

1896.

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, 9th June, 1896.

The balance-sheets which are laid before the General Assembly, in accordance with the provisions of the Public Trust Office Act, do not, as I have observed in a former report, afford to those who are unaccustomed to the study of accounts an easy and satisfactory means either of ascertaining the volume, or of clearly comprehending the variety and importance, of the business of the Public Trust Office or the financial result; and I beg, therefore, to submit this paper, which I have prepared in the hope that it may supply in some measure what may be wanting to attract the attention of the general reader to the character of the office and to the services which it is rendering, and thus convey to the public the information for which it is to the interest of the office to obtain the widest practicable circulation.

The Public Trust Office Act of 1872, by which the office was originally constituted, and the subsequent amending Acts, were repealed by "The Public Trust Office Consolidation Act, 1894," which reconstitutes the office, and makes clear the position, rights, and duties of the Public Trustee, while enlarging his powers and widening the scope of the office. The Act of 1872 and the amending Act of 1873 had long been observed to be out of harmony with the legislation of late years; and, however satisfactory those Acts might originally have been, many of their provisions had become obsolete, and many in some respects questionable.

The Amendment Act of 1891 was remarkable as pledging the colony to maintain the integrity of the capital funds of the estates placed in the Public Trust Office for investment at the option of the Public Trustee, and to allow, free of all charges of the office, interest on such funds at a common rate, fixed from time to time by order of the Governor in Council. That Act also authorised the Public Trustee to administer any estate of a value not exceeding £250 without an order of Court, to pay the accounts against and distribute the residue of an intestate estate in less than a year where, but for this special enactment, such payment and distribution was not sanctioned by existing law, and dispensed with pre-audit and control as essential to the administration of the office.

The amending Act of 1893 authorised the Public Trustee to pay the accounts and distribute, in less than a year, the residue of a testate as well as of an intestate estate; to apply, without reference to the Supreme Court, to the maintenance, education, or other benefit of an infant, the income of the share which is to come immediately that the infancy expires, or one half of the capital of the share to come either directly on expiration of the infancy or subject to a prior life interest, on the condition in the latter case that the person should consent whose death would determine such prior life interest; to pay without obtaining a Court order any amount which, not exceeding £50, he may have been directed by any other Act not to pay without such order; to exercise with respect to the estate of a deceased person such powers as would enable him to protect the estate pending the assumption of the actual administration.

The foregoing Amendment Acts served in a great measure the purpose of what may be described as stepping-stones to the larger, more direct, and complete powers conferred on the Public Trustee by the Consolidation Act, and to the wider scope which that Act gives to the office.

The Public Trustee is now authorised to accept the appointment of agent or attorney. Before the Consolidation Act became law, he could rarely undertake the duties of agent or attorney for an estate except by the indirect and expensive process of executing a deed of trust and accepting the trusteeship. In 1895 the Consolidation Act was amended to provide that the special powers which the Public Trustee was authorised to exercise with the consent of the Supreme Court of selling, leasing, disposing of, and borrowing money on property could be exercised without applying for such consent, if the property should consist of any other than real property of a value ~~not~~ exceeding £500, and that the proportion which might be advanced of the value of the security for an investment by way of mortgage of real estate should be extended from a half to three-fifths.

The number and the estimated value of the estates in the Public Trust Office on the 31st December in each of the years 1890 to 1893, and on the 31st March in each of the years 1895 and 1896, were as follows:—

NUMBER AND VALUE OF ESTATES IN PUBLIC TRUST OFFICE.

Class.	Number of Estates.					
	On 31st Dec., 1890.	On 31st Dec., 1891.	On 31st Dec., 1892.	On 31st Dec., 1893.	On 31st March, 1895.	On 31st March, 1896.
Wills and trusts (including Sinking Fund Accounts)	288	343	354	371	392	447
Intestate estates .. .. .	752	794	845	868	850	812
Real estates .. .. .	109	114	117	117	113	91
Lunatic estates .. .. .	137	181	202	271	335	434
Native reserves .. .. .	99	100	101	102	103	107
West Coast Settlement Reserves .. .. .	293	293	293	293	293	293
Unclaimed lands .. .. .	..	..	..	..	..	52
Totals .. .. .	1,678	1,825	1,912	2,022	2,086	2,236

  

Class.	Value of Estates.					
	On 31st Dec., 1890.	On 31st Dec., 1891.	On 31st Dec., 1892.	On 31st Dec., 1893.	On 31st March, 1895.	On 31st March, 1896.
Wills and trusts (including Sinking Fund Accounts)	£ 418,047	£ 415,160	£ 442,671	£ 543,239	£ 586,814	£ 673,478
Intestate estates .. .. .	75,305	83,381	81,650	84,436	80,287	86,132
Real estates .. .. .	23,496	24,190	22,706	23,465	22,462	14,686
Lunatic estates .. .. .	32,918	34,913	40,380	51,278	72,706	73,995
Native reserves .. .. .	340,869	344,692	346,499	348,500	350,000	350,000
West Coast Settlement Reserves .. .. .	349,462	350,289	350,839	400,000	450,000	600,000
Unclaimed lands .. .. .	..	..	..	..	..	8,662
Totals .. .. .	1,240,097	1,252,625	1,284,755	1,450,918	1,562,269	1,806,953

WILLS AND TRUSTS.—Excluding the Gisborne Harbour Board Sinking Fund Account, of which the balance at credit amounted to £10,962 10s. 11d., and the Government Loans to Local Bodies Sinking Fund Account, with a balance of £85,259 1s. 3d., there are included under the heading of “Wills and Trusts” in the foregoing return fifteen other sinking-fund accounts, of which the Public Trustee is Commissioner under the authority of section 206 of “The Municipal Corporations Act, 1896.” The aggregate balance at the credit of these fifteen accounts had accumulated on the 31st of March, 1896, to £26,061 16s. 3d.

The Government Loans to Local Bodies Sinking Fund was established by section 6 of “The Government Loans to Local Bodies Act 1886 Amendment Act, 1892,” and was opened on the 9th December, 1892, and the transactions in this account have been as follows:—

Received						
During the Year ended 31st March.			From Consolidated Fund.	From Land Assurance Fund.	From Interest.	Balance at Credit of Account at close of Year.
			£ s. d.	£ s. d.	£ s. d.	£ s. d.
1893	...	...	14,000 0 0	7,015 11 9	...	21,015 11 9
1894	...	...	20,528 19 7	4,494 1 5	1,058 16 0	26,081 17 0
1895	...	...	11,406 13 7	3,802 4 6	2,148 0 7	17,356 18 8
1896	...	...	13,384 18 0	4,461 12 7	2,958 3 3	20,804 13 10
Totals	...	...	59,320 11 2	19,773 10 3	6,164 19 10	85,259 1 3

That the estimation still continues high in which the office stands with those who would appoint the Public Trustee to be trustee or executor, or transfer to him such an appointment, is indicated by the large increase at the close of the year in the number and value of the estates in the office subject to wills or trusts. But in every branch of the business there is evidence of a growing appreciation of the services which the office is affording and is established to afford.

The trustees of the fund voluntarily contributed to provide for the relief of those who were left destitute or in distress through the loss of life and property by the wreck, on the Great Barrier Island, of the steamer “Wairarapa,” on the 24th October, 1894, recently appointed the Public Trustee to complete the administration of the fund—that is to say, to distribute the fund among the beneficiaries according to a final settlement made by the trustees.

The large and spontaneous contribution of money for the relief of the widows and children of those whose lives were lost by the accident of the 25th March, 1896, to the Brunner Coal-mine

has occasioned a demand for information respecting the disposal of the fund which was subscribed by the public to afford a like relief to the sufferers by the similar disaster which happened to the Kaitangata Coal-mine in February, 1879. This fund amounted originally to upwards of £15,000, and was wholly applied to the relief for which it was provided; while the investment of the money, pending the distribution, resulted in an income out of which was derived the balance transferred to the Public Trust Office under "The Kaitangata Relief Fund Transfer Act, 1892," and amounting in cash and securities to £10,370 2s.

That Act provides that the fund transferred to the Public Trust Office is to be applied to the relief of the wives and children of coal-miners who may lose their lives by mining accidents in any part of the colony, that every application for such relief is to be considered by a Board constituted by the Act, and that all moneys of the fund, and the proceeds of any of the investments representing it which had been made by the former private trustees, must fall into the common fund of the Public Trust Office, and thus be guaranteed in their integrity, and bring to the relief fund the common rate of interest allowed by the Public Trust Office. The investment of the money which the Public Trustee received from the former trustees, and which he may realise from their investments, is therefore made at the risk, not of the fund, but of the Public Trust Office and of the colony.

The present position of the Kaitangata Relief Fund may be gathered from the following summary. The disaster happened on the 20th February, 1879, so that the fund has already afforded for upwards of seventeen years the provision for which it was subscribed:—

	£	s.	d.
Amount handed over by General Committee to the original trustees	14,655	11	2
Amount of fund transferred to Public Trustee in 1892 in cash, £1,495 2s., and mortgage securities for £8,875—estimated value	10,370	2	0
Estimated value of the fund at present date is—cash, £2,701, and mortgage securities for £5,996	8,697	0	0
The value of fund has been diminished by	1,673	0	0
The expenditure having exceeded income by	£914	0	0
And the securities having suffered an ascertained depreciation of	759	0	0
	1,673	0	0
The allowances made by the original trustees were to twenty-four widows with children, and to relatives and dependents in four cases.			
At the date of the transfer, seventeen persons—namely, ten widows, five children under 15, and two over 15, were receiving allowance from the fund, at a total annual rate of	700	0	0
Allowances are now made to forty-five persons—namely, twenty-one adults and twenty-four children, including thirteen of the seventeen persons who received allowances when the fund was transferred to the Public Trust Office, the total expenditure being at an annual rate of	980	0	0
The annual revenue at date of disaster at Brunner was	543	0	0
The fund cannot now be estimated to yield a greater rate of interest than 4 per cent.; the annual revenue must therefore be estimated not to exceed	350	0	0
The excess for a year of an expenditure of £980 over an income of £350 will therefore be	630	0	0

At the present rate of application to the purposes of the Kaitangata Relief Fund Act, the fund therefore cannot be expected to last more than from six to eight years, even if all the sufferers by the Brunner disaster should be excluded. But then the fund will have afforded all the contributions for which it was subscribed, for from twenty-three to twenty-five years after the disaster, besides the additional contributions authorised by the Act.

In the wills and trusts are included sixteen appointments, which affect property to the value of £8,257, and under which the Public Trustee is acting as agent or attorney by virtue of the authority conferred upon him by the Consolidation Act to accept such appointments.

The Public Trustee's authority to accept the appointment of agent or attorney—that is, to act in effect as a public attorney, for whose conduct the colony is responsible—enables him to render a great variety of services of a temporary and subordinate character, services for which he could rarely be employed without such authority, owing to the expense in that case of the necessary deed of trust. To persons leaving the colony for a time, or desiring for other reasons to arrange for the temporary management of their property, the Public Trust Office must prove a convenience, especially in the cases where the appointment of any other agent or attorney would be unsatisfactory.

The large discretions which the Public Trustee is authorised to exercise include the power, in the case of testate or trust estates, where provisions are not expressly made for the maintenance of an infant, or where provisions are not expressly made to the contrary, to apply—

- (a.) The whole or part of income to which an infant is entitled in possession to the maintenance of the infant;
- (b.) The capital share to which an infant is entitled in possession to the maintenance of the infant;
- (c.) The half, or to the extent of £500, of the *capital share* to which an infant is entitled in reversion immediately expectant on a prior life-interest to the maintenance of the infant, on the written consent of the person having such life-interest;
- (d.) The presumptive or contingent shares of infants in the capital and income, towards the maintenance of the persons of the class to whom such capital and income would be payable in certain contingencies, with the consent of the persons having prior estates or interest.

The special powers of the Public Trustee in respect to testate and trust estates—powers with which private trustees could not expect to be clothed, but which may be safely granted to an officer in the position of the Public Trustee—enable him to supply promptly and inexpensively what may be described as deficiencies or omissions in instruments of trust, and thus, so to speak, perfect an incomplete will or settlement; enable him to make, for instance, the maintenance of infants, for whose benefit an estate is to be administered under a will containing no directions for maintenance, such a charge on the estate as the testator must, from the circumstances of the case, be supposed to have intended.

The estates in the Public Trust Office derive unquestionable advantage from the Public Trustee's possession of such large powers of general administration. In New Zealand the law provides for the estates of deceased persons a choice between two administrations, one an administration by private trustees, necessarily restricted in their powers, and subject to all the contingencies of private management; the other an administration by the Public Trustee, in which he is authorised to exercise large discretionary powers in the interest of the estates, and in which the integrity of the capital funds and his own good faith are guaranteed by the colony.

Every Court of the colony competent to grant probate or letters of administration is furnished by the Public Trust Office, in confidence, with the name of every person whose will may be deposited in the Public Trust Office; and the notice of every will deposited is entered by the Court officials in a register which is supplied for the purpose, and to which reference is made before any application for probate or letters of administration is dealt with. The deposit of a will in the Public Trust Office thus insures that it will be forthcoming on the death of the testator, and when the administration of the relative estate becomes necessary.

To prevent neglect on the part of the Office of any matter requiring attention at a future date, the arrangement is not only for the matter to be entered in the ordinary diary which is kept in the relative branch of business, but for a separate form of diary-docket to be filled up in every case, to show the date when the duty is to be performed, what the duty is, and the registered number of the official papers. These dockets are sorted away in chronological order, and every day those which have been prepared for matters requiring attention on that day are produced, in order that the relative papers may be procured and the purpose of the dockets carried out. By this method the transaction of business is facilitated, at the same time that the neglect is rendered impracticable which, in the administration of estates especially, it is of the utmost importance to prevent.

**INTESTATE ESTATES.**—During last year the estates of 326 persons who died intestate were placed in the office, against 393 for the previous fifteen months, while the office administration was closed of 371 of such estates, against 433 for the previous fifteen months. The realisations amounted to £30,762 10s. 6d., and the beneficiaries and creditors were paid £35,599 6s. 8d. The value of each intestate estate in the office amounts, on the average, to a little more than £100, but if the estates of a value of less than £20 each—and the number of these is large—are excluded from consideration, the average value would rise to nearly £300. There is no doubt that the administration of an estate must be regarded as absurd when the value falls below a certain limit, though no such limit has been fixed in the Public Trust Office.

"No administration," says Judge Chalmers, County Court Judge at Birmingham, in his evidence given on the 1st of April, 1895, before the Select Committee of the House of Commons on Trusts Administration, "is ever taken out by the very poor. It cannot be done without fees. I think theoretically it is required, but it is never done. Judging by the cases that come before me, there is always a good scramble as soon as the man is dead; and I would not interfere with that. It does substantial justice. I would not interfere in small cases, where they really never come into Court at all, where it is a question of the widow and children. The people on the spot take the goods, and that meets the substantial merits. The children away get nothing, but there is no reason why they should. It is the people who have looked after the man when he is dying that get what is left."

No more than one-fourth of the intestate estates which the office undertakes to administer are of the value, exceeding £250, which renders letters of administration necessary. For the remaining three-fourths an election to administer is sufficient; and the Public Trustee's authority to obtain administration by this course, and to sell without the sanction of the Supreme Court real property of a value not exceeding £500, contributes largely to a dispatch of business which would be impracticable without such authority.

The closing of the administration of intestate estates at a greater than ordinary rate during the last two years and a quarter is largely due to the provisions of recent legislation, provisions authorising the more expeditious payment of the accounts against an estate and the distribution of the residue; and due also in some measure to the discovery of the next-of-kin from traces disclosed by a careful examination, which was completed in 1894, of all the old records relating to the estates.

The large discretionary powers of the Public Trustee extend, in respect to an intestate estate, to the following application of the net residue:—

- (a.) When not exceeding £200, he may apply it to the maintenance, &c., of the widow or infants;
- (b.) When not exceeding £50, he may pay it wholly to the widow;
- (c.) When there are infants entitled, and the share of an infant does not exceed £50, he may pay such share to the widow or other person for the maintenance of the infant;
- (d.) When the person entitled does not claim the residue within three years after the death of the intestate, and the Public Trustee does not know or is unable to ascertain the existence of any next-of-kin, he may pay or transfer the residue wholly to the widow.

**REAL ESTATES.**—These consist either of the freehold lands taken possession of and in course of administration by the Public Trustee under sections 20 to 28 of "The Public Trust Office Act Amendment Act, 1873," and sections 10 to 11 of "The Public Trust Office Act, 1876," or the proceeds of the realisation of such lands. These lands are now, however, vested in the Public Trustee by "The Unclaimed Lands Act, 1894," and his powers with respect to them are given by section 6 of that Act.

The real estate accounts, represented entirely by money, the proceeds of the realised assets, are diminishing by effluxion of the time when the amounts at the credit of the accounts should go as unclaimed for six years to the Consolidated Fund. During last year sixteen of these accounts were thus transferred, while five of the estates were surrendered in respect of claims which had been established by the heirs-at-law.

Of the land in thirty-five of the real estates—land consisting of an area of 802 acres, valued at £6,138—the Public Trustee has become the registered proprietor under the Unclaimed Lands Act, and he has also taken direct possession, and become registered as the proprietor under the powers of that Act, of seventeen properties reported to him as unclaimed, and consisting of an area of 405 acres, valued at £2,599.

**LUNATICS' ESTATES.**—It will be observed that there is a large increase in the number and in the value of the estates which the office is administering for lunatics. The growing volume of this class of business can only be regarded as satisfactory or encouraging so far as such result is the effect, not of an increase in the rate of insanity among the people, but of a more general recourse to the Public Trust Office. There is, indeed, no class of estates which requires more the economy in management and the undoubted protection and preservation that are afforded by the administration of the Public Trust Office. The large powers which by recent legislation the Public Trustee is authorised to exercise, have doubtless attracted more attention to the advantages to be derived in respect of economy as well as security by the office administration of the estate of a lunatic.

In my report of the 10th June, 1893, I remarked that legislation was urgently required which would facilitate the prompt and satisfactory administration by the Public Trust Office of the estate of a lunatic. It was then necessary, however small might be the value of the estate, that the administration should be sanctioned by an order of the Supreme Court; and if, after such order had been granted, the interests of the estate were found to require an act of administration not prescribed in the order, that act could not be done without a fresh order. The expense of these orders was often considerable, and could ill be afforded when the estate was of small value.

"The Lunatics Act Amendment Act, 1895," confers upon the Public Trustee large powers of administration, powers which he may exercise at his discretion, and which are necessary to enable him to do generally all the acts which, as far as can be foreseen, may be required in a prudent management of the estate—to do all that the lunatic might, if not a lunatic, be expected to prudently do—except that the power to sell, demise or lease, dispose of, or borrow money on the security of the lunatic's estate may not be exercised without the sanction of the Supreme Court, when the net value of the estate exceeds £500, and that the suitable maintenance of the family and education of the children of the lunatic are to be a first charge on the estate, after provision has been made for the debts of the lunatic and the expenses of the Public Trustee.

The Public Trustee can now, therefore, administer the estate of a lunatic with an economy to the estate and an advantage to the family of the lunatic such as would seldom result from any but a competent administration by a member of the lunatic's family; and that these considerations are of no small moment will be obvious when I explain that the average value of each of the lunatics' estates in this office is only £170; and that fifteen of these estates being of the aggregate value of £42,737, or of the average value of £2,849 each, the remaining 419 estates are each of the average value of no more than £74 12s.

The Amendment Act authorises not only a direct, prompt, and inexpensive administration by the Public Trustee from the time when the committal of the lunatic deprives the estate of the care of its owner, but the continuance of the administration after the death of the lunatic until probate or administration may be granted to any other person, unless the Public Trustee receives notice that the lunatic has left a will.

Every private committee of the estate of a lunatic is required to render to the Public Trustee, at such times as he shall prescribe, an account of the affairs of the estate, and of all the transactions of such committee; and he must therefore exercise, with respect to the estates which may not be administered by him of lunatics in the colony, a supervision of which the effect should be favourable to the interests of these estates.

It may be said that, before the Amendment Act of 1895, the law clearly made it a part of the Public Trustee's duty to supervise the administration of a lunatic estate by a private committee. He had, however, been unable to satisfactorily perform that duty, nor could he obtain payment, which was not made voluntarily, of the percentage, not exceeding 5 per cent., payable under "The Lunatics Act, 1882," by the committee of a lunatic estate. It was indeed impracticable for him to do so without the rules and regulations which the Act of 1882 prescribe, but which would have been a work much less expedient than the amendment of the law. The provisions of "The Lunatics Act, 1882," were, with a natural caution, adopted from the Imperial Act, an Act which did not contemplate an officer in the position of Public Trustee, to whom the Government may be said to extend its credit as a security for his administration, and who can therefore be safely relieved from many of the restrictions which it is necessary to impose on the administration by private persons. It would nevertheless appear that there was in the Act of 1882 an attempt to confer on the Public Trustee the authority of a Master in Lunacy, though the result cannot be regarded as having proved the attempt successful.

By the Consolidation Act it was enacted that the financial year of the Public Trust Office should end on the 31st March of each year, and the accounts to the 31st March, 1895, embraced

for convenience the period of fifteen months which ended with that date. The accounts to the 31st March, 1896, are, of course, for no more than the year in regular course; but it will be important, for the purpose of a comparison of the accounts of the two periods with one another, to bear in mind that one of the periods is three months longer than the other.

## SUMMARY of RECEIPTS and PAYMENTS.

*Profit and Loss Account.*

	Fifteen Months ended 31st March, 1895.	Year ended 31st March, 1896.
<i>Receipts or Revenue.</i>		
	£ s. d.	£ s. d.
Balance from last account ... ..	1,350 3 1	3,290 7 4
From commission and charges on properties placed in the office ... ..	5,026 11 4	3,892 11 11
From interest, being surplus from investments ... ..	5,517 0 2	2,571 15 11
From accrued and overdue interest ... ..	4,646 6 5	4,988 11 3
From rents from securities taken over ... ..	309 8 8	186 5 9
From exchange, valuation-fees, and sundries ... ..	473 9 6	695 15 5
From commission, fees, &c., on West Coast Settlement and Native reserves, rents, &c. ... ..	3,256 15 0	2,907 14 7
From refund from Government Insurance Department on account of compensation paid ... ..	57 8 4	...
Totals ... ..	£20,637 2 6	£18,533 2 2
<i>Payments or Expenditure.</i>		
	£ s. d.	£ s. d.
For salaries, Head Office, and clerical assistance ... ..	6,073 6 7	4,879 6 1
For agents' salaries and commission ... ..	2,605 8 3	1,984 8 6
For stationery, printing, and office requisites ... ..	990 8 0	506 2 4
For rent, head offices and agencies ... ..	748 6 8	709 15 0
For advertising ... ..	176 16 2	107 8 9
For audit ... ..	320 0 0	240 0 0
For Post Office services ... ..	525 0 0	450 0 0
For legal expenses, valuation-fees, and sundries ... ..	1,103 4 4	868 13 7
For Native reserves administration ... ..	666 1 10	565 9 6
For West Coast Settlement Reserves administration, including expenditure, chargeable to lessees ... ..	2,643 5 1	1,786 11 8
For land-tax ... ..	684 5 8	697 11 6
For deficiency in realisation of old mortgage securities ... ..	340 4 9	1,272 4 8
For bill-drafting and unauthorised ... ..	470 7 10	12 11 7
For assurance and reserve fund ... ..	...	822 11 10
Balance of revenue over expenditure carried to next account ... ..	3,290 7 4	3,630 7 2
Totals ... ..	20,637 2 6	18,533 2 2

## CLASSIFICATION of the CASH TRANSACTIONS of the PUBLIC TRUST OFFICE.

	Fifteen Months ended the 31st March, 1895.	Year ended the 31st March, 1896.
<i>Receipts.</i>		
	£ s. d.	£ s. d.
Balance brought forward. . . . .	21,325 11 10	12,100 16 3
Deposits ... ..	33,481 3 9	23,027 0 4
Life insurance ... ..	6,969 17 5	8,573 19 5
Debentures, share certificates, bonds, and mortgages... ..	5,295 13 7	21,274 4 9
Interest and dividends not forming income ... ..	459 14 9	2,644 19 7
Freeholds sold ... ..	19,387 4 4	13,779 2 2
Leaseholds sold... ..	264 6 8	933 12 6
Stock-in-trade, personal effects, &c. ... ..	11,346 15 8	3,869 19 8
Live and dead stock ... ..	2,357 9 10	3,073 6 7
Cash not deposited, book-debts, cheques, bills, promissory notes ... ..	54,701 4 2	40,562 10 5
Native, West Coast Settlement, and hospital reserves ... ..	29,830 0 2	35,269 9 5
Under various Acts of Parliament ... ..	18,756 16 11	40,271 19 7
Old capital—investments realised ... ..	37,866 18 10	22,629 14 5
Income, &c.—		
Interest and dividends ... ..	37,373 17 10	33,444 19 10
Rent, ordinary ... ..	11,739 7 7	8,437 8 1
Fees deposited ... ..	690 8 5	141 0 3
Fees for deeds ... ..	226 10 0	267 7 8
Total ... ..	292,073 1 9	270,301 10 11

					Fifteen Months ended the 31st March, 1895.	Year ended the 31st March, 1896.
<i>Payments.</i>						
					£ s. d.	£ s. d.
Law-costs of properties ... ..					1,188 1 7	1,833 10 3
Advertising of properties ... ..					675 5 9	421 19 6
Telegrams of properties ... ..					6 5 5	22 7 2
Medical, burial, and preference charges ... ..					3,027 5 9	3,276 18 3
Ordinary claims on properties ... ..					13,404 15 9	21,591 0 0
Commissions, interest, rent, rates, chargeable to properties ... ..					5,688 16 3	4,610 9 5
Inspection, superintendence, surveys, repairs of properties ... ..					4,543 6 4	1,513 7 2
Charges of Stamp, Deeds, and Court Offices ... ..					2,091 11 11	1,984 4 5
Income, allowances, &c. ... ..					23,657 14 10	15,695 2 3
Residues, including balances payable under statutes ... ..					84,784 4 3	52,033 5 7
Rents of Native, West Coast Settlement, and hospital reserves ... ..					25,821 19 2	22,637 9 9
Investments ... ..					98,575 16 2	114,878 17 6
Profit and loss—						
Salaries and allowances ... ..					10,430 10 2	9,284 0 8
Advertising... ..					421 7 11	262 19 8
Law-costs ... ..					468 9 2	203 17 4
Unauthorised ... ..					359 13 6	6 9 6
Other charges ... ..					4,827 1 7	3,084 13 8
Balance in hand ... ..					12,100 16 3	16,960 18 10
Total ... ..					292,073 1 9	270,301 10 11

The REVENUE and EXPENDITURE of the PUBLIC TRUST OFFICE for the Three Years 1891, 1892, and 1893, for the Fifteen Months ended 31st March, 1895, and for the Year ended 31st March, 1896.

EXPENDITURE.	Year ended 31st December, 1891.	Year ended 31st December, 1892.	Year ended 31st December, 1893.	1894-95 (Fifteen Months), ended 31st March, 1895.	Year ended 31st March, 1896.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Salaries ... ..	5,146 19 10	4,872 7 4	5,858 3 3	8,571 15 11	7,438 8 1
Commission to agents ... ..	1,327 18 4	1,457 18 4	1,466 5 10	1,348 8 8	538 4 1
Clerical assistance and auditing... ..	539 15 2	1,006 4 8	984 7 4	410 11 8	261 13 3
Legal expenses ... ..	93 11 2	38 1 4	519 13 6	690 19 4	542 8 7
Stationery and printing ... ..	306 16 5	122 4 5	323 3 1	990 8 0	506 2 4
Miscellaneous ... ..	1,681 4 9	2,652 11 11	3,566 2 4	4,523 19 0	3,508 10 7
Royal Commission ... ..	2,280 6 10	1,596 7 8	...	...	...
Unauthorised ... ..	726 17 3	789 0 11	373 4 7	412 19 6	12 11 7
Deficiency in realisation of mortgages ... ..	...	1,717 7 9	2,041 6 8	340 4 9	1,272 4 8
Balance, being excess of revenue ... ..	...	...	...	1,940 4 3	1,162 11 8
	12,103 9 9	14,252 4 4	15,132 6 7	19,229 11 1	15,242 14 10
REVENUE.					
Commission and charges ... ..	5,470 15 4	5,912 14 2	5,299 15 8	7,197 9 1	6,513 11 3
Interest in excess of amount credited to properties ... ..	4,308 11 5	6,177 7 7	7,369 10 9	10,163 6 7	7,560 7 2
Miscellaneous ... ..	352 6 6	250 12 7	2,027 6 11	1,868 15 5	1,168 16 5
Balance, being excess of expenditure ... ..	1,971 16 6	1,911 10 0	435 13 3	...	...
	12,103 9 9	14,252 4 4	15,132 6 7	19,229 11 1	15,242 14 10

## The INCOME of the PUBLIC TRUST OFFICE Year by Year, from 1890 to 31st March, 1896, inclusive.

	Year ended 31st December, 1890.	Year ended 31st December, 1891.	Year ended 31st December, 1892.	Year ended 31st December, 1893.	Fifteen Months ended 31st March, 1895.	Year ended 31st March, 1896.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Intestates ...	1,604 7 7	1,723 0 6	1,695 18 8	1,341 5 3	1,615 7 7	1,494 15 9
Wills, trusts, &c....	1,967 10 3	1,849 18 10	1,872 15 1	1,871 7 4	2,275 10 1	1,555 17 9
Real and lunatics	362 11 4	503 5 11	513 15 6	477 19 9	839 1 9	524 5 5
Native reserves ...	865 12 8	615 4 3	492 2 9	682 14 8	731 0 4	628 5 6
West Coast Settlement Reserves...	575 0 7	587 3 5	743 3 8	711 11 3	1,264 17 2	1,569 8 6
Miscellaneous ...	100 6 2	192 3 5	594 18 6	2,242 4 4	2,340 7 7	1,909 14 9
	5,475 8 7	5,470 16 4	5,912 14 2	7,327 2 7	9,066 4 6	7,682 7 8
Interest ...	3,595 12 5	4,308 12 5	6,177 7 7	7,369 10 9	10,163 6 7	7,560 7 2
Total income ...	9,071 1 0	9,779 8 9	12,090 1 9	14,696 13 4	19,229 11 1	15,242 14 10
Total expenditure	8,469 0 0	11,751 0 0	14,001 0 0	15,132 6 7	17,289 6 10	14,902 15 0

The accounts of the Public Trust Office are kept on an approved and well-tried system ; and it has been found, as the result of the most competent investigation, that the arrangements for carrying out the system “are expeditious and correct, tend to lessen labour, and facilitate the business of the office.” The keeping of the accounts of the Public Trust Office, light as the task has been, and large as is now the volume of the transactions, has become easier from practice and from familiarity with the system.

The foregoing statements exhibit the income of the office as exceeding the expenditure by £1,940 4s. 3d. during the fifteen months to the 31st March, 1895, and £1,162 11s. 8d. for the year which ended on the 31st March, 1896. It will be observed, however, that the expenditure for the first of these two periods includes a deficiency amounting to £340, arising from the realisation of mortgage securities, while for a similar deficiency an amount of £1,272 is included in the expenditure of last year.

The deficiencies which have resulted from the realisation of mortgage securities for investments of the Public Trust Office have all arisen out of investments made before the passing of the Act of 1891, by which the colony guaranteed the integrity of such of the capital funds of such of the estates as should be subject either to no direction for investment or to no other direction than that the investments should be in Government securities of New Zealand or in mortgage of real estate within the colony. It was estimated, after an investigation in 1891, that these deficiencies would amount approximately to no more than £5,000, and on the 31st March, 1896, the whole of the deficiency which had actually arisen amounted to £5,371 3s. 10d. The amount has been met, as the accounts show, out of the profits of the office, and no loss of capital has, therefore, fallen on any estates for which the investments were made.

	On the 31st Dec., 1891.	On the 31st Dec., 1892.	On the 31st Dec., 1893.	On the 31st March, 1895.	On the 31st March, 1896.
	£	£	£	£	£
The capital funds of the Public Trust Office amounted to ...	523,269	567,062	615,663	668,937	774,533
Of which the amount held in cash at the credit of the Public Trustee's Account was	17,920	15,961	21,326	12,101	16,960
Leaving a balance invested of ...	505,349	551,101	594,337	656,836	757,573
The investments consisted—					
Of those made by the Public Trustee out of the common fund, and amounting to ...	252,279	408,231	406,220	358,296	492,788
Of those made for the Public Trustee for estates, and amounting to ...	208,188	96,072	144,198	259,279	206,629
Of those made by other trustees of properties afterwards transferred to the office	44,882	46,798	43,919	39,261	58,156
	505,349	551,101	594,337	656,836	757,573
The capital funds invested were applied to investments—					
In Government securities of the colony to the amount of ...	188,608	269,608	300,108	295,108	319,108
In local-body securities, to the amount of	2,067	2,067	2,067	1,839	1,839
In mortgage of real estate, to the amount of	253,070	276,393	289,680	354,933	432,455
In fixed deposits, to the amount of ...	60,319	1,449	630	444	...
In companies, to the amount of...	1,285	1,584	1,852	4,512	4,171
Total ...	505,349	551,101	594,337	656,836	757,573

Section 37 of the Consolidation Act provides that, "If the balance in the Profit and Loss Account is more than sufficient to meet the charges thereon, the Public Trustee shall invest one-fourth of such balance, and shall retain the same, with the accumulations thereof, as an Assurance and Reserve Fund, out of which the deficiency of any subsequent year may be provided." A sum of £822 11s. 10d. was accordingly transferred during last year to an Assurance and Reserve Fund Account, and thus written off in the Profit and Loss Account of the year. That the profit of the last year should have been more than sufficient to admit of the transfer to the Reserve Fund, and to the payment of the large deficiency of £1,272 arising from the deficiency in realisation of mortgage securities, is especially remarkable in view of the falling rates of interest at which money could be invested, either in New Zealand Government securities or on the mortgage of land in the colony. The annual rate of interest on Government securities has fallen since 1891 from 5 per cent. to  $3\frac{1}{2}$  per cent. The reductions were from 5 per cent. to  $4\frac{1}{2}$  per cent., to take effect from the 1st July, 1892, and from  $4\frac{1}{2}$  to 4 per cent. from the 1st July, 1894, and from 4 per cent. to  $3\frac{1}{2}$  per cent. from the 1st July, 1896. The total amount of the mortgages in which the funds of the Public Trust Office were invested on the 31st March, 1896, was yielding interest at the average yearly rate of 5.82 per cent. During 1892, £54,940 was so invested, at an average rate of 5.55 per cent.; during 1893, £26,805, at an average rate of 6.13 per cent.; during the fifteen months to the 31st March, 1895, £98,965, at an average rate of 6 per cent.; and during last year, £80,420, at an average rate of 5.14 per cent. The rates of interest allowed to estates in the Public Trust Office for such of the funds of those estates as fall into the common fund of the office has, notwithstanding the difficulty of investing money and the large diminution in the rates of interest on investments, been far from correspondingly decreased. The common fund rates credited to the relative estates were up to the 31st March, 1895, as high as the Act of 1891 allowed—namely, 5 per cent. for the first £3,000 of the funds of an estate, and 4 per cent. for the amount by which £3,000 should be exceeded. A reduction in these rates was made, to take effect from the 1st April, 1895, to  $4\frac{1}{2}$  and 4 per cent. respectively, and again to 4 per cent. on any amount, to take effect from the 1st February, 1896.

It should be noted that this rate is allowed *free of all charges of the Public Trust Office*, and that even the mortgage-tax, payable under the Land and Income Assessment Act on the advances made on mortgage out of the capital in the common fund, is borne by the office. An amount has been paid during the last three years for this tax alone of £2,304.

The widening of the scope of the office and the increase of the business have rendered necessary to an efficient administration the permanent employment of a larger number of persons. Since 1891 six permanent officers, paid by salary for their exclusive attention to the business of the office, have been employed to perform the duties for which formerly agents were employed who were at liberty to carry on private business, and were paid by a commission. This arrangement cannot be regarded as really increasing the number of employés, except, perhaps, so far as the number of permanent officers exceeds the number of the commission agents whose services were dispensed with. The amount now expended on the agencies is 26 per cent. more than was expended in 1891, but this increase is warranted not only by the increase of business, but by the more economical and efficient management of the estates.

Excluding consideration of the agencies, the number of persons wholly employed by the office has been increased during the last five years from twenty-three to twenty-nine, and their aggregate salaries from £4,543 to £5,333, or by 26 per cent., while the ordinary business of the office has increased by fully 50 per cent. The following table shows the number of officials employed and their aggregate salaries during each of the last five years:—

For the	At Head Office.		At Agencies.	
	Number.	Amount.	Number.	Amount.
		£		£
Year ended 31st December, 1891 ...	23	4,543	3	553
Year ended 31st December, 1892 ...	23	4,454	3	692
Year ended 31st December, 1893 ...	25	5,108	4	925
Fifteen months to 31st March, 1895 ...	26	6,985	6	1,465
Year ended 31st March, 1896 ...	29	5,333	9	1,618

The average rate of salary has decreased from £197 in 1891 to £184 in 1896; this result, however, is due principally to the employment of more youths at the lowest rates of salary, and of young women, of whom there are three in the head office and one at the agency at Dunedin, whose duties are to write shorthand and to use the typewriter, and whose salaries range from £40 to £100. The appointment of a Deputy Public Trustee—an appointment required to afford a necessary relief to the Public Trustee from the pressure of the business which demanded his personal attention—was made on the 4th November, 1895, by the promotion of the Chief Clerk to that position; but the salaries of the Chief Clerk, Accountant, and Examiner have decreased since 1891. With these exceptions, however, the principal positions remain unaltered.

The office still continues to receive valuable assistance from the police; and now the Postmaster-General has authorised the employment of the services of the Postmasters who can afford to assist the office in the small towns of the colony without being embarrassed in the performance of their other duties. The Public Trust Office Agents throughout the colony generally succeed, with the assistance which can be afforded by members of other departments of the public service, and with the information which private persons are often found possessing and ready to supply, in

obtaining such a knowledge, not only respecting the circumstances of an estate placed in the office, but respecting any family or beneficiaries interested, as enables the office to make the administration satisfactory to every one concerned.

The balances which, arising from estates in the office, are required, when unclaimed for six years, to go to the Consolidated Fund, still continue to furnish to that fund a contribution of no small volume, notwithstanding that the office spares no reasonable effort to ascertain and trace the persons to whom the unclaimed residues may belong. The amount which was thus transferred to the Consolidated Fund during the last two years is £10,103, and up to the 31st March, 1896, the total amount transferred, including £18,000 arising from the profits of the office, was, as shown by the following table, £70,399.

STATEMENT of the AMOUNTS TRANSFERRED by the PUBLIC TRUST OFFICE to the CONSOLIDATED FUND on account of the 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 estates ...	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
	Carried forward ...	...	58,608 18 9

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

Year.	Class of Estates.	Amount contributed by each Class.	Yearly Totals.
		£ s. d.	£ s. d.
1893	Brought forward ... ..	...	58,608 18 9
	Intestate estates... ..	2,181 19 9	
"	Lunatic estates ... ..	8 11 6	
"	"Shipping and Seamen's Act, 1877" ... ..	59 18 1	
"	Section 209, "Debtors and Creditors Act, 1876" ... ..	206 13 5	
"	Section 151, "Public Works Act, 1882" ... ..	48 7 11	
"	Section 180 of Act No. 56 of 1876, and section 65 of Act No. 50 of 1876 ... ..	172 15 9	
"	"The Bankruptcy Act, 1883" ... ..	432 18 5	
"	Section 13 of Act No. 40 of 1878 ... ..	23 16 1	
"	Section 6, "Native Lands Act Amendment Act, 1882" ... ..	6 6 0	
"	Section 73, "Harbours Act, 1878" ... ..	5 7 5	
"	Special deposits ... ..	80 16 5	
"	Section 4, "Rating Act, 1876" ... ..	114 7 4	
"	Sections 64 and 65, "Public Works Act, 1882" ... ..	0 9 4	
"	Convicts' estates ... ..	7 6 6	
"	Section 63, "Rating Act, 1876" ... ..	376 16 0	
"	Section 87, "Native Land Court Act, 1886" ... ..	13 0 0	
"	"The Rating Act, 1882" ... ..	595 13 4	4,335 3 3
1894-95	Intestate estates... ..	2,545 2 11	
"	Testate estates ... ..	1,094 9 3	
"	Section 63, "Rating Act, 1876" ... ..	13 14 1	
"	"The Bankruptcy Act, 1883" ... ..	509 2 1	
"	Section 209, "Debtors and Creditors Act, 1876" ... ..	324 14 2	
"	"Shipping and Seamen's Act, 1877" ... ..	39 15 8	
"	Section 87, "Native Land Court Act, 1886" ... ..	4 6 0	
"	Returned Cheque Deposit Account ... ..	45 17 10	
"	"The Rating Act, 1882" ... ..	859 5 6	
"	Suspense Account ... ..	87 6 5	5,523 13 11
1895-96	Intestate estates... ..	2,136 17 3	
"	Testate estates ... ..	116 11 1	
"	Section 63, "The Rating Act, 1876" ... ..	39 16 3	
"	"The Bankruptcy Act, 1883" ... ..	956 0 2	
"	"The Shipping and Seamen's Act, 1877" ... ..	21 16 3	
"	Returned Cheque Deposit Account ... ..	43 16 7	
"	"The Rating Act, 1882" ... ..	400 14 0	
"	Real estates ... ..	863 17 1	4,579 8 8
			73,047 4 7
	Less amount refunded... ..	...	2,647 15 8
	Total ... ..	..	£70,399 8 11

"The Foreign Insurance Companies' Deposits Act, 1894," provides that the limit of the amount to be deposited with the Public Trustee by every foreign company carrying on life insurance within the colony shall be increased from £20,000 to £50,000, and that the deposit shall be at the rate of £5,000 for every £100,000 of assurance; that the deposit may be in cash or in approved securities; that approved securities shall include real estate held in fee-simple or leasehold interests within the colony free from all encumbrances; that every foreign accident insurance company or foreign company carrying on the business of other insurance than life, fire, marine, or accident insurance shall similarly deposit not less than £5,000 nor more than £10,000; that every foreign fire or marine insurance company shall obtain from the Public Trustee a certificate, in a form prescribed by the Governor, authorising the company to carry on the business of the company for a year after the date named in the certificate; that, for the purpose of this certificate, the company must furnish a statement of its affairs as may be similarly prescribed by the Governor, and that the certificate should be granted by the Public Trustee upon a resolution of the Board of the Public Trust Office that the Board is satisfied of the financial stability of the company. It was, however, found impracticable for the Board to verify the statements of the companies, and the duty of resolving respecting the financial stability of any of them could not consequently be satisfactorily performed. "The Foreign Insurance Companies' Deposits Amendment Act, 1895," therefore makes the condition of the issue of the certificate to be that the Public Trustee is of opinion that the company is not financially unsound.

As to the insurance against fire of the properties in which the office is interested, the general rule still continues to be observed of leaving in each case the selection of the insurance office to the person required by the Public Trustee to effect such insurance; of requiring his consent as necessary to any reduction in the amount of an insurance in his name, and to any change of the office of insurance; of withholding such consent where there are no substantial reasons for granting it; of continuing without change of insurance office the insurance to be kept up which may exist on a property when it first becomes subject to the control of the Public Trustee.

The following return gives the insurance at the close of each of the two last financial years:—

FIRE INSURANCE POLICIES in the NAME of the PUBLIC TRUSTEE and in FORCE on the 31st March in the Years 1895 and 1896.

Name of Office.	1895.		1896.	
	Amount of Premium.	Amount of Insurance.	Amount of Premium.	Amount of Insurance.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Alliance ... ..	21 2 5	2,912 10 0	36 2 9	6,455 0 0
Canterbury Farmers' Co-operative	11 1 9	1,390 0 0	27 16 9	3,400 0 0
Commercial Union ... ..	80 15 6	9,965 0 0	96 15 6	12,955 0 0
Economic ... ..	1 10 0	200 0 0	1 10 0	200 0 0
Guardian ... ..	1 1 6	180 0 0	2 18 2	390 0 0
Imperial ... ..	38 18 9	4,358 0 0	32 7 9	4,258 6 8
Liverpool and London and Globe...	57 1 6	7,150 0 0	55 9 4	8,125 0 0
London and Lancashire ... ..	39 7 7	4,242 0 0	43 16 3	4,502 0 0
Manchester ... ..	8 10 9	975 0 0	5 9 11	665 0 0
National ... ..	37 2 3	4,825 0 0	64 13 6	10,303 0 0
New Zealand ... ..	276 12 11	35,892 10 0	268 12 7	41,866 10 0
North British and Mercantile ... ..	18 13 6	2,790 0 0	16 13 0	2,190 0 0
Northern ... ..	25 4 3	2,970 0 0	37 9 1	3,790 0 0
North German ... ..	28 7 3	4,810 0 0	23 17 9	6,100 0 0
North Queensland ... ..	1 11 3	250 0 0	3 8 9	550 0 0
Norwich Union ... ..	40 9 6	4,660 0 0	32 10 7	4,590 0 0
Palatine ... ..	...	...	10 5 0	1,100 0 0
Phoenix ... ..	41 11 6	4,500 0 0	37 10 2	5,265 0 0
Royal ... ..	37 19 9	4,725 0 0	40 18 0	6,500 0 0
Standard ... ..	115 6 5	14,478 15 0	112 2 7	14,903 15 0
South British ... ..	208 8 11	28,768 15 0	163 1 0	26,918 15 0
Straits ... ..	4 10 0	600 0 0	...	600 0 0
Sun ... ..	59 11 7	6,935 0 0	62 16 1	7,765 0 0
United ... ..	24 12 8	2,012 10 0	20 0 0	1,125 0 0
Victoria ... ..	55 16 9	5,670 0 0	53 2 8	6,086 0 0
Total ... ..	1,235 8 3	155,260 0 0	1,249 7 2	180,603 6 8

In furnishing, in my report of the 10th June, 1893, a similar return of the insurances in force on the 31st March of that year, I remarked that "the inquiry has occasionally been made, to which a perusal of this return may give rise, whether the Public Trust Office itself could not profitably undertake the risk of insuring against fire the properties which must be insured in the name of the Public Trustee." The losses by fire on properties insured in the name of the Public Trustee have amounted to no more than £830 during the last two years.

NATIVE RESERVES.—The Native reserves vested in and administered by the Public Trustee, under the provisions of "The Native Reserves Act, 1882," and its amendments, were, on the 31st March last, subject to 962 leases, providing for an annual rental at the rate of £7,801. The usual annual statements showing for each of these reserves the income received by this office, and how the amount had been distributed, will be laid before the General Assembly in a separate paper.

The income actually received during the period from the 1st January, 1893, to the 31st March, 1896, was as follows:—

Received.	Year ended 31st December, 1893.	Fifteen Months ended 31st March, 1895.	Year ended 31st March, 1896.
	£ s. d.	£ s. d.	£ s. d.
From rent ... ..	7,095 1 10	9,599 16 4	8,505 12 6
From interest ... ..	181 8 10	129 0 9	109 0 5
Totals ... ..	7,276 10 8	9,728 17 1	8,614 12 11

The income which was received for last year was derived from :—	£	s.	d.
4,624 acres in the North Island, which yielded...	1,857	3	10
8,523 acres in the South Island, which are subject to "The Westland and Nelson Native Reserves Act, 1887," and which yielded ...	6,606	19	1
5,640 acres of other reserves in the South Island, which yielded ...	150	10	0

The Native Reserves Act Amendment Act, 1895," is a measure of importance to the satisfactory administration of the Native reserves vested in the Public Trustee. By this Act it is provided that he alone may deal with the reserves vested in him by "The Native Reserves Act, 1882," though no doubt might perhaps have arisen that such was already the law if dispositions had not taken place of the kind that are now specially prohibited. One of the main objects, however, of the measure was to authorise the Public Trustee to grant, at his discretion, new leases of Native or West Coast Settlement reserves in occupation under leases not authorising any compensation for improvements, or any renewal after expiration; and, as any such new lease granted must be perpetually renewable every twenty-one years, it was obvious that any question as to the right to dispose of the land should be set at rest. Another important provision for the same purpose is that the Governor in Council may, if a question arises whether any land is vested under the Act of 1882, finally and conclusively declare that such land is so vested.

The new lease provides that the improvements placed upon the land after the date of commencement shall belong to the lessee, on terms and conditions similar to those of a lease for twenty-one years under "The West Coast Settlement Reserves Act, 1892." Thus the improvements, which at the expiration of the old lease lawfully belong to the lessor, must be appropriated for the beneficiaries.

Many a settler has occupied a Native reserve for years, and has made a home and brought up a family on the land, under a lease which, before the Act, gave no right to continue in occupation on any terms after the expiration of the term of the lease, no right to any interest in the land, and no such advantage over any other competitor for a new lease of the land as the first offer of any new lease. The Public Trustee is now authorised to consider these tenants, and to grant them new leases at the estimated market rental, if he can do so in the interests of the Native owners.

The Native beneficiaries of the Arahura Native Reserve had for some considerable time before the meeting of the General Assembly in 1895 been endeavouring to secure the distribution of a capital sum of £1,593 at credit of the Arahura Native Reserve Account. The amount is the balance of a sum received by way of compensation for the damage, past and prospective, to the lands at Arahura in consequence of the Arahura River having been proclaimed a watercourse for the deposit of tailings under "The Mining Act, 1886." The amount was paid to the Office on the 6th October, 1890, and the question of disposal was then carefully considered, with the result that no doubt was left that the capital fund derived from a compensation for total destruction of land made inalienable and set apart for the purpose of a life inheritance to the Native owners and their descendants should, like the land itself while it existed, and which the money was representing, be reserved to provide such life interest. The money was accordingly treated by the Public Trustee as a capital estate of which the income alone could be distributed.

The Native beneficiaries, after petitioning the House, succeeded last session in obtaining legislation under which the Public Trustee may, in accordance with the provisions contained in "The Westland and Nelson Native Reserves Act Amendment Act, 1895," pay to each Native interested, or to the creditors of such Native, the proportion of the capital sum of £1,593 which would correspond with the income coming to the Native on the amount. The Native beneficiaries generally were well known to be involved in debt, and they appear to have been looking to the distribution of this capital as the only means of obtaining relief from the pressure of creditors. The Public Trustee deemed it prudent, therefore, to advertise the fact that he would be prepared to consider claims, and the result of the notice is that accounts have been received for a total amount of debts very largely exceeding the amount of the capital for distribution.

Before, however, the accounts can be adjusted and a settlement determined a slight difficulty which has presented itself has to be arranged, the difficulty that the Native Land Court has yet to define the individual shares of the Natives interested in a block of 417 acres which forms part of the Arahura Native Reserve. The compensation was received for the Arahura Native Reserve as a whole, the area of which is 2,000 acres; and it would seem reasonable that the Natives for whom the 417 acres were set aside are entitled to such share of the capital for distribution as would be proportionate to their share of the reserve. Pending, therefore, the definition of their individual interests, the adjustment and distribution of the share of each Native may have to be delayed.

Comprised in the Native reserves are lands which have been set apart in several districts of the colony for general purposes—lands of which the income or proceeds received by the Public Trustee cannot be distributed among the Natives beneficially interested, but must be applied to purposes of their welfare and advancement. The following statement shows the income and expenditure with respect to these lands, and the balance at the credit of them in the Public Trust Office :—

	Nelson.	Motueka.	Westport and Ahaura.	Wellington.	Auckland.	Totals.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Annual income which the Public Trustee was receiving from the property on the 31st March, 1896	769 13 0	417 1 4	147 5 6	584 8 0	141 8 0	2,059 15 10
Income received for fifteen months ending 31st March, 1895	967 2 1	548 1 6	257 14 9	383 10 5	206 19 6	2,363 18 3
Income received for twelve months ending 31st March, 1896	938 18 0	404 10 4	140 13 0	644 19 6	204 3 0	2,333 3 10
Expenditure from 31st March, 1895, to 31st March, 1896—						
Rations to indigent Natives ..	41 19 4	184 7 6	..	..	..	226 6 10
Medical attendance ..	175 0 0	20 0 0	75 0 0	..	..	270 0 0
Repairs to hostelry ..	..	..	..	..	120 11 9	120 11 9
Salary of teacher at Native school	46 13 4	..	..	..	..	46 13 4
Administration charges ..	87 3 0	36 18 0	12 18 6	140 4 11	30 15 6	307 19 11
Total expenditure ..	350 15 8	241 5 6	87 18 6	140 4 11	151 7 3	971 11 10
Balance at credit in the Public Trust Office on 31st March, 1896	3,849 9 6	2,650 2 11	299 13 3	2,115 13 7	2,160 17 5	11,075 16 8

The lands thus set apart in the Districts of Wellington and Nelson are known as "the New Zealand Company's tenths," as to which Judge Mackay, of the Native Land Court, states, in a memorandum of the 2nd December, 1895 :—

"The lands in question were set apart in terms of the deed of cession that a portion of the land ceded by the Natives, equal to a tenth part of the whole, should be reserved and held in trust for the future benefit of the chiefs, their families, and heirs for ever, and, in pursuance of the intention, when the preliminary sale of land in the Wellington District was held, the company reserved one-tenth of the land orders for the Natives by whom the land was originally sold. These reserves of land were looked on at the time as far more important to the Natives than anything that could be paid to them in the shape of purchase-money, as these lands were intended as a lasting possession, and the proceeds were to be appropriated to objects having in view the welfare and advancement of the persons beneficially entitled.

"A large proportion of the 'tenths' originally set apart for the original owners of the territory comprised in the Port Nicholson or Wellington District have been appropriated to municipal and other uses, and the only lands now remaining are included in the first portion of Schedule D to 'The Native Reserves Act, 1873.'"

A correspondence which has taken place with this office on the subject of these "tenths" concludes with the two following letters :—

"The UNDER-SECRETARY, Department of Justice, to the PUBLIC TRUSTEE.

"Department of Justice, Wellington, 4th February, 1896.

"Memorandum for the Public Trustee.

"*New Zealand Company's Tenths.*

"REFERRING to previous correspondence on the subject of the accrued New Zealand Company's tenths, I am directed to inform you that the Government is advised that there is no power to distribute the whole or any part of the proceeds of these tenths now in your hands, and that further legislation is needed to put the questions arising in this and similar cases beyond doubt, and more conclusively defining the powers and duties of the Public Trustee in respect thereof.

"The Hon. Native Minister proposes to introduce a Bill for this purpose next session, and will be glad to receive any suggestions or proposals from you as to the terms of the trust to be created thereby.

"C. J. A. HASELDEN, Under-Secretary."

"The PUBLIC TRUSTEE to the UNDER-SECRETARY, Department of Justice.

"Public Trust Office, Wellington, 19th February, 1896.

"SIR,—

"*New Zealand Company's Tenths.*

"With reference to your letter of the 4th instant, in which you state that further legislation is needed to put the questions arising in respect to the application of these tenths and similar cases beyond doubt, and to more conclusively define the powers and duties of the Public Trustee in respect thereof, I beg to point out, in compliance with your desire for my suggestions, that, of the Native Reserves accounts already opened in the Public Trust Office for these tenths, two have borne during the last three years the expense of £523 for rations to poor distressed Natives and £610 for medical attendance.

"I think that the application, therefore, of the money to these purposes cannot but be regarded as satisfactory, and should continue to be authorised. I would recommend, indeed, that the money should form a fund to provide such benefit for the Natives interested as a charitable aid in the extremities of any distress that may overtake them. The estate from which the money is derived would in that way be applied to what, according to Judge Mackay, was the original object—that is to say, 'reserved and held in trust for the future benefit of the Natives for ever.'

"Such an application of the reserves of tenths would, of course, preclude any distribution of the income. But as, of this income, the annual share of each Native interested would be very small, there could be no benefit from a distribution of shares to be compared with the benefit of a provision against want in sickness or old age, or of any such general provision as the maintenance, education, and support of the beneficiaries.

"A distribution of the income would afford each beneficiary from less than 1d. to 1s. a week at the most, a pittance that could not be felt as a practical or an appreciable relief except by the few who may be dependent on charity, and for whose necessities the allowance of a distributive share would be far too little.

"It would be difficult to provide for the satisfactory application of the funds to such a provision as I propose except at the discretion of the Trustee.

"I am, &c.,

"J. K. WARBURTON,

"Public Trustee.

"The Under-Secretary, Department of Justice, Wellington."

**WEST COAST SETTLEMENT RESERVES.**—The administration of the reserves subject to "The West Coast Settlement Reserves Act, 1892," that is, of the reserves consisting of, approximately, 188,000 acres comprised in such portions of what is known as "the confiscated territory" as were granted to the aboriginal owners of the land, still continues to proceed satisfactorily; and there is reason to believe that the settlement which was effected by that Act of the difficulties and disputes which had formerly been so constant between the Native owners of the reserves and the settlers who were occupying them, and so disastrous to the interests of all people, has largely contributed to the present prosperity of the District of Taranaki and benefited the whole colony.

At the close of the year 1891 the position was that 20,640 acres of these reserves, between the Rivers Waingongoro and Waitotara, were occupied by settlers under leases originally granted by the Natives and *confirmed* by the authority of a law passed for the purpose; that 33,700 acres in that and other parts of the West Coast were occupied by settlers under leases granted direct by the Public Trustee; that—

- (a.) The holders of the confirmed leases had, after a large and fruitless expense in attempted arbitration and in litigation, found themselves without any right to continue in occupation beyond the term of these leases;
- (b.) The leases from the Public Trustee were of doubtful validity;
- (c.) The want of authority to grant a tenancy longer than twenty-one years, and to allow compensation for improvements, rendered impracticable the leasing, with any immediate pecuniary benefit to the Native owners, the lands which they themselves could neither use nor occupy, and from which they derived no profit.

This was a position of general paralysis and insecurity to the Public Trust Office, to the lessees, to the Native owners, and to the interests of the Government and of the colony. The Act of 1892, however, met all the difficulties of the position—difficulties which had been thought insurmountable—and met them, it is now clear, in such a manner as to satisfy all who would extend to the Natives an administration of their property on the same principles as if they were not Natives.

Since the coming into operation of the Act new leases giving the right of perpetual renewal provided for by the Act—that is, a right of renewal according to the principles of the Land Act of 1885, have been granted to tenderers in public competition of an aggregate area of 41,449 acres; and of that area 9,318 acres were leased during the year ended the 31st of March, 1896, at an aggregate annual rental of £1,184. The money required for subdividing the land, for the surveys, for the laying-off, clearing, and making of roads, and for the other preliminary expenses that are necessary to leasing, is advanced from the funds of the Public Trust Office, and repaid from the rents derived by the leasing; and the repayment, it may be added, is in that way soon effected. Thus has the administration by the Public Trustee of this large estate in the interests of the beneficiaries operated to promote the best interests of the colony, by throwing open for settlement a large area of valuable land without any expenditure of public money.

The leasing of the area which, yet unoccupied, will not be required for the residence or tenancy of the Native owners themselves, is proceeding as fast as the interests of the beneficiaries will allow. Tenders are now about to be invited for an area of 10,025 acres, including the lots which have already been unsuccessfully offered, but which, having since been provided with the necessary access, must now be more attractive.

The area of the reserves subject to leases was, on the 31st March, 1896, ... ..	95,555 acres.
or a fraction more than half the whole area subject to the Act;	
And during the year ended on that date the amount of income received for distribution among the Native owners was — for rent, £19,929 14s. 3d.; for interest, £1,035 19s. 5d. ... ..	£20,965 13s. 8d.
The annual income from the rentals under the leases, and the interest on the amount which the lessees have paid or given security to pay for the improvements, was, on the 31st March, 1896, at the rate of ... ..	£16,500.
On the 31st March, 1895, the rate of annual income was ... ..	£15,470.
On the 31st December, 1893 " " ... ..	£12,641.
On the 31st December, 1892 " " ... ..	£10,028.
On the 31st December, 1891 " " ... ..	£7,763.
The number of leaseholds on the 31st March, 1896, was ... ..	537.
And the average area of each leasehold, therefore ... ..	178 acres.

The commission and fees which the Public Trust Office is authorised to charge for the expenses of management are now sufficient to meet these expenses, and to yield a balance of profit, which

may be expected to make good the losses occasioned by the management during the period of difficulty in the administration and of preparation for the present result.

It will be seen from the following Profit and Loss Accounts of the office for the last two years and a quarter, that, though for the fifteen months which ended on the 31st March, 1895, there was an excess of £296 14s. 8d. in expenditure over income, there was, for the year just ended, an excess of £326 7s. 3d. in income over expenditure.

STATEMENT OF PUBLIC TRUST OFFICE PROFIT AND LOSS ACCOUNT.  
(*West Coast Settlement Reserves.*)

	Fifteen Months ended 31st March, 1895.	Year ended 31st March, 1896.
<i>Receipts.</i>		
	£ s. d.	£ s. d.
Commission, &c. ... ..	1,264 17 2	1,578 0 6
Deposits of lessees on account of expenses ... ..	718 2 3	248 3 2
Refunds, &c. ... ..	363 11 0	286 15 3
Balance, being excess of expenditure ... ..	296 14 8	...
Total ... ..	£2,643 5 1	£2,112 18 11
<i>Payments.</i>		
	£ s. d.	£ s. d.
Reserves Agent's salary and travelling-expenses ... ..	568 1 9	403 12 0
Clerical assistance ... ..	523 18 4	320 1 0
Contingencies, advertisements, reporting, translating, &c. ... ..	440 13 4	310 7 9
Allowances to agents, and travelling-expenses of agents and Public Trustee ... ..	513 16 11	240 11 10
Legal expenses ... ..	501 1 9	497 14 7
Valuation ... ..	95 13 0	14 4 6
Balance, being excess of income ... ..	...	326 7 3
Total ... ..	£2,643 5 1	£2,112 18 11

The statutes under which, before the Act of 1892, these reserves were administered by the Public Trustee, required, as has been made clear by the Court of Appeal, an administration in the interests of the beneficiaries or Native owners. The Act of 1892 provides that the administration shall be on the same principle, and vests the property in the Public Trustee for the purpose of a life-interest to the beneficiaries—certain private persons and their descendants. The West Coast Settlement Reserves trust is, indeed, really similar in principle to that of a trust under the will of any person not a Native, by which the property is set apart as a provision for a life estate. The difference is merely a difference of details. The complaints of the tenants of such a property at being unable to obtain from the Trustee any concessions that proceedings would not compel him to make, could only be regarded as justifying the administration; and so, of course, it must be with similar complaints against the Public Trustee's administration of the West Coast Settlement Reserves trust, if the appointment of the Public Trustee to be the trustee of an estate is not to operate in exposing it to influences adverse to the interests of the beneficiaries. The circumstances, however, that the beneficiaries of the trust are Natives, and the tenants not Natives,—that there may be a disposition among a few settlers to regard themselves as entitled to more consideration, or as possessing more influence than the Natives to secure it,—and that tenants would naturally be moved by their own strongest interests, may have prevented them from forming a just conclusion as to the position, and obscured their perception of the obvious duty of the Government—the duty of seeing that in all proposals for legislation the rights of private parties may not be violated, and of being specially careful in this respect when the proposals may affect Natives. Those circumstances, indeed, may explain the pressure with which proposals are occasionally urged for violating the principle of the trust, and making to the tenants concessions which the law would not justify. The misconception which exists as to the rights of contract in leases made in the interests of Natives, and as to the protection to which their property is entitled, is such as to lead a tenant to the length of seriously offering for consideration such suggestions for the administration of the property not of the colonists, but only of the Natives, as are conveyed in the following correspondence:—

Mr. J. J. ELWIN to Mr. C. E. MAJOR, Agent of the Public Trustee.

“Waiweranui, Puniho, 16th March, 1896.

“DEAR MR. MAJOR,—

*West Coast Settlement.*

“Several of the original leaseholders in this neighbourhood and elsewhere have spoken to me of a desire to obtain new leases under the Act of 1892, taking advantage of the Amendment Act of 1895, but they are afraid to apply to the Trustee on account of the inequitable valuations made by Mr. Jones. As you are acting for the Trustee in Hawera, and are probably brought into communication personally with him, I have thought that if you would bring our case and arguments forward, vouched by your local knowledge, it would probably save much waste of time and money in

again representing the matter to the next Parliament. The most important consideration is that under existing leases the whole improvements are vested in the lessee up to £5 per acre. The lessees read this to mean not only the actual appraisable improvements effected on individual sections, but also the improvements to the district effected by the lessees' rates, subscriptions, and other moneys during the twelve years' currency of their leases, as by the New Plymouth Harbour, Opunake jetty, flaxmills, dairy factories, close settlement, good roads, &c.; that is to say, that in estimating an equitable rent the lessees argue that the present unoccupied and unimproved value of individual lands is not the basis of estimate, but that condition those lands were in prior to those outside improvements being effected, in great measure by the lessees' money, and in no way by the help of the Native owners. Take an instance: If a settler's land is now worth £6 per acre, his improvements, valued at £3, would leave the Native interest at £3; but from this should be deducted the value of improvements to the district, and therefore to the lands as paid for by the lessee, which are probably worth at least £1 per acre. The position then would be: settler's interest £4, Native interest on which rent is paid, £2. I cannot see that in asking a valuation on this basis the lessee is in any way proposing a robbery of the owner, or going beyond his equitable rights. Should you be able to bring this matter before the Trustee, a valuator is absolutely necessary who, like yourself, knew the actual state of the district prior to settlement, and who has carefully watched the development of the lands during the last twelve years. At the same time, it should be understood the valuation shall be exhaustive and complete, the actual improvements being fairly valued, and valuation to be available at the expiration of the lease. Were the Trustee to appoint a gentleman who had the confidence of the lessees, very shortly the whole estate would be under the one Act. If you can do anything to bring this consummation about you will materially assist the Government prospects next year. I am sure you will excuse me writing to you on this matter.

"I remain, &c.,

"JAMES J. ELWIN."

"The PUBLIC TRUSTEE to Mr. J. J. ELWIN.

"Public Trust Office, Wellington, 7th April, 1896.

"SIR,—

"*West Coast Settlement Reserves.*

"Mr. C. E. Major has forwarded to me your letter to him of the 16th ultimo, in which you venture upon an explanation of the considerations which should, in your opinion, influence me in fixing the value of the land and of the improvements thereon, for the purpose of any applications that may be made for new leases under the provisions of the West Coast Settlement Reserves Act.

"The obligation, however, of the Public Trustee in the administration of the estate in question is, as by this time you cannot but know, to take a course which would be defensible only so far as he should have reasonably acted co-relatively with the profit of the beneficiaries. The considerations which you urge I cannot, therefore, regard as entitled to such weight as you and the lessees whom you represent would doubtless be glad to see me allow, or even to any weight whatever.

"The interests of the estate, the only interests which, in a justifiable administration, should be favourably considered by and influence me, were surely not even paramount in your mind when you were making the statement that, 'Were the Trustee to appoint a gentleman (to value) who had the confidence of the lessees, very shortly the whole estate would be under the one Act.' The obvious assertion of truth in that proposition will be acknowledged by every one who derives from your letter the meaning of the expression, 'confidence of the lessees.'

"In justice to Mr. Major, I think it required of me to assume that he would deprecate the association of compliments respecting his knowledge and ability with an insinuation that he could, by doing 'anything to bring about this consummation, materially assist the Government prospects next year;' for though you protest that you 'cannot see that you are in any way proposing a robbery of the owner,' I am unable to understand how the 'Government prospects' or the reputation of Mr. Major, could profit by a coalition to divest a private property, which happens to be held in trust for the Natives, of the right to such an administration in the interests of the beneficiaries as if they were not Natives. I should not imagine that you yourself could be easily persuaded to appoint the Public Trustee to administer your own estate for the benefit of your descendants if you were possessed of any fear that he might, in appointing an agent for the administration, either be influenced by 'the Government prospects next year,' or propose to inspire a confidence such as your 'confidence of the lessees'—a confidence not required by the interests of your estate.

"I will, however, allow that you may be embarrassed in your representation of what you regard as the rights of the lessees, by the difficulty which naturally embarrasses us all in our attempts to rise, even in the simplest and most successful of our essays at impartiality, superior to the consideration of our own interests. The judgment is rarely satisfactory which is not disinterested; and the recognition of this truth must operate to qualify any opinion that you may express adversely to Mr. Jones as a competent valuer of the reserves.

"I am, &c.,

"J. K. WARBURTON,

"Public Trustee.

"Mr. James J. Elwin, Waiweranui, Puniho, Taranaki."

A considerable area of the land to be reserved for the tenancy of the native owners was, during last year, surveyed and subdivided for the purpose of being leased to them without competition, under the provisions of "The West Coast Settlement Reserves Act Amendment Act, 1893." The object is to remove the cause of a long-felt and reasonable complaint from a large number of the Native owners that their occupation of the land in common renders it impracticable for individual members to appropriate to themselves the fruits of their labour and forethought, and that they are thus deprived of the strongest motives to economy and industry. The satisfaction of the Natives with the arrangements which have been made for the subdivision and for the necessary surveys,

together with the prospect of such a title as the perpetual lease, by which each subdivision will be secured to the Native tenant, leaves no room for doubt that the legislation and the administration are to be commended.

**UNCLAIMED LANDS.**—"The Unclaimed Lands Act, 1894," repeals the Act of 1892, provides for a more practicable and comprehensive administration of all lands of which the Public Trustee may have control or taken possession of as unclaimed, and includes all the powers necessary for dealing with such lands.

The application of the Act of 1892 proved its provisions to be insufficient for a satisfactory administration, and to be not completely operative. It had not apparently been contemplated that unclaimed land might be of a value insufficient to meet the expense of applying the Act, and of the subsequent administration; and provision was therefore made only for leasing the land. Then, it was objected that the Act, though obviously intended to apply to all the unclaimed lands in the colony, without regard to title legally applied only to land held under a Land Transfer title. And, even in the case of unclaimed land subject to the Land Transfer Act, no machinery was provided to enable the Public Trustee to be placed on the register, to give valid leases of the land, to eject trespassers, or to administer the property. The lands acquired could only be leased, and leased, if consisting of rural lands, by a process of leasing which was specially designed for the machinery which was at the disposal of the Lands Department, but which the Public Trustee could not command or employ. Unclaimed land which, being of small value, could not be profitably leased, might be sold to some advantage, and the advantage from a sale might be greater than from a lease.

The Act of 1894 provides for all the foregoing deficiencies in the previous legislation; and the unclaimed land which becomes vested in the Public Trustee, of a value not exceeding £100, may now be sold. The leasing is necessary only when the value exceeds that amount.

The unclaimed lands which have been reported from all sources comprise 852 sections, estimated to be worth £43,571. The great majority of the reports, however, are respecting lands of which the realisable value in each case is so small or the title is so encumbered that the land cannot be brought under the operation of the Act without loss to the office. The local bodies have reported as unclaimed lands a large number of township allotments to which the application of the Act is impracticable.

The following is a statement of the properties of which the Public Trustee had, on the 31st March, 1894, been registered as proprietor under the Act:—

Class.	Number of Properties.	Number of Sections.	Area.	Estimated Gross Value.			Expenses and Charges where Sales have been effected.			Estimated Net Value.		
			Acres.	£	s.	d.	£	s.	d.	£	s.	d.
Formerly real estates	35	83	802	6,138	0	0	37	0	0	6,101	0	0
Reported as unclaimed lands	17	24	405	2,599	0	0	38	0	0	2,561	0	0
Totals ...	52	107	1,207	8,737	0	0	75	0	0	8,662	0	0

The preliminary steps necessary to the vesting in the Public Trustee of land to which the Act may be applied have been taken in respect to forty-six other properties, and have resulted in the discovery of the rightful owners in fourteen cases.

Ten of the unclaimed properties have been offered to public competition by tender, in accordance with regulations which have been prepared for the purpose, to be leased on terms and conditions similar to those on which reserves under "The West Coast Settlement Reserves Act, 1892," may be leased—that is, to be leased with a right of perpetual renewal every twenty-one years, at an annual rental of 5 per cent. of the capital value of the land without the improvements made by the tenant. The result of the tenders has been the leasing of six of the properties of an estimated aggregate value of £1,814, at an annual rental of £125 for the first twenty-one years. For four of the properties no tenders were received. Under the power given by the Act to sell the land not estimated to be worth more than £100, eight properties have been sold for £253.

The amount outstanding on the 31st March, of the advances on account of the expenses chargeable to the unclaimed lands to which the Act has been applied, is £563 4s. 8d., the total expenditure having been £757 18s. 6d., and the amount recovered £194 13s. 10d. As each property becomes vested under the Act, and is sold or leased, the debt will diminish and ultimately disappear.

**INCORPORATION OF NATIVE OWNERS OF LAND.**—The incorporation authorised by "The Native Land Court Act, 1894," of the Native owners of land for the purposes of Native land administration, was followed in 1895 by the granting of a power to the Public Trustee to raise the capital required to prepare the land for the settlement or occupation from which the benefit of incorporation was to arise; and, of the miscellaneous legislation affecting the Public Trust Office, none, perhaps, has required more careful consideration than the authority which is given to exercise such power by the following section of "The Native Land Laws Amendment Act, 1895":—

"84. With respect to every corporate body of Native owners of land created under any public or private Act for the time being in force, the following provisions shall apply, anything in such public or private Acts to the contrary notwithstanding:—

"(1.) For the purpose of providing funds wherewith to road, survey, and generally open up for sale, lease, or to utilise the lands of the corporation, it shall be lawful for the Public Trustee, out of any moneys standing to the credit of the Public Trustee's Account or otherwise, to raise from time to time such sums as the committee, with

the consent of a majority of the proprietors in general meeting, may recommend or such less sums as he may think fit; and all such sums so advanced shall be a charge upon and over the lands of the corporation for which such sums are advanced respectively, or the present and future rents, issues, and profits of the said lands, and the proceeds of sales thereof.

- “(2.) All such loans shall be raised from such sources, in such manner, and on such terms as to payment of principal, interest, sinking fund, and otherwise, as the Public Trustee may think fit. All sinking funds shall be held and invested by the Public Trustee.”

This power to invest the funds of the Public Trust Office in advances on the security of “a charge upon and over the lands of the corporation for which such sums are advanced respectively, or the present and future rents, issues, and profits of the said lands, and the proceeds of sale thereof” was doubtless given in the hope that such an investment of those funds would be found desirable in the interests of the office, and that the capital would thus be provided which appears to be necessary to render the lands reproductive, and the incorporation of the Natives a substantial benefit to themselves and to the colony. The security, however, has not appeared to me to be satisfactory to the Public Trust Office, and for the reasons which will be found in the correspondence, of which the following is a copy:—

“Mr. W. L. REES to the PUBLIC TRUSTEE.

“Wellington, 19th November, 1895.

“SIR,—

“*Mangatu No. 1.*

“Some time since I was instructed by the committee of Mangatu No. 1 to apply to you for a sum of money sufficient to road and survey that block for settlement. At that time you were advised that Mangatu No. 1 had no power to borrow, and that the regulations were *ultra vires*. That difficulty has now been obviated, and I am again instructed to apply.

“I now formally request an advance of £10,000 for the purpose of roading, surveying, and utilising Mangatu No. 1. The block contains 100,000 acres. It is hilly and broken, but includes extensive areas of flat and low-rolling country; it is well watered, and mostly consists of excellent soil, portions of which are, it is said, as good as any land in the colony. The southern corner of it, containing 2,500 acres, is leased at a yearly rental of £250. As solicitor to the corporate body I have already received large numbers of applications to lease portions of the block. The Small Farm Association of Gisborne proposed to occupy from 15,000 to 20,000 acres, at a rental of 5 per cent. upon capital value. I believe that from 70,000 to 80,000 acres of the block would be taken up by way of lease within a moderate time if main roads were cut through it. It is estimated that about thirty miles of road are necessary, which at a cost of £160 per mile amounts to £4,800. Surveying would probably require another £2,000, and the balance—say, after deducting costs and necessary preliminary expenses, £3,000—the committee would expend in improving reserve for the owners. It is impossible to say with any certainty the amount of revenue which would accrue when the block is occupied, but judging from the part already in occupation, which I understand is no better than the other parts of the block, the yearly rents would possibly amount to £4,000 or £5,000 a year. Further, the expenditure of money for roads, surveys, and improvements is locally made in wages to labourers, many of whom would be settlers upon the land itself.

“I venture to suggest to the Board that this proposal, if granted, and wisely carried out, will probably aid in placing the colony in active productive occupation of all or most of the great areas now useless which still remain in the hands of the Natives, and thus the colony will, without expense or delay, practically convert them into waste lands of the Crown with the full consent of both races.

“I am, &c.,

“W. L. REES,

“The Public Trustee.

“Solicitor to Mangatu No. 1.

“P.S.—The annual general meeting of Mangatu No. 1 is postponed till the 1st December, partly to obtain an answer to this application. If it be favourable the general meeting will then empower the committee formally to raise the sum now applied for.—W. L. REES.”

“Mr. W. L. REES to the PUBLIC TRUSTEE.

“DEAR SIR,—

“*Re Mangatu No. 1.*

“4th December, 1895.

“After fully considering our conversation upon the subject of opening the above block for settlement I am certainly of opinion that the plan pursued by you on the West Coast is the best possible. On behalf of the Mangatu committee I therefore now apply for such money as will be necessary to roughly road and survey for settlement a part of the Mangatu No. 1 Block—say, 20,000 acres. The selection will be made without loss of time. A favourable reply to this will be immediately answered by an authority from the owners to the committee to borrow from you—say, to the extent of £3,500.

“Yours faithfully,

“W. L. REES,

“The Public Trustee.”

“Solicitor to Mangatu No. 1.

“The PUBLIC TRUSTEE to Mr. W. L. REES.

“Public Trust Office, Wellington, 30th November, 1895.

“SIR,—

“*Mangatu No. 1.*

“I have received your letter of the 19th instant, in which you apply to me, on behalf of the committee of Mangatu No. 1, for an advance of £10,000 for the purpose of surveying, roading, and utilising the land of the corporation.

“The first and main question for me to consider with respect to the application is the security which I could obtain for the repayment, with the interest, of any advance that I might make,

and what that security might produce or realise in the event of default; and on this question I propose to point out, for the information of the committee, the objections which seem to me to be fatal to a compliance with the application. Before, however, I enter into these objections I propose to touch on other points which merit attention. The committee, in making the application, must obviously imply that I should obtain, at the expense of the committee, not only a precise description of the land, of its natural features, and of its present condition and circumstances, but, if I could hold out any hope of a favourable consideration of the application, a preliminary survey of the land, and an estimate from a competent and reliable engineer of what, as shown by such survey, would be the expense of carrying out the proposals of the committee.

"I could not, of course, expect your letter to convey more than a general idea of what is said and of what you understand and believe. I cannot, however, be influenced by any such consideration as that the amount of a desired advance would be a local expenditure of wages to labourers, or that the result of the expenditure might be practically to aid in placing the colony in active productive occupation of a great area of land which will be idle so long as it remains in the hands of the Natives, and thus to practically convert such area into waste lands of the Crown with the full consent of both races. Nor could I consent to an advance of the amount required to prepare any portion of the land for occupation by the Native owners. Under no circumstances, indeed, should I raise the amount, or any portion of the amount, required by the committee without being satisfied beyond any reasonable doubt that the security for the advance would be unquestionable, and the advance a desirable investment of trust funds; that the raising and expenditure of the money would be necessary to a profitable development of the resources of the land; that this result would be secured by a wise expenditure of the money; and that the proposals for the expenditure are such as a consideration of the interests of the Native owners should lead me to approve.

"The proposals of the committee would not, I presume, be submitted in any doubt whether the repair and maintenance of the roads would be at the expense of the committee. In the provisions of the law regulating the administration of the land, the property of this corporation, it does not appear that any simple process is directly authorised for vesting the roads in the Queen and making them public highways; and the absence of direct authority in the Acts specially affecting this land to alienate any portions of it for public roads is unfortunate, even if the omission should not be a ground for apprehending any serious difficulty. In any case, however, I fear that the expense of the maintenance and repairs of roads made by the committee must be wholly or principally borne by the committee during the early period of gradual occupation; for the tenants of pastoral land would not be numerous, even when the land becomes entirely occupied, and their contributions towards the expense of the maintenance and repairs might even then be hardly sufficient for the purpose. In these circumstances it would not be wise to assume that any local body would willingly undertake the responsibility of the roads.

"From the amount of the advance sought by the committee—an amount which is alone sufficient to indicate that the proposals of the committee are very extensive—I should suppose that the power with which the Act of last session invests the Public Trustee of making advances to the corporate bodies of Native owners may have been understood by the committee to have relieved him of the obligation to make no advance but such as could be justified as a judicious and profitable investment of trust funds. The Public Trustee, however, could not consent to make out of any moneys in his account an advance which would not be a prudent investment for such funds. The application of moneys in the Public Trustee's account to the purpose of rendering Native lands accessible, preparing them for occupation, and thus securing for such lands tenants from whom a profitable income might be derived, should, I think, even when there may be no question as to the security, be restricted, in respect to roads, to laying them off and to making them practicable by a track, under arrangements similar to those which have answered so well for the roads of the Native lands comprised in the West Coast Settlement Reserves. My opinion, indeed, is that the proposals should be to do the work as gradually and at as small an expense as circumstances and a consideration of a profitable expenditure will allow, and to make the work contingent on the leasing of the land. The land would in this way be offered accordingly to public competition by tender, on the condition that the roads laid off would be cleared as I have suggested, but not until after the invitation for tenders had resulted in the leasing of the land. By the adoption of such a course the expenditure would be unnecessary of any money for roads to those portions of the land for which no tender might be received, and the failure of any proposal for making the roads to realise expectations would thus not involve any very great loss of capital. The advances would in this way be obtained for proposals of gradual extension, and the expenditure would proceed with the confidence raised up by experience of success. If the roads should be made, whether at the large expense of the proposals of the committee, or at the comparatively small expense of merely clearing a track, there will be the outlay of a considerable amount of capital which will bear interest whatever may happen, while, to judge from the experience afforded by the sale of leases of other and more valuable Native lands, the occupation of this land of the Mangatu No. 1 corporation would be very gradual, and at a rental which would long be inadequate to the demands upon it. But it would be altogether too speculative an employment of trust funds to apply them to a large outlay for expensive roads throughout an extensive area of Native lands which, like the land of this corporation, must be leased for the income which alone can be offered as the security, and especially where there is the possibility of a conflict between the general administration of the land by the committee and the direction and supervision by the Public Trustee of the expenditure of the advances.

"And now with regard to the most vital question—the question whether the only security that the committee can offer for the advance which it is in my discretion to make from the moneys in the Public Trustee's account is such that, if I should deem the proposals for the expenditure of the money satisfactory, I could, with a due exercise of the care which should be used in the invest-

ment of trust funds, sanction such advance. Whatever authority I may have under 'The Native Land Laws Amendment Act, 1895,' to advance Public Trust Office funds on the lands of the Mangatu No. 1 corporation, the security for any advance would be no more than, to quote from that Act, 'a charge upon and over the lands of the corporation for which such sums are advanced respectively, or the present and future rents, issues, and profits of the said land, and the proceeds of sale thereof.' Such a charge, however, carries with it no power of realisation on default, and consequently the only recourse for repayment, in the event of default, of the relative advances and interest would be to take steps such as might secure in effect what would be secured by such an appointment as that of a receiver. It would, obviously, be idle to take these steps unless the land were already leased and were producing such an income as would be more than sufficient to meet all expenses, for which provision would have to be made, before any portion of the income could be applied to the repayment of the advances. For it must be borne in mind that, in the event of default, the Public Trustee would have no authority to regulate, or to direct or to exercise any authority in, the administration of the land; and that he and the committee might in the circumstances which would attend such an event have been unable to avoid recrimination. The disposition of the committee might then be such that his suggestions for management—suggestions which would be in his interest as the creditor—would gain a less patient consideration.

"The land of incorporated Natives is not vested in the Public Trustee, nor is it to be managed by him in any way; it is to be managed by a committee of Native owners. This committee applies either for the money or that the work may be done on which the money would be expended. The Public Trustee, carefully considering the helplessness of his position in case of a default, must be influenced in his decision respecting the application by the possibility that the projects of the committee may fail. The value of the security for an advance, the risk of default by the borrower, and the powers of the lender to realise in that event are circumstances on which that decision must turn; and of these circumstances the powers of the lender are of vital importance. The land of the corporation cannot be alienated except by lease. The committee of Native owners could therefore regard almost with complacency the consequences of default; and it might be inferred that in their proposals for an expenditure, in surveys and roads, of the amount of an advance the circumspection would be wanting that should be induced by a fear of the realisation which is the ordinary consequence of default under a mortgage of freehold land. In truth, the position of the Native owners, as the consequence of default, might only be that they would continue to derive no income from land which, before the expenditure of the capital sunk in roads and surveys, had been producing no income—from land on which what may be called the speculative investment of capital for those purposes had not turned out so profitably as had been expected, or had only resulted in providing, at the expense of the investors, that access which, as necessary to the occupation of the land, would be the object of the committee.

"It may be protested that, in the case of the Mangatu No. 1 proposals, there is an income from the land of £250 a year, which, if assumed to be permanent, would offer a security for an advance of approximately £2,000, and that the knowledge of the committee that the direct loss of this income, so long as it should be derived in rent from a lessee, would be involved by the failure of the proposals is a sufficient evidence of the good faith of the committee, and of the strongest motives for proceeding on thoroughly reliable estimates. But this income, which, though derived from but one lessee, may not be precarious, must be regarded as in a certain degree unsatisfactory as a security, as long as the relative powers of the committee and of the Public Trustee are such as I have explained them to be. If the land were vested in the Public Trustee, to be administered in the interests of the Native owners or beneficiaries, like the land comprised in the West Coast settlement reserves, and his powers of control and management were absolute and unquestionable in any event, I could not then object to the application of trust funds to the necessary expenses of surveying and subdivision, and of laying off and making roads, where these expenses must be incurred to secure tenants, and where, in all probability, the land would be profitably leased as soon as leases should be offered for sale. In the advances which might thus be made and expended with prudence, the moneys of the Public Trustee's Account would be judiciously invested in the manner best calculated to promote the interests of the beneficiaries; and, with their interests, the interests of settlement and of the colony would also be so far promoted.

"The title to the land of incorporated Natives, and the want of a power in the committee to give a satisfactory security for the advances from the Public Trustee, form at present a stumbling-block to the desired operation of the power given to the Public Trustee. The difficulties which, on the whole, might arise in recovering, in the event of default under existing circumstances, the amount of any advances that might be made to committees of incorporated Natives are, as I have already explained, such that I am unable to see how I could be justified in consenting to the application of the moneys in the Public Trustee's Account to an investment in such an advance. And I think that I may safely express the opinion that capital for which a secure and profitable investment is desired will not be found available for the expenses of rendering the lands of these committees tenantable, so long as the security to be offered may be no more than a prospective income from rents, and the powers of the lender, in case of default, may not include a right to require a conveyance of the fee-simple. I shall be glad, however, to consider any suggestions how the objections which I have offered may be satisfactorily overcome.

"I am, &c.,

"J. K. WARBURTON,  
"Public Trustee.

"W. L. Rees, Esq., Wellington."

"Mr. W. L. REES to the PUBLIC TRUSTEE.

"Wellington, 7th December, 1895.

"SIR,—

"Re *Mangatu No. 1.*

"I have to acknowledge the receipt of your letter of the 30th ultimo, in answer to mine of the 19th of November. As we have during the last few days discussed some of the important points raised by your communication, it is not necessary to again refer to them. On nearly all the matters spoken of I coincide with your opinions; but in some directions I do not see things altogether as they seem to present themselves to you. The result of our interviews, as stated in my letter of the 4th instant—which was written before I received yours of the 30th November—will effectually remove some of your serious objections to my first propositions, inasmuch as those propositions are now modified so as to bring them into accordance with the suggestions contained in your letter. The reduction of the amount asked for, the limitation of the area over which the first expenditure is to take place, the modification of the nature of the roads to be constructed, these, I think, adequately meet your objections so far.

"There remains three or four difficulties which I now propose to consider, and, I trust, overcome. The first and most important of these is beyond doubt that raised in the second paragraph of your letter—the security which will be available to you as Public Trustee for any trust money advanced to *Mangatu No. 1.* Indeed, it is so stated by you in the second paragraph and repeated emphatically in the twelfth. I admit the justice of the suggestions [as to conflict of interests] contained in the sixteenth and seventeenth paragraphs of your letter, but manifestly their occurrence is in the last degree improbable, even upon the ground [the present income of £250 a year] alluded to in paragraph eighteen. Supposing, however, that such a course be possible, which, as you properly say, must partially determine your conduct in lending or not lending trust money, then I answer the remedy lies clearly in your own power, for all rents, issues, and profits from the land must be paid to the Public Trustee, and no action or inaction of the committee can vary or alter that section of the *Mangatu Empowering Act.* Moreover, as you advise, no money for roading need be expended till a part of the land, say, 10,000 acres, in addition to the 2,500 acres now held by Mr. Campbell, is actually leased. This, even at a rental of 1s. per acre, would give an additional £500 a year, with the collection of which the committee will have nothing to do. Again, the committee has not only full power of management, but it has full contracting-power, and it could enter into a contract under seal with the Public Trustee that it would duly execute all leases of lands upon which, or to benefit which, trust moneys had been expended at its request. This covenant would certainly be enforced by any Court of competent jurisdiction. I admit to the full extent the propriety and wisdom of only expending so much as will be covered, both principal and interest, by existing revenue.

"In respect of the maintenance of roads where made, and the titles to the roads themselves, I am aware that unless the liability be shifted to other shoulders the committee will have to bear it. I fail, however, to perceive the impediments which you allude to as preventing the alienation of any portion of the block as and for roads. The *Mangatu Act* makes the land the property of the corporate body without power of alienation save to the Crown; but it distinctly makes the title subject to any rightful claim existing at the time of the Act coming into force. Now, the Crown had the right to 5 per cent. of the land for roads, and this right is in no way impaired by the Act. The Crown's right, therefore, still exists, and can be exercised in such places, at such times, and in such areas—subject to the 5-per-cent. margin—as the Crown may choose.

"Your suppositions in the third paragraph of your letter, as to the intention of the committee regarding preliminary surveys and reports, are entirely correct, and I may be allowed to hope that on the return of Wi Pere to Gisborne, and on the selection by him and the committee of a block of 20,000 acres more or less, such surveys and reports of that block and the means of approach to it may be at once made. In this connection you will remember that there is a sum of £500 in hand.

"I have, &c.,

"The Public Trustee, Wellington."

"W. L. REES.

"The PUBLIC TRUSTEE to Mr. W. L. REES.

"Public Trust Office, Wellington, 11th December, 1895.

"SIR,—

"*Mangatu No. 1.*

"I regret that a pressure of other business should have rendered it impracticable for me to consider your letter of the 7th instant in time to let you have an earlier statement of my views with respect to your modified propositions.

"If the security to be offered for the desired advances were such as would form a satisfactory investment for trust funds, and I could make the advances in no reasonable doubt that the proposals for which the money would be used to promote the pecuniary and other interests of the Native owners, I should proceed in the following manner: (1.) Require definite proposals, accompanied by a sketch of the land proposed to be leased by such proposals. (2.) Require a report on the probable result of offering to public competition leases of the lands. (3.) If the probability of leasing the land should be sufficient, require a competent report as to the expenses of carrying out the work of surveying, subdividing, and laying off and clearing roads. (4.) Such expense being without objection, make a contract for the survey, including the laying off of the roads. (5.) Call for tenders for the leases of the land on condition that the roads should be cleared, as the conditions might provide, as soon as possible after the tenders have been dealt with. (6.) Call for tenders for the clearing of the roads, in accordance with the conditions, to the sections for which tenders have been accepted. (7.) Pay for the surveys and for the clearing of the roads as the money may be required and be due under the respective contracts.

"By proceeding in this way there would be no advance made of any special sum. The money expended would go out in payment for work actually done, after such work had been inspected and

found, by a competent agent responsible to me, to be according to contract. There would, indeed, be a succession of small payments made by me under the contracts and accumulating into the advance necessary for the completion of the work. The total amount of the advance would not thus be known until after the completion of the work and the payments had been completed, though it could, of course, be ascertained by estimates and reports that the payments would not exceed a certain total amount. The proposals, in short, would be not to obtain a certain fixed amount of money as an advance, but that the money should be advanced necessary to carry out the proposals. But the foregoing proceedings would, of course, imply that the proposals had been found without objection, after a careful consideration of the interests of the Native owners, and that the advances would be a desirable investment for the trust funds.

"If I should have a small balance in my hands to the credit of the Native owners, and that balance could be applied to the repayment of a debt without objection, I would even then perhaps hardly be justified in making an advance for proposals to which, without that balance in my hands, I should be unwilling to apply my own funds. The position is one of great delicacy and intricacy, and I represented in my last letter the risk to my security from the contingency which might happen of a difficulty between me and the Native owners through disappointment such as often arises at the failure of our best-laid schemes to realise our expectations.

"With regard to roads: The great difficulty which I apprehended was that the expense of maintaining and repairing those which might be made and completed to the extent of being metalled, as at first proposed, out of the advances from me might fall upon the committee. The leasing, however, on conditions that will throw on the lessees the expense of metalling and of repairing and maintaining the roads laid off and cleared under the modified proposals will remove that apprehension; but this result can, of course, only be regarded as satisfactory if the attractions of the land are such that tenants would not be deterred by such conditions.

"The alienation of the land which may be required for the purposes of the roads may be effected through the right of the Crown to take for the purpose 5 per cent. of the land. A special provision, however, such as I indicated in my former letter would, I think, have been a wise precaution.

"Reverting, in conclusion, to the difficulties in which, if I should make an advance, I might be involved in the case of default, and to the main consideration by which I must be influenced whether the funds in my account could be judiciously invested in such advances, and to the objections which I have raised to such investment, I should state that I have carefully considered your explanation of the course by which, in your opinion, the administration and control could, under the contracting-power of the committee, be secured to me over the lands in respect of which the advances might be made. I am not, however, satisfied that this contracting-power would place me in as secure a position as if the title to the land were vested in or conveyed to me.

"It would hardly be contended that the contracting-power would enable the committee to effect indirectly a security tantamount to that which the statute does not authorise the committee to give; and, if this be a correct view, the security of a contract purporting to give me absolutely the control and administration of the land as entirely as if it were vested in me, like land comprised in the reserves subject to "The West Coast Settlement Reserves Act, 1892," would not be satisfactory. The contracting-power, in short, could not accomplish what the Act forbids, and, even if I could apply to the proposals of the committee the money of the Natives which I have received for rent, I should not feel myself justified in making advances beyond the amount actually received.

"In the investment of trust funds, the securities to be selected must be such as are proved by experience to be of the highest realisable character. Such funds cannot, as you will allow, be justifiably applied to investments which have not been proved safe and desirable by preceding results; and two great objections to the security which the committee offers are that this security of a mere charge on the income, present and prospective, of lands administered by a body of incorporated Natives, is the first of its character, and that the character has not been tried.

"I am, &c.,

"J. K. WARBURTON,  
"Public Trustee.

"W. L. Rees, Esq., Wellington."

"Messrs. REES AND DAY to the PUBLIC TRUSTEE.

"Gisborne, 25th March, 1896.

"SIR,—

"*Re Mangatu No. 1.*

"We are instructed by the committee of Mangatu No. 1 to make application to you for the sum of £50, to be paid to Mr. J. O. Barnard, of this town, surveyor, for and on account of services rendered to the committee during this month in making a preliminary survey of 16,000 acres which have been selected for settlement by the Gisborne Farm Homestead Association. Mr. Barnard will, in all probability, have the field portion of the work finished by the 31st of this month, and he requires the above amount in order to be able to pay for the labour he has necessarily employed. We would therefore request you to instruct your agent here to make the payment to Mr. Barnard.

"Yours faithfully,

"REES AND DAY,

"Solicitors for Mangatu No. 1.

"The Public Trustee, Wellington."

"The PUBLIC TRUSTEE to MESSRS. REES AND DAY.

"Public Trust Office, Wellington, 31st March, 1896.

"GENTLEMEN,—

"*Mangatu No. 1.*

"In acknowledging the receipt of your letter of the 25th instant, making application for the sum of £50 to be paid to Mr. J. O. Barnard for making a preliminary survey of 16,000 acres, I shall be obliged if you will inform me under what authority the application for this remittance is made.

"Clause 55 of the regulations provides that, 'For the purpose of providing funds wherewith to road, survey, and generally to open up for sale, lease, or settlement the lands of the corporation, it shall be lawful for the Public Trustee, out of any moneys standing to the credit of the Public Trustee's Account, or from any other source, to advance or raise from time to time such sums as the committee may recommend, in anticipation of the rents, issues, and profits of the said lands, and the proceeds of sale thereof.' And clause 53 (subdivision 4): 'No contract involving more than £50 (other than a contract to lease or sell land) shall be binding on the corporation or its assets unless the Public Trustee has consented thereto; but such consent shall not make him in any way liable under the contract so consented to,' from which it would appear that the previous consent of the Public Trustee is implied before any such work is undertaken.

"I cannot, therefore, on the information supplied, make the payment now applied for by you.

"I have, &c.,

"J. K. WARBURTON,

"Public Trustee.

"Messrs. Rees and Day, Solicitors, Gisborne."

"Mr. W. L. REES to the PUBLIC TRUSTEE.

"Gisborne, 20th April, 1896.

"SIR,—

"*Re Mangatu No. 1.*

"I beg to acknowledge receipt of your letter dated the 31st March, and numbered 96/663.

"I brought the matter therein referred to before the Mangatu committee at a meeting held at the corporation office on Monday, the 13th instant.

"The committee resolved to recommend the payment of the £50 to Mr. Barnard out of the rents of the block now in your hands. As the surveys are absolutely necessary before the land can be utilised, and as Mr. Barnard is being paid, not by contract but by a fixed daily payment, I trust that there may be no delay in the payment being made.

"I am, &c.,

"W. L. REES,

"Solicitor to Mangatu, No. 1.

"The Public Trustee, Wellington."

"The PUBLIC TRUSTEE to MESSRS. REES AND DAY.

"Public Trust Office, Wellington, 30th April, 1896.

"GENTLEMEN,—

"*Mangatu No. 1: Barnard's Survey Account.*

"With reference to your letter of the 20th instant, in which you urge the payment of £50 to Mr. Barnard, stating that the matter has been brought before the committee by yourselves, and that the committee had resolved to recommend that the payment should be made out of the rents at the credit of the Mangatu No. 1 Account in this office, I beg to point out that I am without any evidence or knowledge of what has been done, such as would justify me in complying with your request.

"In the first place, if there is no appointed secretary to the committee, the committee should speak through the chairman. He should make any requisition for payment, and every resolution authorising me to make payments should be regularly communicated to me, with the date when it was passed, and a certificate that the meeting was duly convened. Then there should be vouchers for any expenditure. All that I know as to Mr. Barnard's work is from your letters, and it appears that he is surveying, and wants a progress payment. There is no evidence of his engagement, of the terms, of the times of payment, and there is no account from him.

"In the second place, I cannot but regard as a contract work such as Mr. Barnard is alleged to be doing. No two persons or bodies can work the one for the other unless by a contract, express or implied; and it would appear that a contract does exist, that the payment of £50 is required now, and that more will be required subsequently. To such a contract I have not been a consenting party, as required by subsection (4) of regulation 53; and I should consequently ignore the demand, at least until the proposals for surveying and for preparing the land for leasing, with the estimates of expense, are submitted to me. I should obviously not be justified in allowing the rents of the beneficiaries to be appropriated to the expenses of a survey of which I know no more than I do of Mr. Barnard's employment, and without being satisfied, not only that the Committee has the means of carrying out the proposals, but that the expense incurred in surveys may, while being justifiable in the interests of the beneficiaries, not exceed the amount of any funds available for such expense.

"Whether I should pay, if and when payable, any surveyor out of the rents, is a question dependent on many such considerations as the foregoing, and is not to be arbitrarily decided. It may be that I could not pay such claims as this of Mr. Barnard, without unduly depriving the owners of the means which the rents afford them of living; and in the interests of the

owners the regulations, 55 and others, and section 84 of "The Native Land Laws Amendment Act, 1895," have been made, and should in such cases be resorted to.

"I would suggest that Mr. Barnard should be at once made acquainted with the position of the committee, if, as would appear, he is working on false hopes or imperfect knowledge.

"I have, &c.,

"J. K. WARBURTON,

"Public Trustee.

"Messrs. Rees and Day, Solicitors, Gisborne."

"Mr. W. L. REES to the PUBLIC TRUSTEE.

"Gisborne, 4th May, 1896.

"SIR,—

"Re *Mangatu No. 1.*

"I beg to enclose herewith a copy of the minutes of the adjourned annual general meeting of the Mangatu Natives, as applications will be made to you to act on them.

"Yours, &c.,

"W. L. REES,

"Solicitor to Mangatu No. 1.

"The Public Trustee, Wellington."

"*Adjourned Annual General Meeting, held at Pukepapa on 25th April, 1896.*

"Present: Te Kani Pere (Chairman), members of committee, Wi Pere and about sixty owners, and Mr. E. Rees.

"1. Wi Pere made short address as to what was required to be done, and, on his motion, seconded by Bennett, it was resolved, 'That this meeting is dissatisfied with the management of the Public Trustee, and is of opinion that the land will not be settled in a satisfactory manner if the Public Trustee continues to have any control over it; that it desires to remove the power of the Public Trustee.'

"2. Resolved, 'That the committee be empowered to set aside a block of 16,000 acres of Mangatu No. 1 for settlement by leasing.'

"3. Resolved, 'That the committee be empowered to set aside a block of 20,000 acres as a sheep-farm for the benefit of the owners, and that committee be authorised to borrow money for improving same upon the security of the 20,000 acres.'

"4. Resolved, 'That Mr. Barnard's charges for surveys be paid out of funds in hands of Public Trustee, and that other necessary surveys should be ordered and paid for by committee in same manner.'

"5. It was resolved that the committee should pay out of funds in hands of Public Trustee the sum of £100 to Messrs. Rees Brothers, on account of their costs for incorporating owners.

"6. Resolved, 'That the power now vested in the Public Trustee should be given instead to the three Receivers appointed by the Validation Court—namely, Messrs. Carroll, Wi Pere, and Jackson, or a Board of which those three gentlemen should be members.'

"7. Resolved, 'That it is desirable that Mangatu No. 1 should, if practicable, incorporate with Pontutu, Mangatu Nos. 3, 4, 5, and 6, Maungawaru, and Puhatikotiko, and that the committee be empowered to effect such object and to take steps necessary.'

"8. Resolved, 'That "The Mangatu No. 1 Empowering Act, 1893," should be amended to give effect to the resolutions made, and that the committee instruct Mr. W. L. Rees, their solicitor, to take steps to have same amended.'

"9. Resolved, 'That the meeting adjourn till the first Wednesday in August (5th August), when other necessary business should be brought forward.'

"Examined copy of minutes taken from Mangatu minute-book.—E.A.R. 4/5/96."

"The PUBLIC TRUSTEE to Mr. W. L. REES.

"Public Trust Office, Wellington, 19th May, 1896.

"SIR,—

"*Mangatu No. 1.*

"I beg to acknowledge the receipt of your letter of the 4th instant, and to thank you for the copy which accompanied it of the minutes of the adjourned annual general meeting of the Mangatu Natives.

"The resolutions of the meeting are resolutions of no quarter to the Public Trustee, and could hardly have been influenced by a due consideration for the difficulties of his own position or of the position of the committee. The dissatisfaction with the Public Trustee, as expressed in the resolutions of the meeting, must have arisen from the circumspection with which he insists that the proposals of the committee must be considered for borrowing money from the trust funds for which he is responsible, and from the care with which, in the exercise of the discretion vested in him, he requires a justification for every charge on the money which he receives for distribution among the Native owners.

"With regard to the first resolution, I should point out, as to the first part of it affecting the Public Trustee, that he has not been vested with any other management or control of the land than such as may arise indirectly from the authority and discretion which he is required to exercise in respect to the proposals of the committee for borrowing money or expending money. He is the custodian of the funds derived from the income of the land, and the duty is imposed upon him of distributing this income among the Native owners without any deduction that cannot be justified by a due consideration of their interests. I understand the resolution that the committee should be authorised to borrow money to imply that, in the opinion of the meeting, the law should be amended so far as it requires my consent to any proposals for such borrowing. The great difficulty, however, is that of borrowing on the only security which can be offered—the security of a charge on the present and future income of the land, and especially on the income of land to be set aside "as a sheep-farm for the benefit of the owners"; and I have fully explained this difficulty in one of my

former letters. The danger of removing the difficulty by authorising for the purpose the borrowing of money by mortgage giving a power of sale is the danger to the beneficiaries of losing their estate.

“As to the resolution that Mr. Barnard’s charges for surveys should be paid out of the funds in my hands, and that other necessary surveys should be ordered and paid for in the same manner, it is a matter of regret to me that the meeting was not aware that I should not be justified by such a resolution in paying those charges; and in my letter to Messrs. Rees and Day of the 30th April I have given the reasons for this conclusion.

“With the resolution that £100 should be paid to Messrs. Rees Brothers on account of their costs for incorporating the owners, I am unable to comply, in view of the opinion of my office solicitor, which was conveyed to you in my letter of the 22nd November, 1894—namely, ‘The question of costs (meaning those you refer to) is one of a liability which was solely incurred antecedent to the passing of the Act, and is similar to the preliminary expenses of a company incorporated under the Companies Acts, and the Act being silent herein, I am of opinion they are not payable out of the moneys to be received under the Act.’

“The remaining resolutions, like the latter portion of the first, are resolutions in favour of fresh legislation. With these I may have no direct concern, if they do not propose to give rights prejudicial to the general interest of the Public Trust Office, though the suggestion from me may not be unprofitable that my correspondence with you on the subject of your application on behalf of the committee for an advance of £10,000 should be carefully considered by the committee. The committee requires capital to carry out the administration for which the owners have been incorporated, as without capital the condition of things preceding the incorporation, even if not more unsatisfactory, can scarcely have been improved. Capital, however, can hardly be expected without a more attractive security than can be offered at present.

“The vesting of the title and management in some authority possessed of the capital necessary to render the property reproductive, with profit both to the Native owners and to the employment of the capital, and the granting of power to so apply this capital, would save the property from the risks which would attend a mortgage with a right of sale.

“I am, &c.,

“J. K. WARBURTON,

“W. L. Rees, Esq., Solicitor to Mangatu No. 1, Gisborne.”

“Public Trustee.

CONCLUSION.—I should remark in conclusion that the administration of the Public Trust Office, and the exercise of the large and various powers which, during the last five years, have been conferred upon the Public Trustee, furnish matter which might enable me to furnish a paper of much greater length, if not a series of separate papers; but, valuable as the work would be for the purposes of reference, and interesting to the student of the progress and development of such offices as this, the impatience of readers in general is such that a voluminous report might defeat the purpose of exciting a wide-spread interest in the business of the office.

I am, &c.,

J. K. WARBURTON,

Public Trustee.

A STATEMENT showing, Year by Year, from 1886 to the 31st March, 1896, the CAPITAL of the PUBLIC TRUST OFFICE, and how INVESTED, and the INCOME and EXPENDITURE of the Office.

CAPITAL OF THE PUBLIC TRUST OFFICE.															INCOME OF PUBLIC TRUST OFFICE.				TOTAL EXPENDITURE OF OFFICE.
On 31st December.				Invested Total.			Invested in						Income of Public Trust Office.						
In Cash.	In Invest-ments.	Total.	Yearly Increase in Amount.	For Common Fund.	Specially.			Total Common and Special.	General Govern-ment Securi-ties.	Local-body Securi-ties.	Mort-gage of Free-holds.	Deposits.	Shares in Com-panies.	Total.	Commis-sion, Charges, &c.	Surplus Interest on Invest-ments.	Total.		
					By Public Trustee.	By Former Trustees.	Total.												
Year ended 31st Dec., 1886...	£ 6,983	£ 267,526	£ 274,509	£ 32,455	£ 182,610	£ 72,366	£ 12,550	£ 84,916	£ 267,526	£ 151,336	£ 1,907	£ 100	£ ...	£ 267,526	£ 7,097	£ 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	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	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	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	279,273	478,895	199,208	2,174	215,909	1,603	478,895	6,081	3,080	9,161	8,469	
" 1891...	17,920	505,349	523,269	29,408	252,279	208,188	44,882	253,070	505,349	188,608	2,067	253,070	1,285	505,349	5,471	4,308	9,779	11,751	
" 1892...	15,960	551,101	567,061	43,792	408,231	96,072	46,798	142,870	551,101	269,608	2,067	276,393	1,449	551,101	5,913	6,177	12,090	14,001	
" 1893...	21,326	594,337	615,663	48,602	406,220	144,198	43,919	188,117	594,337	300,108	2,067	289,680	630	594,337	7,327	7,370	14,697	15,132	
Fifteen months ended 31st March, 1895	12,101	656,836	668,937	53,274	358,296	259,279	39,261	298,540	656,836	295,108	1,839	354,933	444	656,836	9,066	10,163	19,229	17,289	
Year ended 31st March, 1896	16,960	757,573	774,533	105,596	492,788	206,629	58,156	264,785	757,573	319,108	1,839	432,455	...	757,573	7,682	7,560	15,242	14,902	

(1) Including £2,930 on account of expenses of Royal Commission.  
(2) Including £1,536 on account of expenses of Royal Commission, and £1,717 on account of deficiency on realisation of mortgages.  
(3) Including £2,041 on account of deficiency on realisation of mortgages.  
(4) Including £310 on account of deficiency on realisation of mortgages, and £470 for unauthorised expenditure.  
(5) Including £1,272 on account of deficiency on realisation of mortgages, and £13 for unauthorised expenditure, and £322 for Assurance and Reserve Fund.

Approximate Cost of Paper.—Preparation, not given; printing (1,550 copies), £20 4s. 6d.

By Authority: JOHN MACKAY, Government Printer, Wellington.—1896.

