

of principal or interest during the past five years, the result is in the highest degree favourable to the office. Only four cases have occurred in which the power of sale has been exercised or possession taken. In one of these cases the property was sold at a profit. In another it was sold without loss. In the other two cases, involving a total loan grant of £4,700, these, though not yet sold, are revenue-producing. In only thirty cases was it necessary to have recourse to legal proceedings for recovery.

To this must be added what are termed "sick" securities—that is, securities treated as doubtful. There are only six of these, and the total sum represented by them is only £6,495. In these cases the securities have diminished in value, but still show a margin except in one case. Interest still continues to be paid on these securities, except in one case where judgment has been obtained and the rent is collected.

Having regard to the small proportion which these cases of default and of doubtful securities bear to the total, we think the satisfactory character of the office investments and of the methods followed in making the investments is manifest.

One observation requires to be added—namely, that the Public Trustee did not, we think, take as early as he might have done advantage of the higher market rate of interest which has prevailed for the last twelve months and more. He continued to lend at 5 per cent. per annum until the 21st January last. It is to be observed, however, that the Government Insurance Commissioner did not raise his rate to  $5\frac{1}{2}$  per cent. per annum before that date. In support of this undue consideration for borrowers at the expense of the Common Fund the Public Trustee assigns certain reasons which do not wholly commend themselves to us.

Subject to the foregoing observations, we find that the moneys controlled by the Public Trustee are satisfactorily invested.

#### IV. WHETHER THE METHODS OF BOOK-KEEPING AND ACCOUNTANCY ARE SATISFACTORY AND IN ACCORDANCE WITH PROPER BUSINESS METHODS.

In the time at our disposal we have made as full inquiry as possible into the methods adopted by the office, and, while the evidence bearing on this discloses some diversity of view, we are of opinion that the system now in force is one, on the whole, well calculated to ensure accuracy and reasonable expedition. The conclusion thus arrived at is supported by the Commissioners recently appointed to investigate and report on the condition of the Public Service (see page 58 of their report).

#### V. WHETHER THE PRESENT CONSTITUTION OF THE PUBLIC TRUST OFFICE BOARD IS SATISFACTORY.

According to statute the Board consists of the Minister of Finance, the Native Minister, the Solicitor-General, the Government Life Insurance Commissioner, the Surveyor-General, the Public Trustee, and such one or more of the following officers as the Governor in Council may from time to time appoint, namely: The Valuer-General, the Superintendent of the New Zealand State-guaranteed Advances Department, the Under-Secretary of the Department of Lands and Survey. Three members form a quorum. In the case of the Valuer-General and the Superintendent provision is made for his deputy acting as his substitute.

The Public Trustee is made subject to any directions from time to time given by the Board. Though he is thus placed under the control of the Board in all respects, yet such control has in practice been reduced to and is exercised in two classes of cases only, namely: (1) Consent to the Public Trustee accepting the appointment of a trustee, executor, administrator, guardian, committee, agent, attorney, or other appointment under the Act; (2) approval of investments submitted to them by the Public Trustee. No investments are made without such approval.