17 4	9,161 1 0	9,779 8 9	12,090 1 9
Total expenditure .. .. .	8,653 0 0	9,145 0 0	8,469 0 0	11,751 0 0	14,001 0 0

## (3.) The ANALYSIS of the CASH RECEIPTS and PAYMENTS of the Public Trust Office during the Year ended the 31st December, 1892.

<i>Receipts.</i>			<i>Payments.</i>		
	£	s. d.		£	s. d.
Balance brought forward .. ..	17,920	8 6	For law-costs chargeable to properties ..	1,260	11 1
From realisation of deposits .. ..	16,829	0 11	For advertising chargeable to properties ..	279	1 9
From life insurance policies .. ..	10,148	8 8	For telegrams chargeable to properties ..	24	18 3
From debentures, share certificates, bonds, and mortgages .. ..	21,397	3 7	For medical burial and preferential charges ..	1,926	18 0
From interest and dividends not forming income .. ..	1,111	4 2	For ordinary accounts against properties ..	14,687	3 2
From sale of freeholds .. ..	39,297	4 1	For commission, interest, rent, rates, chargeable to properties .. ..	4,766	6 10½
From sale of leaseholds .. ..	1,698	9 3	For inspection, superintendence, surveys, repairs of properties .. ..	886	17 3
From stock-in-trade, personal effects, &c. ..	7,071	14 7	For charges of Stamp, Deeds, and Court Offices .. ..	1,908	18 3
From live- and dead-stock .. ..	2,608	12 10	For income, allowances, &c. .. ..	14,307	14 2
From cash, book-debts, cheques, bills, promissory-notes .. ..	17,661	19 8½	For residues, including balances payable under statutes .. ..	72,953	3 4½
From rents—Native, West Coast Settlement, and hospital reserves .. ..	18,910	1 10	For rents of Native, West Coast Settlement, and hospital reserves .. ..	15,859	17 6
From money lodged under various Acts of Parliament .. ..	13,039	5 8½	For investments .. ..	105,602	13 10
From advances by Treasury .. ..	1,000	0 0	For advances repaid to Treasury .. ..	2,000	0 0
From Loan Account, Gisborne Harbour Board .. ..	1,158	6 10	For credit, Gisborne Harbour Board .. ..	1,158	6 10
From deposit to credit Government Insurance .. ..	1,000	0 0	For credit, Government Insurance .. ..	1,000	0 0
From investments realised .. ..	58,313	8 1	For transfer to deposits .. ..	1,000	0 0
From interest and dividends .. ..	30,728	1 4	For credit, special deposits .. ..	100	0 0
From rent, ordinary .. ..	7,643	9 5	Profit and loss—		
From fees deposited .. ..	92	17 3	For salaries and allowances .. ..	5,906	10 5
From fees for deeds .. ..	131	0 0	For advertising .. ..	317	10 5
			For law-costs .. ..	65	14 4
			For telegrams .. ..	21	16 11½
			For unauthorised .. ..	1,098	14 8
			For other charges .. ..	4,767	3 2½
				12,177	10 0
Total .. ..	£267,760	16 9	Balance in hand .. ..	15,960	16 5
			Total .. ..	£267,760	16 9

It will be observed that the excess of expenditure in 1891 was principally due to the expense of the late Royal Commission and the unauthorised expenditure. Without these charges the foregoing account would have exhibited a balance of £965 7s. 7d. of revenue over expenditure. The unauthorised expenditure includes a sum of £550, which was paid in compromise of a claim for breach of trust in not selling certain property in accordance with the provisions of a will which directed realisation immediately after the death of the testator, on the 15th April, 1880. The property was not sold until the 3rd November, 1891.

The excess of expenditure in 1892 was due to the payment of the balance, amounting to £1,596 7s. 8d., of the cost of the Royal Commission; to the charge of £1,717 7s. 9d. for the deficiency on the realisation of bad and doubtful securities for investments made at the option of the Public Trustee; to £747 5s. 6d. paid for compensation to officers whose services had been dispensed with; and to £827 13s. 7d. which had been spent in the administration of the West Coast Settlement Reserves, but of which a portion will be recovered. But for these exceptional charges, amounting in all to £4,888 14s. 6d., the revenue for 1892 would have exceeded the expenditure by £2,977 4s. 6d.

It is found that, on the whole, the expenditure of the last two years taken together has exceeded the income for the period by £3,953 6s. 6d., and that this expenditure included the following payments:—

	£	s. d.
(1.) Expense of the Royal Commission, amounting to .. ..	3,876	14 6
(2.) Deficiency on realisation of bad and doubtful securities .. ..	1,717	7 9
(3.) Compensation to officials for loss of office .. ..	909	12 9
(4.) Compensation for breach of trust .. ..	550	0 0
(5.) Special administration of the West Coast Settlement Reserves .. ..	827	13 7
	£7,881	8 7

Under ordinary circumstances, however, without such exceptional claims, the income of the office does not appear to be yet sufficiently large to admit of any considerable reduction in the charges for administration. The strictest economy will, indeed, be necessary to keep within the income the expenditure which an efficient administration of the office will require, though the office must soon provide for regular legal services beyond those which are already afforded. The charges for New Zealand postage and telegrams which are necessary to the administration of properties are now borne entirely by the office, instead of by the properties themselves; and it is under consideration whether properties could not be relieved of some other small charges, with a view of bringing the office nearer to a position in which the expenses of administration would be met by one general charge for commission.

Under the provision for salaries during the year 1892 the number of officials was increased without any considerable increase in the expenditure, and this result was effected rather with the result of improving than of in any way impairing the efficiency of the office. The proposals in respect to salaries for 1893 allow for an additional clerk for the administration of the Unclaimed Lands Act, as well as for the salary of a District Agent at Greymouth, under an arrangement which involves, by the payment of a salary instead of by a commission, an additional expenditure estimated at less than £50 a year.

STATEMENT of REVENUE and EXPENDITURE of the PUBLIC TRUST OFFICE for the YEARS 1890,  
1891, and 1892.

*Expenditure.*

	1890.		1891.		1892.	
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public Trustee .. .. .	800 0 0		755 11 1		800 0 0	
Deputy Public Trustee .. .. .			201 2 2			
Solicitor .. .. .	500 0 0		500 0 0		500 0 0	
Chief Clerk .. .. .	400 0 0		400 0 0		337 10 0	
Acting Chief Clerk .. .. .			155 0 0		66 13 4	
Accountant .. .. .	343 15 0		350 0 0		297 10 0	
Assistant Accountant .. .. .	247 10 0		41 13 4		87 10 0	
Examiner .. .. .	240 0 0		240 0 0		240 0 0	
Ledger-keeper .. .. .	210 0 0		210 0 0		112 10 0	
" .. .. .	200 0 0		200 0 0		226 5 0	
" .. .. .	200 0 0		200 0 0		33 6 8	
" .. .. .	180 0 0		180 0 0		45 0 0	
" .. .. .	157 10 0		160 0 0		167 10 0	
Clerk .. .. .	150 0 0		125 0 0		107 10 0	
" .. .. .					107 10 0	
" .. .. .					115 0 0	
Journal-keeper .. .. .	117 10 0		96 9 0			
Cadet .. .. .	95 0 0		97 10 0		78 15 0	
" .. .. .	87 10 0		95 0 0		82 10 0	
" .. .. .	77 10 0		63 19 10			
" .. .. .	77 10 0		26 13 4			
" .. .. .			48 15 0			
" .. .. .			19 12 5			
Shorthand- and Type-writer .. .. .			47 6 3		206 5 0	
" .. .. .					41 5 0	
Temporary Clerk .. .. .					174 3 4	
" .. .. .					136 4 0	
Messenger .. .. .	100 0 0		100 0 0		103 0 0	
Agent-General's Office .. .. .	75 0 0		50 0 0		62 10 0	
Audit .. .. .	143 15 0		183 12 7		240 0 0	
Contingencies .. .. .	662 6 2		476 5 1		413 18 7	
		5,064 16 2		5,023 10 1		4,782 5 11
<i>West Coast Settlement Reserves Branch—</i>						
Reserves Trustee .. .. .	300 0 0		300 0 0		341 5 0	
Clerk .. .. .	90 0 0		140 0 0			
Clerical assistance .. .. .	157 10 0		164 17 6		276 14 11	
Contingencies .. .. .	124 3 8		189 5 3		8 6 4	
		671 13 8		794 2 9		626 6 3
<i>Native Reserves Branch—</i>						
Clerk .. .. .	90 0 0		90 0 0		97 15 0	
Agents' commission .. .. .	339 8 10		312 16 10		282 9 10	
Contingencies .. .. .	137 0 7		133 12 0		72 8 5	
		566 9 5		536 8 10		452 13 3
<i>Canterbury Agency—</i>						
District Agent .. .. .			225 16 8		320 0 0	
Cadet .. .. .			27 10 9		47 10 0	
Contingencies .. .. .			305 3 0		108 8 2	
				553 10 5		475 18 2
Clerical assistance .. .. .	92 13 0		191 5 1		489 9 9	
Commission-paid agents .. .. .	1,264 13 4		937 1 6		1,175 8 6	
Legal charges .. .. .	7 7 0		7 18 0		38 1 4	
Advertising .. .. .	431 15 8		195 5 4		239 6 10	
West Coast Settlement Reserves .. .. .	824 9 3				827 13 7	
Postal and Telegraph services .. .. .	251 19 1		197 9 4		450 0 0	
Stationery and printing .. .. .	214 2 1		277 14 4		122 4 5	
Rent .. .. .	377 0 0		377 0 0		470 0 0	
Unauthorised .. .. .	942 1 7		726 17 3		789 0 11	
		4,406 1 0		2,910 10 10		4,601 5 4
Deficiency on realisation of mortgages .. .. .	181 7 0				1,717 7 9	
Royal Commission expenditure .. .. .			2,280 6 10		1,596 7 8	
Totals .. .. .	10,890 7 3		12,103 9 9		14,252 4 4	
Totals, excluding two last items .. .. .		10,709 0 3		9,823 2 11		10,938 8 11

*Revenue.*

	1890.		1891.		1892.	
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Commission and charges .. .. .	6,080 18 10		5,470 15 4		5,912 14 2	
Surplus interest .. .. .	3,080 2 2		4,308 11 5		6,177 7 7	
Sundries .. .. .	180 1 9		352 6 6		250 12 7	
	9,291 2 9		10,131 13 3		12,340 14 4	

	In 1891. £	In 1892. £
On the 31st December the capital funds of the Public Trust Office amounted to ... ..	539,269	567,061
Of which the amount held in cash at the credit of the Public Trustee's Account was ... ..	17,920	15,961
While the balance was invested of ... ..	£505,349	£551,101
The investments consisted of those made by the Public Trustee out of the common fund, and amounting to	252,279	408,231
Of those made by the Public Trustee for estates, and amounting to ... ..	208,188	96,072
Of those made by the trustees of properties afterwards transferred to the office ... ..	44,882	46,798
	£505,349	£551,101

The capital funds invested were applied to investments—

	In 1891. £	In 1892. £
In Government securities of the colony, to the amount of	188,608	269,608
In local body securities, to the amount of ... ..	2,067	2,067
In mortgage of real estate, to the amount of ... ..	253,070	276,393
In fixed deposits, to the amount of ... ..	60,319	1,449
In companies, to the amount of ... ..	1,285	1,584
Total amount on 31st December ... ..	£505,349	£551,101

Total amount on 31st December, 1890—£478,895.

Of the investments made during the two years, the amount of £54,940 was during 1891 lent on the mortgage of real estate within the colony in average sums of £4,226 3s., and at an average rate of £5 11s. 2d. per cent., while in 1892 the amount similarly invested was £44,678 13s. 8d., in average sums of £1,862 16s. 5d., and at an average rate of £5 18s. 2d. per cent.

As to the securities for the investments on mortgage of real estate, it will be recollected that during 1891 an estimate was hastily prepared of the loss which would result from the realisation of the bad and doubtful securities of this class. This estimate stated the probable loss at about £5,000. On the 27th February, 1892, after careful inquiry respecting the value of the properties, and after the value was placed upon these securities which they are on the whole expected to realise, I submitted for the approval of the Government that the amount of £1,717 7s. 9d., which had then been lost to the capital funds of properties placed in the Public Trust Office, as proved by the realisation of mortgage securities in which those funds had been invested at the option of the Public Trustee, should be restored to the properties. That amount was then the total of that of the deficiency which, resulting from the sale of mortgage securities, was then to be voted as a liability of the Consolidated Fund.

With regard to the mortgage securities which were not then realised on account of the optional investments of the Public Trustee, but which had ceased to yield interest, and were abandoned to the office, I proposed that the capital which, arising out of particular properties placed in the Public Trust Office, was invested in such securities should be restored to those properties, and the securities transferred to the account of the general investments of the Trust Office.

The estimated loss from the securities which were yet to be realised was £3,200; but no demand was to be made upon the Treasury on account of these securities until the realisation should take place, and the actual loss become known.

The proposals were, shortly,—

(1.) To restore and to take a vote for the deficiency from realised securities ... ..	£	s.	d.
	1,717	7	9
(2.) To restore the sum invested in and hold for sale unrealised securities which were expected to be deficient and to result in a loss of ... ..	3,200	0	0
	£4,917	7	9

The values on which the foregoing statement was estimated in respect to the unrealised mortgage securities have been confirmed by the values since ascertained for the purposes of the land-tax; and the proposals which were approved will ultimately involve a claim on the Consolidated Fund of approximately £5,000, as originally estimated. The amount of the actual deficiency proved by the sale of the securities up to the present date is £3,926, of which a sum of £2,209 is yet to be voted.

On the investments in Government securities there will probably be a deficiency of £1,100 on the 1st April, 1899, when the guaranteed Kaihau Railway debentures become repayable, this deficiency being the amount of the premium paid on the nominal value of the debentures—namely, £22,000. But the Consolidated Fund, which will be deprived, to the amount of these losses, of accessions from the profits of the Trust Office, has already profited by the business of the office so largely that to consent to the diversion of the future profits to the restoration to the properties from which that business arises of the deficiency resulting from the investment of the capital funds of those properties will hardly appear to be even the repayment by the Consolidated Fund of a fraction of the gains. In 1889 a transfer of £18,000 on account of the profits of the office was made to the Consolidated Fund, and from 1874 to the present date, the total amount transferred on account both of the profits of the office and of the unclaimed balances of the accounts of pro-



erties and funds placed in the office amounts, after allowing for all refunds, to £56,233 17s. 1d., as shown by the following statement:—

STATEMENT showing the AMOUNTS TRANSFERRED by the PUBLIC TRUST OFFICE to the CONSOLIDATED FUND on account of BALANCES UNCLAIMED for SIX YEARS and of the PROFITS of the OFFICE.

Year.	Class of Estate.							Amount contributed by each Class.	Yearly Totals.
								£ s. d.	£ s. d.
1874	Intestate estates	..	..	..	..	..	..	..	3,969 18 11
1875	"	..	..	..	..	..	..	..	617 0 3
1876	"	..	..	..	..	..	..	..	2,827 12 1
1877	"	..	..	..	..	..	..	..	1,447 11 11
1878	"	..	..	..	..	..	..	855 15 6	
"	Real estates ..	..	..	..	..	..	..	218 11 6	
"	Lunatic estates	..	..	..	..	..	..	241 13 3	
									1,316 0 3
1879	Intestate estates	..	..	..	..	..	..	1,773 4 5	
"	Real estates ..	..	..	..	..	..	..	445 11 8	
									2,218 16 1
1880	Intestate estates	..	..	..	..	..	..	1,127 13 4	
"	Real estates ..	..	..	..	..	..	..	125 14 1	
"	Lunatic estates	..	..	..	..	..	..	0 14 0	
"	Testate estates	..	..	..	..	..	..	47 1 10	
									1,301 3 3
1881	Intestate estates	..	..	..	..	..	..	..	1,220 16 9
1882	"	..	..	..	..	..	..	..	2,113 5 3
1883	"	..	..	..	..	..	..	..	762 4 4
1884	"	..	..	..	..	..	..	..	1,425 11 2
1885	"	..	..	..	..	..	..	..	2,922 4 0
1886	"	..	..	..	..	..	..	..	1,560 14 1
1887	"	..	..	..	..	..	..	..	655 1 6
1888	"	..	..	..	..	..	..	3,676 3 7	
"	Shipping and Seamen's Act—Deceased seamen ..	..	..	..	..	..	..	205 11 10	
									3,881 15 5
1889	Shipping and Seamen's Act—Deceased seamen ..	..	..	..	..	..	..	43 4 10	
"	Intestate estates	..	..	..	..	..	..	1,118 16 4	
"	Grey River Railway Repayment Account	..	..	..	..	..	..	245 17 4	
"	Supreme Court Account	..	..	..	..	..	..	1 10 10	
"	Land Clauses Consolidation Act Account	..	..	..	..	..	..	219 7 1	
"	Merchant Shipping Act Account	..	..	..	..	..	..	38 11 11	
"	Unclaimed Dividends Account	..	..	..	..	..	..	548 5 8	
"	"Sale for Non-payment of Rates Act, 1870," section 10, Account—Act No. 19, of 1870	..	..	..	..	..	..	287 12 3	
"	Section 161, Public Works Act, Account	..	..	..	..	..	..	172 15 6	
"	Testate estate	..	..	..	..	..	..	1 14 4	
"	Expenses Account—Office profits	..	..	..	..	..	..	18,000 0 0	
									20,677 16 1
1890	Intestate estates	..	..	..	..	..	..	3,562 13 5	
"	Testate estates	..	..	..	..	..	..	10 6 4	
"	Shipping and Seamen's Act—Deceased seamen ..	..	..	..	..	..	..	59 10 8	
									3,632 10 5
1891	Shipping and Seamen's Act—Deceased seamen ..	..	..	..	..	..	..	..	124 0 10
1892	Intestate estates	..	..	..	..	..	..	3,118 15 3	
"	Section 209, "Debtors and Creditors Act, 1876"	..	..	..	..	..	..	2,079 3 3	
"	"Nelson Impounding Act, 1861"	..	..	..	..	..	..	0 10 0	
"	"Wellington Impounding Act, 1874"	..	..	..	..	..	..	3 0 6	
"	Sections 33 and 34, "Destitute Persons Act, 1877," on account of W. Flicker	..	..	..	..	..	..	1 12 7	
"	Section 65 of Account No. 50, "Public Works Act, 1876"	..	..	..	..	..	..	0 6 0	
"	"Shipping and Seamen's Act, 1877"	..	..	..	..	..	..	32 15 4	
"	Intestate estates	..	..	..	..	..	..	698 13 3	
									5,934 16 2
	Less amount refunded	..	..	..	..	..	..	..	58,608 18 9
									2,375 1 8
	Total	..	..	..	..	..	..	..	£56,233 17 1

It will be seen that even during last year a transfer to the Consolidated Fund was made on account of unclaimed balances to the amount of no less than £5,934.

These statements must satisfy the most timid and apprehensive of us that, generous as the legislation has been, it is unlikely to render unprofitable to the colony an institution which renders so necessary and important a service to the public as the Public Trust Office.

Fresh legislation is urgently necessary to a prompt and satisfactory administration of the estates of lunatics, and a Bill containing the necessary provisions has for some time been prepared. No step involving the expenditure of money can be taken by the Public Trustee in the administration of a lunatic's estate without the express sanction of the Supreme Court; and thus it may happen that the erection of a fence or the repair of a roof cannot be undertaken without the delay and expense necessary to an application for the authority of the Court, or even to the correction of the authority.

Fresh legislation, also, is, it appears to me, desirable to secure properties placed in the Public Trust Office from losses which the successful defence of the administration against unjustifiable proceedings may entail. It is unquestionably wrong that action after action and proceeding after proceeding should, though successfully and even triumphantly defended, entail any expense upon a property. Such, however, is the unfortunate condition of things that a property may, like

a private individual, be exhausted by actions and proceedings unreasonable and without justification.

The following is a statement of the number and value of estates remaining in the Public Trust Office at the close of the years 1890, 1891, 1892:—

Class.	Number of Estates			Value of Estates					
	On 31st Dec., 1890.	On 31st Dec., 1891.	On 31st Dec., 1892.	On 31st December, 1890.		On 31st December, 1891.		On 31st December, 1892.	
				£	s. d.	£	s. d.	£	s. d.
Wills and trusts . . . . .	288	343	354	418,047	10 0	415,160	0 0	442,671	7 3
Intestate estates . . . . .	752	794	845	75,305	0 0	83,381	0 0	81,650	0 0
Real estates . . . . .	109	114	117	23,496	10 0	24,190	0 0	22,705	18 7
Lunatic estates . . . . .	137	181	202	32,918	10 0	34,913	0 0	40,380	0 0
Native reserves . . . . .	99	100	101	340,869	0 0	344,692	0 0	346,498	18 0
West Coast Settlement Reserves . . . . .	293	293	293	349,462	0 0	350,289	0 0	350,853	7 10
Totals . . . . .	1,678	1,825	1,912	1,240,098	10 0	1,252,625	0 0	1,284,759	11 8

The above statement exhibits, it will be observed, a considerable increase in the number and amount of the properties which have been placed in the office by wills and trusts; and this increase is of importance as showing a predilection for the office, because the choice of Public Trustee to be the executor or administrator is, in these cases, the preceding condition obviously necessary to his appointment. Local bodies, too, are taking advantage of the provisions for the administration of the sinking funds of their loans, and the Public Trustee, acting under the authority given to local bodies by "The Municipal Corporations Act, 1886," is already Commissioner of the sinking funds of fourteen local bodies.

As worthy of special note in the record of the year, mention should be made of the transfer, as a trust to be administered by the Public Trust Office, of the Kaitangata Relief Fund, a fund which was raised by public subscription throughout New Zealand, and some of the adjacent colonies of Australia, for the benefit of the widows and children of the miners killed by an explosion in the Kaitangata Coal-mine on the 17th February, 1879. The fund was administered by two bodies, one called "the trustees," who attended to all investments, the other "the executive," who met once or twice a year, and were supplied by the trustees with the amount necessary to make a fortnightly distribution to the beneficiaries of the fund. The care and good judgment with which these bodies carried out their administration is amply testified by the result, for while the original fund, amounting to £15,000, had been paid away in relief, there was a balance of about £11,000 accumulated out of accrued income. As but few of the widows and children remained to receive relief, and the amount at the disposal of the trustees was sufficient, after every necessary provision had been made, to leave a large surplus, it was considered expedient that this surplus should, after providing for the present beneficiaries, become available for the relief of the wives and children of coal-miners who might lose their lives by mining accidents in any part of the colony. "The Kaitangata Relief Fund Transfer Act, 1892," was accordingly passed, to vest the fund in the Public Trustee, and authorise him to discharge all the obligations of the trustees and executive. In order to facilitate the transfer, the office solicitor visited Dunedin, conferred with the trustees, inspected and reported upon the several securities and the condition of the beneficiaries, and satisfied himself that there remained no obligations unfulfilled except such as the Act imposed. The Act would appear in section 6 to require me to pay year by year to the beneficiaries the amounts which they have been deriving from the fund, and would thus appear to give to the beneficiaries the right to an annuity or life interest. As, however, section 3 requires, besides the list which the late trustees had to furnish of the beneficiaries, a statement of the annual payments to be made to them, and of the period during which such payments are respectively to continue; the continuance beyond that period must be a matter for the decision of the Board. But the Act neither authorises any increase in the allowances now made to the several beneficiaries, nor provides for relief to any persons who are not on the list which the late trustees have furnished of the beneficiaries, and whose distress may arise from accidents of the past.

The balance at the credit of intestate estates has, it will be observed, diminished, though the number of the estates has increased. This result is due in some measure to the more prompt distribution which was authorised by the Act of 1891 of the residue of this class of properties, and largely due to a small average value in the intestate properties which were placed in the office during 1892. In 1891 the number was 194, and the value £38,693, while in 1892 the number was 248, and the value £26,245.

In lunatic estates placed and remaining in the office there is an increase in number and value, though in 1892 there were placed in the office eighty-one of these properties, of a value of £10,308, as compared with eighty such properties in 1891, of a value of £15,516.

As to real estates, "The Unclaimed Lands Act, 1892," will, as a general rule, be applied to the properties which have hitherto been placed in the office in accordance with the provisions for the administration of lands which may be unoccupied or belong to absent heirs.

That important Act of last session authorises the Public Trustee to take possession of all land in the colony for which neither the owner nor any agent of the owner can, after reasonable inquiry, be found, and to lease such land, if consisting of—

- (1.) Town land, upon the same terms as lands belonging to the Corporation of such town may be leased.
- (2.) Suburban land, for any term not exceeding twenty-one years, with right of renewal for a similar term upon a fresh valuation, and with or without right of compensation for improvements, as the Public Trustee shall think fit.

- (3.) Rural land, on perpetual lease, in the same manner, and subject to the like conditions and provisions, as Crown lands may be leased under Part IV. of "The Land Act, 1885," on perpetual lease with right of renewal, as if the said land had been set apart for the purpose by the Governor in Council under section 135 of the last-mentioned Act; and for such purpose the Public Trustee shall have and may exercise all the powers given by the last-mentioned Act to a Commissioner of Crown Lands or to a Land Board respectively.

The Act is designed in the ultimate interests of the local bodies, for if within twelve years after the title to the land has been registered in the name of the Public Trustee no person shall apply to the Supreme Court to be declared the owner of the land, and prove to the Court his title, the Public Trustee may, with the approval of the Governor in Council, and subject to all the interests which may have been created in the land, transfer it to the Corporation of the borough, town, district, or county in which the land is situated, as an endowment in perpetuity without any power of sale. In the exercise of the authority to declare any unclaimed land subject to the Act, the Public Trustee is invested with a large discretion. Much of the land which is unclaimed is not at present worth even the small expense of securing the title, and would not yield the expense of administration; and in many cases the circumstances are such as to require that there should be care and circumspection at every step.

Up to the present date 508 different sections of land alleged to be unclaimed have been reported either by the agents of the Public Trust Office, by the local bodies, or by private individuals, and the estimated capital value of this land exceeds £30,000. It is expected that within the next three months the particulars will be sent in of fully one thousand sections. The preliminary steps necessary to secure to the Public Trustee a title under the Act, and to the subsequent leasing the land, will involve an expense which is estimated to amount to £3 or £4 for each separate section. For this expense it is proposed that a sum shall be appropriated by Parliament, though a Treasury authority has recently been issued that in the meantime the vote may be anticipated. The amount of this expenditure, however, will ultimately be received from the income of the land, and may therefore be correctly regarded as practically only an advance. The attention which a proper administration of the Act will require is much greater than was at first foreseen, but for the course of proceeding, for which the Act specially provides, the forms have been printed of the necessary letters and applications which this proceeding involves.

Besides to the land which may be reported as unclaimed, the Act will be applied to all lands of which I have already taken possession as unoccupied or for absent heirs or proprietors. The lands of this class consist of one hundred and fifty-eight sections, have an estimated capital value of £11,162, and yield an annual rental of £557 13s. The provisions of the law under which I take charge of such lands do not authorise a more permanent interest to be created in them than a lease of seven years, with the result that the properties often fall into decay, or become an eyesore to the neighbourhood.

The following is a statement of the lands which have been reported as unclaimed, and of the estimated value:—

Place.	Number of Sections.	By whom reported.	Estimated Value.
St. Kilda Borough .. .. .	31	Local body	£ 1,265 0 0
Paremoremo, Auckland .. .. .	1	Privately	120 0 0
Wakamara, Hawera .. .. .	1	Office agent	316 0 0
Kaupokonui .. .. .	1	"	700 0 0
Te Aro Ward, City .. .. .	4	Local body	625 0 0
Invercargill, Town of .. .. .	15	"	3,290 0 0
Clifford Bay, Blenheim .. .. .	2	Office	100 0 0
Omaka, Blenheim .. .. .	1	Local body	12 0 0
Akaroa County .. .. .	5	"	2,430 0 0
Lawrence Borough .. .. .	3	"	130 0 0
Sydenham Borough .. .. .	2	"	200 0 0
Auckland .. .. .	1	Agent of office	80 0 0
Wellington and Fitzherbert districts .. .. .	2	Local body	425 0 0
Campbelltown .. .. .	7	"	457 0 0
New Plymouth .. .. .	1	"	15 0 0
Pirirongia Road Board .. .. .	11	"	498 0 0
Waitohi Valley .. .. .	1	Office agent	700 0 0
Orouwharo, Auckland .. .. .	1	"	10 0 0
Wellington City .. .. .	1	Head Office	1,500 0 0
Mataura Bridge .. .. .	1	Local body	10 0 0
Kihikihi Town Board .. .. .	11	"	221 0 0
Invercargill .. .. .	1	Office agent	150 0 0
Auckland .. .. .	1	"	60 0 0
Riverton .. .. .	48	Local body	1,000 0 0
South Molyneux .. .. .	1	"	50 0 0
Kawakawa .. .. .	1	Privately	113 0 0
Auckland .. .. .	1	Office agent	20 0 0
Te Kapa .. .. .	1	"	10 0 0
Manakau Land Association .. .. .	1	Privately	1,217 0 0
Auckland .. .. .	3	Office agent	338 0 0
Invercargill .. .. .	1	"	400 0 0
Greymouth .. .. .	1	"	80 0 0
Cloudy Bay .. .. .	5	"	1,670 0 0
Auckland .. .. .	1	"	235 0 0
Hobson .. .. .	2	Local body	111 15 0
Patea .. .. .	1	"	15 0 0
Whangarei .. .. .	336	"	11,527 0 0
Total .. .. .	508	..	30,100 15 0

With regard to fire insurance, and to the following return of the fire insurances on the 31st March, 1893, on account of properties placed in the Public Trust Office, it should be explained that, though the insurance policies may be in the name of the Public Trustee, the insurance office is not as a rule of his selection. When a property placed in the office is found to be insured it is the practice to continue the insurance with the office by which the relative policy may have been issued. And as to insurance of property which may be mortgaged to the Public Trustee, though the usual covenant is to insure in his name, the choice of the insurance company is left, subject to his approval, to the mortgagor. The mortgagor, however, is not permitted to change the insurance office, or reduce the amount of the insurance, without the Public Trustee's consent, which it is the general rule to withhold in cases where the change of office would not secure any advantage in low rates of premium or of security, or the reduction would be imprudent. The inquiry has occasionally been made, to which a perusal of this return may give rise, whether the Public Trust Office could not itself profitably undertake the risk of insuring against fire the properties which must be insured in the name of the Public Trustee.

A RETURN of the FIRE INSURANCES on the 31st March, 1893, on PROPERTIES placed in the  
PUBLIC TRUST OFFICE.

Name of Office.	Amount of Premiums.	Amount of Insurance.
	£ s. d.	£ s. d.
Alliance .. .. .	34 17 11	2,607 10 0
Commercial Union .. .. .	117 2 5	10,975 0 0
Economic .. .. .	3 7 6	450 0 0
Guardian .. .. .	0 18 0	110 0 0
Imperial .. .. .	24 17 6	2,325 0 0
Liverpool, London, and Globe .. .. .	56 18 10	5,855 0 0
London and Lancashire .. .. .	22 3 9	2,540 0 0
National Insurance Company .. .. .	80 19 10	7,695 0 0
New Zealand Insurance Company .. .. .	205 15 0	22,520 0 0
North British .. .. .	13 16 0	1,450 0 0
Northern .. .. .	34 10 6	2,970 0 0
North German .. .. .	4 16 6	590 0 0
Norwich Union .. .. .	31 15 1	2,350 0 0
Phoenix Insurance .. .. .	64 15 7	4,360 0 0
Royal Insurance .. .. .	40 18 3	4,900 0 0
South British .. .. .	153 15 5	15,581 5 0
Standard Insurance .. .. .	90 2 4	10,123 15 0
Sun Insurance .. .. .	50 6 11	5,485 0 0
United Insurance .. .. .	2 17 8	887 10 0
Victoria Insurance .. .. .	51 9 5	5,190 0 0
Union .. .. .	7 0 3	950 0 0
Manchester .. .. .	5 5 0	600 0 0
Total .. .. .	£1,098 9 8	£110,515 0 0

Of the measures which specially affect particular properties, the most important which has been submitted to the Legislature for many years is "The West Coast Settlement Reserves Act, 1892." This Act, which is designed to put an end to the long-standing difficulties and disputes between the Native owners and the lessees of the reserves, sanctions what has been well described as an equitable compromise of the claims of the two parties. The Act may be stated generally to authorise the Public Trustee, at his discretion, to lease the reserves in areas not exceeding 640 acres, and to grant, on certain conditions, a renewal of the present leases to the extent of the same area by means of perpetual leases renewable on a fresh valuation every twenty-one years of the land without the improvements. The conditions of the renewal of existing leases provide that the lessees should pay or give security for the value of the improvements which belong to the Natives.

Before the passing of the Act, the position of these reserves was for many years one of anxiety, expense, and dissatisfaction to both the settlers and the Native owners, as well as to the colony. The Native owners, who generally have land in abundance for their own use and occupation, are not to resume possession of the lands comprised in the leases. These lands will continue to be leased for the purpose of providing for the Natives an income and direct profit to assist them to live in comfort on the lands reserved for their own residence and occupation, as well as an indirect profit from the increasing value which the satisfactory settlement of their idle and superfluous lands must give to their whole property. In all other respects the Act is understood to carry out the wishes of the Natives, and the administration has certainly secured from them a confidence that their rights and interests will be protected. It is expected that the bush-lands, which could not formerly be leased on terms satisfactory to the Natives, will now all be taken up readily, under conditions which, in securing to the lessees the value of their improvements, will produce in rent what could not have been paid under conditions that the improvements should go to the Native owners of the lands.

The Act came into operation on the 1st November 1892, and on the previous day the regulations were gazetted which were necessary to give effect to the provisions of section 8, under which the lessees of reserves holding under both confirmed leases and leases granted by the Public Trustee might apply for new leases. The only objection raised by the lessees to the regulations made under the Act was to the provision which, in the form of lease, required that the insurance should be in the name of the lessor. This objection, however, appears to have been satisfactorily met by the explanation that any insurance money which might become payable would have to be applied to the restoration of the insured property.

The following is the account of the expenditure for the year which ended on the 31st March, 1893, in the administration of the West Coast Settlement Reserves:—

<i>Receipts.</i>			£	s.	d.	<i>Payments.</i>			£	s.	d.
Commission, &c.	..	..	838	2	9	Reserves Agent's salary and travelling-ex-	..	..	419	19	7
Deposits of lessees on account of expenses	..	..	862	12	6	penses	..	..	319	15	3
Refunds	..	..	32	14	0	Clerical assistance	..	..	67	5	5
Balance, being excess of expenditure	..	..	88	7	5	Contingencies, advertisements, reporting, translating, &c.	..	..	644	6	11
						By allowance to, and travelling-expenses for, three agents, two at £2 a week and one at £1 ls. a day, also for travelling-expenses of Public Trustee	..	..	302	15	0
						Legal expenses	..	..	67	14	6
						Valuation	..	..			
Total	..	..	£1,821	16	8	Total	..	..	£1,821	16	8

The lessees of reserves holding under confirmed leases which have expired have all notified their desire to obtain new leases, and notifications have been received from several of the lessees holding under confirmed leases which have yet to expire, as well as from a large number of the lessees holding under leases originally granted by the Public Trustee. A statement is in preparation which will show the notifications which have been received, and how they have been dealt with.

The rental of the land which is comprised in the old leases, and of which application is made for new leases, is computed at 5 per cent. on the value of the land without the improvements, and the necessary valuation is made by me in such a manner as, in the absence of regulations by the Governor, I may direct or think fit, provided that the value of the land without the improvements may not be less than the value as ascertained for the assessment for the purposes of "The Land and Income Assessment Act, 1891."

In selecting a person competent to properly inspect the properties, and to furnish me with accurate reports upon them, my desire was to secure one who, without property in, and not a resident of, the district of the reserves, should combine with experience acquired by a long residence in the colony a knowledge as well of business generally as of the character and value of the land comprised in the reserves, and on whom I could depend for information necessary to a reliable estimate of value; and I found these qualifications in Mr. Morton Jones, who is carrying out the work with an economy of importance to the lessees, and with general satisfaction both to them and the Native owners. In his inspection of the properties which he is required to value, Mr. Jones is accompanied by Mr. George Broughton (Ngarangi Katitia), whose employment in this work has inspired the Natives with confidence, and precluded the suspicion with which they would certainly have regarded a valuation made by any one not of their own race or choice. When, in the case of each application to which I decide that effect ought to be given, the time for the meeting arrives to fix, in accordance with the Act, the rent for the first twenty-one years of the new lease, the lessee and the Native owners generally agree, and thus confirm the valuation as satisfactory. Where the meetings do not result in an agreement, and I fix the rent at 5 per cent. on the estimated value, which is in excess of the land-tax value, the case will rarely happen, I anticipate, if it should happen at all, in which a lessee will refuse the new lease.

In the rent meetings which may take place between the lessees of reserves in the Waitara district, a section of the Native owners known as the Waihi Natives may refuse to take part, not on the ground that the values are incorrect or unsatisfactory, or that a more profitable administration can be urged than that which is authorised by the Act of 1892, but because they contend that the lands should not be included in the confiscated territory, and that the Native owners themselves should be allowed to deal with them.

Dismissing the legal question as already settled—that the lands are subject to the Act—my own short experience of the result of allowing the Natives to deal with their own lands prompts me to remark that as a general rule the Natives no sooner obtain the right to alienate their lands than they exercise it, and squander the capital. In this way many Natives would be in danger of eventually losing their right to occupy any land in this their own country, and might thus soon become dependent upon charitable aid, and create the last and worst of the Native difficulties. In exercising even the restricted right of leasing, the Natives rarely make arrangements by which their interests do not suffer. Influenced by these considerations, I am unable to avoid the conclusion that the interests of both races require that the lands which may be reserved for the benefit of the Natives should be inalienable except for the purpose of being leased to produce an income to them, and to meet the demands of settlement, and that this benefit should be secured to the Natives by an administration through the agency of a Government department, compensated by a commission on the income of the lands.

The Waihi Natives would have succeeded, but for the legislation of last session, in alienating a large portion in which they are interested of a valuable reserve; and, though it could not have been predicted that the money which they might have received as the capital value of their land would in that particular case have been used improvidently or even unprofitably, it would have been but reasonable to fear that alienation would have resulted, as it results in the generality of cases, in the loss or waste of the capital.

On the 5th April last fifty-four lots, comprising nearly 13,000 acres, were offered of the unleased reserves, consisting almost entirely of land which, unoccupied and covered with heavy bush, had been unprofitable to the Native owners, and an impediment to the progress of the district. These lands were offered, of course, under the provisions of the Act of 1892, and, though there is no question that the demand is more than commonly eager for good land suitable for small farms, the

tenders which were received indicate that perpetual leases render the reserves more valuable both to the Native owners and the settlers who may desire to occupy them.

The following table gives the particulars of each of the lots, and shows the successful tenderer's name and tender :—

No. of Lot.	Survey District.	Section.	Block.	Area.	Upset Rent per Acre.	Total Upset Rent per Annum.	Successful Tenderer's	
							Name.	Tender.
1	Waimate	17	2	A. R. P.	£ s. d.	£ s. d.	Wasley, Thomas	£ s. d.
2	"	31	2	125 0 0	0 2 0	12 10 0	Shearer, William, jun.	31 5 0
3	"	32	2	163 0 0	0 2 3	18 6 9	McLean, Henry Thomas	26 15 0
4	"	15	2	151 0 0	0 2 6	18 17 6	Davies, Charles	24 10 9
5	"	37	2	160 0 0	0 2 0	16 0 0	McRae, Richard Nelson	32 0 0
6	"	38	2	620 0 0	0 1 3	38 15 0	Shearer, William, jun.	62 10 0
7	"	135	4	327 3 2	0 1 6	24 11 8	Muir, John	61 10 0
8	Kaupokonui	48	14	92 0 0	0 4 0	18 8 0	Barleyman, E. G., and Whitehorn, A. G.	35 3 0
9	"	40	15	137 0 0	0 2 6	17 2 6	Thompson, William	34 5 0
10	Opunake	51	14	165 3 0	0 1 9	14 10 1	Ryan, Michael	26 0 0
11	"	Pt. 12	14	257 0 0	0 1 6	19 5 6	Hooper, John	38 11 0
12	"	Pt. 12	14	310 0 0	0 2 0	31 0 0	Cullen, James, and Cullen, Charles	38 15 0
13	"	95	11	320 0 0	0 2 0	32 0 0	William Mason, Richard	40 0 0
14	"	38	10	150 0 0	0 1 6	11 5 0	Howell, Edward	13 2 6
15	"	39	10	133 0 0	0 1 6	9 19 6	Clariss, William H.	11 14 4
16	"	29	13	148 0 0	0 1 6	21 7 6	Simson, Thomas C.	23 15 0
17	"	30	13	985 0 0	0 1 6	11 8 0	Simson, David C.	13 6 0
18	"	31	13	152 0 0	0 1 6	15 0 0	Hickey, Morto	21 3 2
19	"	32	10	200 0 0	0 2 6	18 15 0	Edmunds, Charles V.	24 7 6
20	"	88	11	150 0 0	0 2 0	31 12 0	Vickery, Benjamin	24 0 0
21	"	91	11	208 0 0	0 2 0	20 16 0	Brooker and Whitmore	25 0 0
22	"	43	10	179 0 0	0 2 0	17 18 0	Geary, William George	26 5 0
23	"	44	10	250 0 0	0 2 0	25 0 0	McLeod, William McF., jun.	15 11 3
24	"	45	10	300 0 0	0 1 9	26 5 0	Vickery, George	13 15 0
25	"	85	11	220 0 0	0 1 3	13 15 0	McNeill, George	4 1 3
26	"	80	11	249 0 0	0 1 3	15 11 3	De Castro, John	13 2 10
27	"	11	12	100 0 0	0 2 6	12 10 0	Tweddie, D. W.	11 1 8
28	"	30	10	13 0 0	0 3 0	1 19 0	McHardie, Charles	15 5 3
29	"	46	10	168 0 0	0 1 3	10 7 6	McHardie, Charles	12 10 7
30	"	47	10	140 0 0	0 1 3	8 15 0	Murray, William	15 19 8
31	"	51	10	99 0 0	0 1 6	7 8 6	Phillips, A. E. and J. F.	12 19 10
32	"	74	9	200 2 0	0 1 3	12 10 7	Doyle, Thomas and Dennis	25 2 7
33	"	75	9	255 3 7	0 1 3	15 19 8	Carey, John	25 0 0
34	"	53	9	207 3 23	0 1 3	12 19 10	Hughson, T. P.	13 1 6
35	"	5	6	326 0 0	0 1 3	20 7 6	Lawn, Myles and Joseph	13 2 6
36	"	17	6	155 0 0	0 1 3	9 13 9	Wells, A. and S.	12 9 2
37	Cape	29	5	200 0 0	0 1 6	15 0 0	Snell, Robert	22 0 0
38	"	33	5	150 0 1	0 0 9	5 12 6	Foreman, G. E.	16 0 0
39	"	34	5	153 1 30	0 0 9	5 15 0	Jupp, William Henry	14 5 6
40	"	Subdiv. 3 of sec. 30	9	497 0 0	0 0 9	18 12 9	Jury, B. F.	9 10 0
41	"	36	9	210 0 0	0 0 9	7 17 6	Sarten, James	18 5 0
42	"	37	9	230 0 0	0 0 9	8 12 6	Wray, Alfred	6 0 0
43	Waitara	23	6	112 0 0	0 2 0	11 4 0	Jury, T. L.	18 6 8
44	"	Pt. 12	11	608 0 0	0 0 4	10 2 0	McKenzie, Thomas	8 4 6
45	"	Pt. 13	10	394 0 0	0 0 4	6 11 4	Whitehead, John	7 3 0
46	"	Pt. 14	11	505 0 0	0 0 4	8 8 4	Wray, Alfred	10 0 0
47	"	Pt. 9	10	285 0 0	0 0 6	7 2 6	Muldock, Hugh	43 4 2
48	"	Pt. 11	11	617 0 0	0 0 4	10 5 8		
49	"	Pt. 11	11	150 0 0	0 0 6	3 15 0		
50	"	Pt. 10	10	440 0 0	0 0 6	11 0 0		
51	"	50	6	94 0 0	0 1 6	7 1 0		
52	"	52	6	79 0 0	0 1 6	5 18 6		
53	"	36	11	308 0 0	0 0 6	7 14 0		
54	Waioa	7	9	305 0 0	0 1 3	19 1 3		

The reserves which yet remain to be leased will be offered from time to time as soon as possible after the surveys which are necessary have been completed.

The Native owners, who, before the passing of the Act, were generally suspicious of every proposal, and appeared determined to resist to the utmost the issue of new leases of the lands comprised in the confirmed leases, are now satisfied that their interests require that the lands which are not necessary for their own residence and cultivation should be leased, in order to produce an income to the Natives, and at the same time preserve and increase the capital value of a property which might otherwise be wasted or alienated. The result of several meetings which I have held with the Native owners has been to satisfy them that the legislation has been such as to conserve their property and protect their interests; and the administration of the Act has up to the present removed whatever lingering doubt or distrust might otherwise have remained. The Native owners, now that their rights have been recognised and secured, desire to show to the people around them, and especially to the settlers upon their lands, that they can be cordial and reasonable in their intercourse with the colonists.

It is proposed to obtain authority by an amending Act to grant perpetual leases to the Natives without requiring them to tender. Each Native family might thus secure in a separate property a lease under the provisions of the Act of that family's share of the lands which are to be kept for the residence and occupation of the Natives generally, and on which they live in common. I have myself explained this proposal to the Natives, and given them to understand clearly that they would as leaseholders be exempted from no conditions to which, as to fencing or to the payment of rates or taxes, leaseholders are subject who are not Natives.

The proposal is to grant these leases at assessed rentals, though the Native leaseholders would not pay the rentals which would come to them as reserve owners. The fixing of the rentals, however, would be necessary in cases where the Native leaseholder may not be the owner of the relative reserve, and for the purpose also of enabling the lessee, who might be the Native owner, to arrive at the price which a sale of a portion of his leasehold should bring, as well as the income which after the sale he would receive in rent.

This proposal, which has, I believe, been discussed by the Natives throughout the district, appears to have excited general approval, and many of them are making their arrangements for an amicable subdivision in anticipation of the proposal becoming law. The desire of Natives that a separate property should be granted to each of them on the same terms as the settlers is very strong. If the proposal should be adopted, and it should, as I think it will, be ultimately satisfactory to the Natives, the result will be due to the escape which the proposal is designed to afford them from the drawbacks which attend the occupation of their lands in common.

In ascertaining, with a view to an efficient and regular administration of the settlement reserves, how they are occupied, what area is leased, and what portions of the unleased lands must be allotted to the Natives for purposes of their own residence and cultivation, several persons have been discovered to be in unlawful occupation under some direct agreement or arrangement with one or more of the Native owners. In some cases the terms of the occupation have been a regular payment of money by way of rent; in others, the improvement of the land. Where money has been paid there is reason to believe that the amount in some cases has not been distributed, or fairly distributed, among the Native owners, though, in few instances, these unlawful occupations exist on terms which do not appear, so far as they can be gathered, to be inequitable. The occupations which are described as unlawful were no more so under the Act of 1892 than under the Acts which it repealed. The provisions of the Act of 1892 are, however, such that the reserves not occupied by the Natives themselves can now be leased on terms more satisfactory to the Natives than formerly, and the inquiry and inspection necessary to carrying out the provisions of the Act have, as a natural consequence, disclosed the cases of unlawful occupation. The ejection of these trespassers will be distressing to a few of them, but any consideration to them not authorised by the law, or any proposal for legislation to give them a right to continue in occupation, or to grant a compensation, would be fraught with the obvious objection that the consequences, which would be far-reaching, cannot all be foreseen, and that among these consequences would be the risk of the recurrence of difficulties such as those which have only just been removed by the Act of last session, and which alienated the confidence of the Natives, retarded settlement, and entailed for many years great losses on both races of the people. The trespassers have each received a notice to quit at once, but I have, in every case where immediate removal would entail a severe loss in the disposal or transfer of stock or reaping of crops, allowed the occupation to continue a few months; and there may be a case or two where a tenancy from year to year, terminable by three months' notice on either side, may be desired by the occupier, and could be granted in the interests of the Native owners. The rent in such cases, however, would be not less than 5 per cent. on the improved value of the land, and the tenancy would be a precarious one, for it would be terminable in accordance with its conditions as soon as, in the interests of the Natives, it might be thought desirable to offer the land to public competition by tender.

The intention is to propose that the special provisions for leasing lands to the Natives should be extended to the Native lands which are subject to "The Native Reserves Act, 1882," to "The South Island Native Reserves Act, 1883," and to "The Westland and Nelson Native Reserves Act, 1887." And with regard to the Native reserves to which those Acts apply, it has long been felt that the Native beneficiaries, as well as the tenants and the colony generally, suffer from the consequences of the absence from the present provisions of the law of any authority to grant perpetual leases of any reserves but those of Arahura and Motueka. The most important of the other Nelson and Westland reserves are leased under provisions which practically secure the new lease to the tenant under an expiring lease. But these leases are not so satisfactory as perpetual leases would be, and in respect to these reserves, as well as to the Native reserves in the North Island, the income to the Natives would be very generally increased by giving to the tenants of the reserves the compensation for their improvements by means of perpetual leases, while the lessees would be better satisfied, and a substantial settlement of the lands promoted. A Native Reserves Administration Bill has therefore been prepared to give to Native reserves the advantage of an administration similar to that of "The West Coast Settlement Reserves Act, 1892," and to provide conditions under which new leases, in accordance with the provisions of the Bill, may be granted of the lands comprised in existing leases.

I am, &c.,

J. K. WARBURTON,  
Public Trustee.

A STATEMENT showing Year by Year, from 1886 to 1892, the CAPITAL of the PUBLIC TRUST OFFICE, and HOW INVESTED, and the INCOME and EXPENDITURE of the Office.

Year.	Capital of the Public Trust Office											Income of Public Trust Office.			Total Expenditure of Office.					
	On 31st December.			Yearly Increase in Amount.	Invested Total.				Total Common and Special.	Invested in										
					For Common Fund.	Specially.				Local Body Securities.	Mortgage of Freeholds.	Fixed Deposits.	Shares in Companies.	Total.						
	In Cash.	In Investments.	Total.	By Public Trustee.		By Former Trustees.	Total.													
					£			£	£	£	£	£	£	£		£	£	£	£	£
1886	..	6,983	267,526	274,509	32,455	182,610	72,366	12,550	84,916	267,526	151,386	1,907	114,183	100	..	267,526	7,879	2,884	9,981	8,995
1887	..	8,315	301,226	309,541	35,032	194,261	87,190	19,775	106,965	301,226	172,336	1,907	126,978	5	..	301,226	6,178	3,735	9,913	8,406
1888	..	14,254	366,886	381,140	71,599	204,857	113,649	48,380	162,029	366,886	220,436	1,607	144,788	60	..	366,886	7,208	4,012	11,220	8,653
1889	..	964	462,782	463,746	82,606	216,943	195,592	50,247	245,839	462,782	219,208	2,274	181,107	59,792	401	462,782	8,528	5,799	14,327	9,145
1890	..	14,966	478,895	493,861	30,115	198,622	232,486	46,787	280,273	478,895	199,208	2,174	215,909	60,001	1,603	478,895	6,081	3,080	9,161	8,469
1891	..	17,920	505,349	523,270	29,409	252,279	208,188	44,882	253,070	505,349	188,608	2,067	253,070	60,319	1,285	505,349	5,471	4,308	9,779	*11,751
1892	..	15,961	551,101	567,061	43,791	408,231	96,072	46,798	142,870	551,101	263,608	2,067	276,393	1,449	1,584	551,101	5,913	6,177	12,090	†14,001

\* Including £2,280 on account of expenses of Royal Commission.

† Including £1,536 on account of expenses of Royal Commission, and £1,717 on account of deficiency on realisation of mortgages.

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