

The suggested amendment was made in the Finance Act, 1924, section 15 of which provides that the Public Trustee may expend out of the Investment Fluctuation Account, and, if such account is insufficient for the purpose, then out of the Assurance and Reserve Fund, such sums as he may consider necessary for the protection of the securities in which the Common Fund is invested. This enables the Office to take such steps for the safeguarding of the money invested in mortgages as ordinary business prudence dictates — a provision which will be regarded as essential especially when it is considered that the alternative is to stand by while securities calling for attention rapidly deteriorate or become valueless.

The authority is being exercised with the utmost caution, and only in such cases where the expenditure of money is considered to be essential to the preservation of the security.

LEGAL DIVISION.

82. In accordance with the policy of stationing competent officers to deal with the Department's legal work at the principal Branches, Legal Clerks were appointed during the year at New Plymouth, Napier, and Wanganui. In addition to the foregoing, a Legal Clerk had already been attached to the office staff at Masterton, whilst District Solicitors have been stationed at Auckland, Wellington, Christchurch, Dunedin, Hamilton, Palmerston North, and Invercargill.

The work of the Legal Officers at the Branches mainly comprises conveyancing matters. The fact that this class of work is attended to locally avoids delay, and is an advantage to the Office as well as to its clients. These officers act under the direction of the Office Solicitor, to whom is reserved advising and opinion work. As the volume of business warrants it, further Legal Clerks will be transferred to other Branches. Advantage is taken by the Office Solicitor or his assistants when at Branches where there are legal officers attached to the staff to inspect the legal work and to make suggestions which would tend to the improvement thereof. Recently the legal work at Christchurch was so inspected, and the report was satisfactory. This completes the inspection of the legal work at all the Branches except Dunedin and Invercargill.

83. Having regard to the multitude of testamentary instruments under which the Public Trustee is administering, it is inevitable that recourse must be had to the Court for directions from time to time. Some of the instruments are of the "home-drawn" variety, with the vagueness and uncertainty nearly always attendant therewith. In other cases the circumstances existing at the time the will was prepared by the testator's solicitor may materially change before his death, giving rise to questions of difficulty which the instrument itself does not clearly solve. Whenever such difficulties arise every effort is made to place the position clearly before the beneficiaries, and in many instances agreement is reached amongst the *cestuis que trust* settling the point of difficulty. Where, however, the interests of infants are affected or the beneficiaries require it, the assistance of the Court is invoked on originating summons. Then again, the services of the Office are frequently enlisted by the Court for the representation of absent or infant defendants in proceedings to which the Office is not a direct party. The organization of the Department makes it peculiarly fitted to undertake this service.

The following are the principal cases in which the Office took part during the period under review :—

- (1.) A certain person, X, possessed of moneys on fixed deposit at a bank, which were subject to two mortgages by way of assignment, requested another person, Y, to advance a further sum on the security of the bank moneys if X should subsequently require the same. Y agreed to make an advance according to the state of his finances. X departed from New Zealand and cabled Y for an advance. Y accordingly despatched £100. No instrument of security was ever executed between X and Y prior to the death of X, which occurred shortly afterwards. It was held that there was a good contract by X to assign to Y the bank moneys by way of mortgage; that such a contract was in the circumstances specifically enforceable, and therefore constituted in itself a good equitable security which operated to make Y a secured creditor in the insolvent estate of X.—*Hayes v. The Public Trustee* (1924 G.L.R. 193).