

There is also the question of the Office remuneration for its services in collecting the interest from borrowers; and in accounting to clients the interest credited to estates is not subject to any charge by way of commission. The Office is, however, clearly entitled to some remuneration, and such remuneration is included in the balance of interest remaining after the estates have been credited at the fixed rate.

Then, too, there is the important matter of making reserves to meet any losses that may be incurred through the failure of investments to realize their full value—such losses as are inevitable to all lending institutions. Were no such reserves built up it would be a serious reflection on the Office management. An absolute guarantee is given in respect of money in the Common Fund, and provision must be made to substantiate the guarantee. It would surely not be contended that whenever a loss was made recourse should be had to the Consolidated Fund of the General Government. During the last few years all financial institutions have been faced with a serious depreciation in the value of their securities, and, notwithstanding the fact that the Public Trust Office has always lent on a conservative basis, it has found the need of the provision made in previous years to meet such a contingency.

In the course of criticism reference was made to superannuation funds forming part of the Common Fund, but this is not the case. All the Government superannuation funds are specially invested outside the Common Fund, and the only ones in it are a few belonging to local bodies who have elected voluntarily to take the advantages which the Common Fund affords.

One critic in his efforts to make a point against the Office stated that it paid no mortgage-tax—whereas, of course, the mortgage-tax was abolished years ago. But the Public Trust Office does pay income-tax at the highest rate.

This matter has been dealt with at considerable length, but it remains to be said that whether the funds of estates fall into the Common Fund or not is a matter of free choice with the Office clients: the advantages have been made clear. But when it is desired that the full current rates of interest should be obtained by separate investments outside the Common Fund the Public Trustee is in the position to offer a selection of the best securities. Testators and others placing their affairs in the hands of the Public Trustee have the full right and privilege to direct whether their money shall be invested in the Common Fund or separately outside the Common Fund. The Public Trustee will faithfully follow such directions.

It should be noted, too, that where a testator directs investment in the Common Fund he may except from such direction any particular investments he has made in his lifetime, and direct their continuance by his executor. The Public Trustee will follow the direction faithfully. A discretionary power of sale may be given by the testator, and in this case the Public Trustee will not proceed immediately to a sale, but will exercise the discretion given to him so as to realize the assets at the most favourable times, and in such a way as to secure the best results to the estate.

CHARITABLE TRUSTS.

3. The trust carried out by the Public Trustee under the will of the late Thomas George Macarthy, of Wellington, continues to be the most important charitable trust administered in the Dominion. Under the will of the late Mr. Macarthy the Public Trustee of the Dominion of New Zealand was appointed sole executor and trustee, and probate was granted to him on the 22nd August, 1912, the estate then being valued at approximately £379,000.

An extract from the will reads as follows :—

As to the other moiety of the annual rents income and profits of the same or the investments for the time being representing the same I declare that my trustee shall . . . pay and apply the same to and for such charitable and educational purposes or institutions in the Provincial District of Wellington and in such manner and in such shares or to such extent as the Board of Trustees hereinafter mentioned shall from time to time by resolution direct and appoint.

It will be observed that the late Mr. Macarthy did not specify any particular objects of his bounty, but indicated his general intentions, and permitted the distribution to remain entirely at the discretion of the authority nominated by him under