REPORT

OF THE

COMMISSIONERS

APPOINTED BY HIS EXCELLENCY THE GOVERNOR TO INQUIRE INTO AND REPORT UPON THE

CONDITION AND WORKING OF THE PUBLIC TRUST OFFICE.

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

WELLINGTON.
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1891.

COMMISSION.

To all to whom these presents shall come, and to the Hon. WILLIAM JAMES MUDIE LARNACH, of Dunedin, in the Colony of New Zealand, a Companion of the Most Honourable Order of Saint Michael and Saint George; ANDREW LOUGHREY, of Christchurch, in the said colony, Esquire, a Barrister and Solicitor of the Supreme Court of the said colony; and THOMAS KENNEDY MACDONALD, of Wellington, in the said colony, Esquire, a Member of the House of Representatives thereof; greeting:—

WHEREAS the Public Trust Office of the Colony of New Zealand, as constituted under "The Public Trust Office Act, 1872," and its amendments, has grown to be a department of public importance, and the business thereof has greatly increased, and, in order that the constitution and working of the said office may be improved and made more suitable to the public needs, it is expedient that a Commission should issue for the purpose of making full inquiry into the several matters and things hereinafter mentioned:

Now, therefore, know ye that I, William Hillier, Earl of Onslow, the Governor of the Colony of New Zealand, reposing trust in your knowledge, integrity, and ability, and in pursuance and exercise of every power and authority enabling me in this behalf, and by and with the advice and consent of the Executive Council of the said colony, do hereby constitute and appoint you, the said

WILLIAM JAMES MUDIE LARNACH,
ANDREW LOUGHREY, and
THOMAS KENNEDY MACDONALD,

to be Commissioners for the purpose of making inquiry into the constitution, working, and management of the Public Trust Office of the Colony of New Zealand hereinbefore mentioned, and for this purpose do hereby empower and require you with all convenient speed to make full inquiry as to the following matters and things, viz:—

1. The mode of conducting the business of the Public Trust Office in its several branches, and whether at Wellington or elsewhere, by means of the permanent staff of the said office, or by agents or otherwise.
2. The powers, duties, and liabilities of the Public Trustee and of the officers and agents of the said Public Trust Office; the mode of keeping, rendering, and auditing the accounts of the said office, or the estates or business therein; the charges made by the said office for business done by it or its officers or agents thereof; the means adopted to avoid inconvenience or delay in winding up, dealing with, or managing estates or property placed in or managed by the said office, or in satisfying the claims of beneficiaries, creditors, or persons entitled thereto or interested therein.
3. The investment of trust and other funds by the said office, whether under deed, will, or other instrument, or in any other manner authorised by law, general or particular, and the class, terms, and mode of investment in all or any of such cases.
4. In what respects (if any) the scope of the powers and duties of the Public Trustee could be enlarged, or whether any class or classes of property now administered by the said office or its agents should cease to be so administered.
5. How the law affecting all or any of the several matters aforesaid could or might be amended, altered, re-enacted, or regulated, and by what means and in what manner and form the same should be done.
6. And, generally, into all or any matters or things incident to or arising out of your inquiries into the matters aforesaid; the intent and object hereof being that full inquiry shall be made into all the business and operations of the said office.

And for all or any of the purposes aforesaid you are hereby empowered to call before you and examine on oath, or otherwise as may be allowed by law, or as you in your discretion may think necessary, all such person or persons as you may think capable of affording you information in the premises or any part thereof, including the Public Trustee and all or any of the officers of his department, and all or any of the agents of the Public Trust Office or otherwise howsoever: And also to have before you and examine all deeds, writings, documents, accounts, books, papers, maps, plans, or evidence of a like kind relating to the subject-matter of this inquiry: And you are directed and required to have all such evidence duly taken down in writing and recorded in such manner as you shall deem expedient:

Provided, however, that if any such evidence (whether oral or documentary) relates to the trusts of, or dealings with, private estates placed in or under the control or management of the said Public Trust Office, the same shall be so recorded as not to disclose the names of persons interested or concerned in such estates, or the locality or amount of the trust estate; but such evidence shall and may be referred to in such manner as you, the said Commissioners, think fit in order to avoid publicity of confidential matters.

And for better enabling you to make the said inquiry you are hereby empowered to employ such clerks and shorthand-writers as you may think necessary for the purpose of effectually transcribing and taking down the evidence given before you and recording and preserving the same: And I direct that the said inquiry shall be conducted at the office of the Public Trustee, at Wellington, in the said colony, and that, using all diligence, you, the said Commissioners, do report to me under your hands and seals, your opinion resulting from the said inquiry, stating your recommendations in respect thereof, not later than calendar month from the date of these presents, accompanying such report with the evidence taken by you as hereinbefore authorised: And it is hereby lastly declared that this Commission shall continue in full force and virtue although the inquiry be not regularly continued from time to time by adjournment; and that you or any two of you sitting and acting together shall and may from time to time proceed in the execution of the powers hereby conferred upon you, the said Commissioners, and of every matter and thing herein contained.

In witness whereof I, William Hillier, Earl of Onslow, the Governor of the Colony of New Zealand, have hereunto set my hand, and have caused the seal of the said colony to be hereunto affixed, at Wellington, in the said colony, this twenty-seventh day of February, one thousand eight hundred and ninety-one.

Issued in Executive Council— (L.S.) ONSLOW,
Governor.

ALEX. WILLIS,
Clerk of the Executive Council.

REPORT OF THE COMMISSIONERS ON THE CONDITION AND WORKING OF THE PUBLIC TRUST OFFICE OF NEW ZEALAND.

To His Excellency the Right Honourable William Hillier, Earl of Onslow, of Onslow in the County of Salop; Viscount Cranley, of Cranley in the County of Surrey; Baron Onslow, of Onslow in the County of Salop, and of West Clandon in the County of Surrey; Baron Cranley, of Imbercourt; Baronet; Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George; Governor and Commander-in-Chief in and over Her Majesty's Colony of New Zealand and its Dependencies, and Vice-Admiral of the same.

MAY IT PLEASE YOUR EXCELLENCY.

On the subject of the Public Trust Commission issued by you on the 27th day of February, 1891, under which we were appointed your Commissioners, we have now the honour to report that, having made full inquiry as to the following matters, so far as the time placed at our disposal would allow, we propose to deal with them in the order set forth in your Excellency's Commission.

Firstly—

The mode of conducting the business of the Public Trust Office in its several branches, and whether at Wellington or elsewhere, by means of the permanent staff of the said office, or by agents or otherwise.

Your Commissioners have gone most carefully into this portion of their duties, and it is with extreme regret they feel compelled to state that, so far as the Head Office is concerned, there has been an absolute want of any proper or regular system up to the present time in the conduct of its business.

The books of the office have for years been kept in a careless and unfinished manner, particularly the ledgers and rough cash-books. The number of books and classes of books in daily use by the Public Trust Office is far in excess of what would be necessary under a well-regulated mercantile or banking system; and the evidence discloses the fact that very many of these books are in daily use for money-entries of which the Public Trustee, the Chief Clerk, and the Audit Department were entirely ignorant.

To give some idea of the number, style, and uses of the books kept, your Commissioners have had returns and diagrams prepared showing the method of keeping them, and their respective places in the working of the business of the Public Trust Office. Attention is directed to these returns and diagrams, and also to the evidence relating thereto.

The correspondence by the Public Trust Office has been conducted in an unsatisfactory and irritating manner. Neither the Public Trustee nor his officers seem to have acquired the habit of writing the courteous and businesslike letters that are customary in all well-regulated establishments, but have practised a system of sending formal memoranda, and, as a rule, giving very limited information to clients and the public who may have had occasion to correspond with the Public Trust Office.

On the subject of rendering accounts by the Public Trustee in connection with the many estates under his control, your Commissioners find that this duty has been carried out in a very irregular manner, so much so that the Public Trustee has rarely sent a really true and faithful statement of an account to a beneficiary in cases where a loss, or prospective loss, has been made on a security.

Secondly—

The powers, duties, and liabilities of the Public Trustee and of the officers and agents of the said Public Trust Office; the mode of keeping, rendering, and auditing the accounts of the said

office, or the estates or business therein; the charges made by the said office for business done by it or its officers or agents thereof; the means adopted to avoid inconvenience or delay in winding up, dealing with, or managing estates or property placed in or managed by the said office, or in satisfying the claims of beneficiaries, creditors, or persons entitled thereto or interested therein.

Your Commissioners are of opinion that the powers of the Public Trustee, or of the management of the Public Trust Office, should be of an extensive character in order to facilitate the conduct of its business. The management should be made absolutely free from any control by the Auditor-General's Department, which hitherto has only served to cause delay in the transaction of business, without having been of the slightest use for the purposes of audit. The management of the Public Trust Office, both in the interests of the Colony and of its clients, should have the same extended and trusted authority as the head of a large mercantile and financial institution, with full and unrestricted powers to transact business with promptitude and readiness; and, in the opinion of your Commissioners, unless the Public Trust Office be placed on such footing, its business can never be carried on with advantage or satisfaction to any interests concerned.

As to the liabilities of the Public Trustee, his officers and agents, they seem to your Commissioners to be entirely regulated by the capacity of the officers engaged in the conduct of the business of the Public Trust Office; and, so far as the system of management has obtained up to the present time, your Commissioners offer no opinion on the probability of liability having been incurred under it, either by the Public Trustee or by the Colony. The evidence accompanying this Report will be a guide in arriving at a conclusion.

But, as to the mode of keeping, rendering, and auditing the accounts of the Public Trust Office, your Commissioners have something more definite to say. They were very much surprised when they discovered, during the course of their investigation, that the system of Government audit practised in relation to the business of the Public Trust Office has been in reality a delusion. In proof of this they would refer to the evidence—not only to that adduced by the Auditor-General, but also to the testimony given by his several officers who were examined before your Commissioners. This evidence discloses the fact of the Audit Department having been ignorant of the existence of a large number of books in use by the officers of the Public Trustee, in which money entries were made each day; the want of knowledge by the Audit Department of its responsibility in connection with realty and personalty effects that continually and under the view of the daily audit came into possession of the Public Trustee; the absence in the Public Trust Office of any complete inventories of personalty effects belonging to deceased men and women; the careless and perfunctory inspection made by the Audit Department of the mortgage securities held in the interests of beneficiaries; that many of the said securities have been allowed by the Public Trustee to appear year after year in the annual balance-sheet as representing securities worth twenty shillings in the pound. These securities have been certified to as correct by the Auditor-General, when he and his inspecting officers, had they faithfully performed their duty, should have known that some of the mortgages had long since been foreclosed by the Public Trustee, and *ipso facto* had ceased to exist; that the securities had been exposed for sale by auction, and had been bought in by the Public Trustee, as the highest bidder, for less than one-half, and even as low as one-eighth, of the money originally advanced upon them, and still they have been passed year after year by the Audit Department, as representing the full amounts advanced, for the purposes of the annual balance-sheet presented by the Public Trustee for the information of the Government and the Parliament of the country. In addition to this misrepresentation of facts, a large amount of interest due upon many of those mortgage securities has for several years been in arrear, and has never been brought to account in the ledgers of the Public Trust Office. Yet the Audit Department has been, as it was supposed, discharging its duty without discovering these facts. It was also within the knowledge of the Audit Department that early in the year 1889 the Colonial Treasurer took away from the supposed profits of the Public Trust Office, as they appeared in the annual balance-sheet on the 31st December, 1888, the sum of £18,000 for the Consolidated Fund. It also appears that at that time, and prior to the transfer of the £18,000, it was known to the Public Trustee that the profits of the Public Trust Office had been improperly swollen by an amount of nearly £3,500, made up of accrued interest on the credit balances of a number of estates, such interest having been transferred from the credit of the said estates to the credit of the Expenses Account, which is practically the Profit and Loss Account of the Public Trust Office. When transfers of supposed profits like these took place, the Auditor-General, the Colonial

Treasurer, and the Public Trustee, ought to have been led to inquire not only into the genuineness of the profits of the Public Trust Office, but also as to the *bona fides* and values of the mortgage securities held by the Public Trustee; but no prudent course of that kind appears to have suggested itself to any one of these high officers.

In dealing with the charges made in reference to business done by the Public Trust Office, your Commissioners have to point out that these have been excessive. Up to the end of the year 1889, ten per cent. seems to have been the charge made for the collection of rents, and where an agent was employed, he was allowed one-half, or equal to five per cent. Since the year 1889, seven and a half per cent. has in many cases been charged, the agents, whenever employed, receiving two-thirds, or five per cent. For collecting income the charge has been five per cent., and where agents have been employed two and a half per cent. is paid to them. But in all cases where it has not been necessary to employ agents the Public Trust Office seems to have taken the full benefit of the maximum charge of commission made to clients.

Agents, too, are allowed to charge borrowers procuration-fees on applications for loans recommended by them for the consideration of the Public Trust Office. This practice cannot but be productive of injury to the business, as the agent, in his anxiety to earn procuration-fees, which may on even one transaction exceed his whole annual commission from the Head Office for general services, is apt to be tempted to over-value a security, with the result, as already proved in more than one case, of serious loss when the security had to be realised. The charges of late made by the Public Trustee in respect to intestate estates have been seven per cent. for the first £250 realised, and five per cent. for all amounts over that sum. For the collection of moneys in possession of Banks and Insurance Companies, involving neither risk nor trouble, the charge has been half of those rates. Since the beginning of October, 1890, there has been a new schedule of charges, which is fully set forth in the Appendices.

Your Commissioners believe that, in the interests of the public, the charges can be very much modified and lessened in such a manner as to increase the business of the Public Trust Office.

As to the means adopted for avoiding delay and inconvenience in managing estates and properties falling into the hands of the Public Trustee, your Commissioners have come to the conclusion that, while the Audit Department has had much to do with the causes of complaint in respect to delay, the confused method of book-keeping practised by the Public Trust Office has added to the evils of which complaints have been made. Your Commissioners are of opinion that, until a more simple and perfect system of keeping the books, papers, and records of the Public Trust Office be adopted, dissatisfaction will continue to be expressed by those who would be likely, under an improved condition of management, to place business with it.

On the important point of satisfying the claims of beneficiaries or persons who may be entitled to participate in estates, the Public Trustee has seldom done his duty effectively. So far as your Commissioners have been able to form an opinion, they feel justified in stating that immediately an estate is entrusted to the control of the Public Trustee little if any effort is made to find out the next-of-kin or the beneficiaries entitled to participate therein; indeed, the evidence seems to point to a feeling that obtains in the Public Trust Office that possible beneficiaries ought to find out for themselves by some occult means whether moneys to which they might be entitled were in the hands of the Public Trustee. Nor has the Public Trustee apparently realised the importance of his duty to acknowledge and reply to letters in reference to estates and effects that have fallen into his hands. Long periods of time have frequently passed away during which the Public Trustee and his superior officers have slumbered over important letters of inquiry as to a deceased person's estate that has been under the care of the Public Trust Office. The result of this course of action has been that many of those interested beneficially in intestate estates, through want of proper information or of means, have been deprived of all benefit, the law as it exists compelling the Public Trustee to pay all moneys—proceeds accrued from personalty of intestate estates—which have been unclaimed for six years into the Consolidated Fund. The consequence has been that many thousands of pounds, which under a system of careful inquiry would have been distributed to beneficiaries, have been taken possession of by the Colony.

Your Commissioners desire to draw attention to a sum of over £30,000 which has been absorbed by the Colony from unclaimed funds and balances arising out of the administration of estates vested in the Public Trustee. This sum is exclusive of the £18,000 previously referred to. They strongly recommend that some earnest efforts of a systematic

character should be made periodically by the Public Trust Office to find the owners or beneficiaries of unclaimed estates.

Your Commissioners have examined into the circumstances connected with the administration of many estates wherein the treatment by the Public Trustee of the moneys and assets has proved to have been imprudent and unwise; and the result appears to show that, in many cases, the persons entitled to the benefits of such estates have been treated in a somewhat arbitrary and cruel manner. We regret to say that the Public Trustee appears to have displayed a total absence of capacity and knowledge of how these estates should have been managed and controlled. And they have to ask attention to the evidence relating to many such estates, as shown in the statements accompanying this Report; more especially to the sad history of the treatment by the Public Trustee of the estates of Mrs. Dallon; Hugh Wright, a lunatic; the Meurant Trust; Holmes, a lunatic; Parminter, Samuel Young, and others. Also to note the manner of the dealing by the Public Trustee with Mr. W. F. Ross, who became a purchaser of a certain frontage of freehold land in Lambton Quay, Wellington.

A most unusual and peculiar method has obtained with the Public Trust Office—perhaps legally—of keeping its Profit and Loss Account under the heading of "Expenses Account," to which all salaries and charges during the currency of the financial year have been debited, while at the same time all commissions, interest, and fees have been credited to it; and, the latter three items of credit being greater than the debit entries, the Expenses Account holds the anomalous position of always appearing in credit; and your Commissioners desire to indicate this as an example of the inefficient mode of book-keeping. The "Expenditure" Account should only contain debit charges for salaries, law-costs, and petty cash, and should not contain credit entries, unless in the shape of a refund of some charge previously made to it during the year. "Commission" Account should be a separate account, and always in credit. "Interest" Account should be a separate account, and in credit; and "Fees" Account should also be a separate account in credit. At the end of a half-yearly or annual balance the balances of these several accounts should be brought to a Profit and Loss Account in the general ledger, and disposed of by showing the result—a balance of either profit or loss.

Your Commissioners have had returns prepared showing in detail how each total amount that appears on the balance-sheet of the 31st December last is made up, and they recommend that similar returns should be continued at future annual or half-yearly balances. Had a regular system of this kind obtained hitherto, and the books and files of papers been in proper order, there would have been no necessity for the employment by the Public Trustee of a large staff of extra clerks during the tedious investigation on which the Commissioners have been engaged.

Thirdly—

The investment of trust and other funds by the said office, whether under deed, will, or other instrument, or in any other manner authorised by law, general or particular, and the class, terms, and mode of investment in all or any of such cases.

The investment of funds under mortgage by the Public Trustee appears to require the sanction of a quorum of the Public Trust Board. Applications for loans are entered in the Board's minute-book, with the name of the applicant and amount of loan applied for; but no particulars, description, or locality of securities have been entered on the minutes placed before the Board. The loans, after consideration by the Board, are either "granted" or "declined," and such decision has been written in the minutes as each case has occurred. Your Commissioners are of opinion that a proper description and full particulars of every security offered for loan should be carefully and minutely described in the Board's minute-book before being placed before the Board. Had this system been practised hitherto, much trouble would have been avoided in the investigation just made. The duties of the Public Trust Board do not seem to extend beyond the sanctioning of loans. For instance, it does not appear to have been within the province of the Board to inquire into or know anything of the securities after loans had been granted—not even to know whether a loan granted had been completed as a security, and whether the value of such security had subsequently fluctuated. In the opinion of your Commissioners this is a most important duty, and ought to have been attended to by either the members of the Board or by the Audit Department; and any loan granted by the Board, after its acceptance and completion by the mortgagor, should again have been reported in the minutes of the Board and the date of its completion recorded.

The securities in which the Public Trustee is at present authorised to invest funds under his control are—Government securities of the United Kingdom, the Colony of New Zealand, or of the Australasian Colonies; Securities issued by a County Council, Borough Council, Harbour Board, Road Board, or Town Board; Mortgages of freehold lands; Fixed deposits with any incorporated bank carrying on business within the Colony; and in any way provided by a will or trust instrument. The Board of the Public Trust Office is bound by regulations not to advance on mortgage out of the general fund a larger sum than fifty per cent. of the valuation of any property offered as a security; but in many instances the evidence discloses the fact that the Board has failed to keep within the regulations. Neither the Board nor the Public Trustee ever appear to have taken into consideration that they had two funds, entirely distinct, out of which they could make advances—namely, the general funds of the office and the special funds arising out of trusts and wills, the first being subject to the regulation as to the fifty-per-cent. margin, and the latter being controlled either by the specific trust or will, or being absolutely free of any restriction. The evidence of the Public Trustee, and the returns furnished by him, also show that in several instances moneys have been advanced on mortgages without any valuation of the securities having been made.

By way of mortgage securities the Public Trustee has chiefly dealt with what are legally known as contributory mortgages, without having realised the risks and confusion that he might entail upon the Colony and himself. This plan of dealing with balances at credit of estates on such a class of security was apparently unknown to the members composing the Public Trust Board.

The position will be recognised by assuming, as examples of these mortgages, that three applications for different loans on different days had been placed for approval before the Public Trust Board—say, for £10,000, £3,000, and £1,000. The several securities having been approved by the Board, the loans were granted, and mortgages prepared in favour of the Public Trustee, who then paid to the mortgagors his cheques, drawn on his general account. The Public Trustee then takes from credit balances of estates, without the knowledge and consent of beneficiaries or of the Board, unequal sums of money, sufficient in the aggregate to make up each of the said mortgages. If the securities turn out to be good, and the interest thereon is paid regularly for the benefit of the many estates involved in the loans, no question is likely to arise; but, on the other hand, if the securities become unsatisfactory, and beneficiaries make urgent and unavailing demands for unpaid interest and for loss of principal moneys, serious difficulties and complications are sure to ensue; indeed, such an undesirable state of things already exists. Your Commissioners, without expressing any opinion as to the legality of such mortgages, cannot refrain from pointing out their many difficult and inconvenient surroundings. In the first place, if an excellent investment of the kind were made by the Public Trustee, bearing interest at seven per cent., or even at a higher rate, there exists no stated or fair principle by which the Public Trustee should be obliged to give preference to those balances or moneys that had stood uninvested for the greatest length of time in his books; and therefore any contributory mortgagee would have good cause of complaint if he found his money invested under that form of security at a lower rate of interest than that received by any other client of the Public Trust Office. The Public Trustee might, quite unintentionally, give a great advantage to an estate only recently brought under his control, and overlook other estates that had been for years on the books of the Public Trust Office. Again, where a loss or losses had to be faced—and there are many such—the plan of the Public Trustee is to distribute any loss *pro ratâ* among the contributing estates from which he had taken the money for the original mortgage; but, as the various sums so taken have been unequal in amount, varying from fifty pounds from one estate to many hundreds from another, it will easily be realised how confusion, discontent, and perhaps litigation may arise from such transactions. In several cases the Public Trustee has made allocations from estates that had come into his hands, as contributions towards mortgages which had been executed and in his possession for many months, and, subsequently, when losses had occurred in connection with the latter securities, the Public Trustee charged the same to the former estates on the *pro ratâ* principle, without the knowledge of beneficiaries as to the facts.

Your Commissioners are, therefore, of opinion that contributory mortgages are not satisfactory securities to deal with, either for the Public Trustee as mortgagee, or for the many contributing estates as mortgagees. The same power of investment can be obtained at a reduced, but certain, rate of interest, and without risk or inconvenience to any interests con-

cerned. If the Colony were to guarantee five per cent. per annum on the daily credit balance of a botchpotch account in the name of the Public Trustee, to be called the "General Estates Account," and to be composed entirely of balances belonging to intestate estates, then from this "General Estates Account" the Public Trustee, with the advice of his Board, could more easily and safely advance any sum or sums of money at a marginal higher rate of interest, say from one to two per cent., and so provide for the guarantee and expenses. It would also be much more satisfactory to beneficiaries, particularly those interested in the smaller intestacies, to know that their moneys were safely invested at five per cent., and that the half-yearly or annual income, clear of all deductions for legal charges, was secured to them, and that their principal moneys were safe.

Your Commissioners are further of opinion that all intestacies, whether of realty or of personalty, or of both, that may be brought under the control of the Public Trustee should, as soon as convenient afterwards, be sold by public auction, and the proceeds placed in the "General Estates Account," so as to produce five per cent. to the beneficiaries. This course would save the Public Trustee much clerical labour and trouble, besides considerable risk, and lessen the unsatisfactory nature of carrying on the business of an intestacy. The care of house property and of vacant land, the repairs to houses, and the collection of rents, would become a thing of the past, so far as this class of estates is concerned. In regard to testate estates the position of the Public Trustee is different, as he is only called upon to follow the directions of the Wills dealing respectively with them. The same remark is applicable to estates placed in the Public Trust Office by deed.

Fourthly—

In what respects (if any) the scope of the powers and duties of the Public Trustee could be enlarged, or whether any class or classes of property now administered by the said office or its agents should cease to be so administered.

Your Commissioners, in the earlier part of this Report, have offered an opinion that the powers of the Public Trustee should be of a very extended character, and after further consideration they think that he should be authorised to manage estates for people either resident or non-resident in the Colony—that, in fact, he should be empowered to become attorney for the conduct and management of any business pertaining to and within the Colony of New Zealand. So far as their investigation of the classes of property hitherto administered by the Public Trustee has assisted them to judge, they have come to the conclusion that the Public Trust Office of the Colony, under capable management, is the proper and responsible Institution to take upon itself the care and control of all classes of property, whether appertaining to realty or to personalty, and whether belonging to Europeans or to the Native race.

Your Commissioners have been informed that it is the desire of the Public Trustee to divest the Public Trust Office of all business in relation to Natives, and in connection with Native reserves; and it may be a matter of prudent policy or otherwise to withdraw such business from his control; but that is a question of which your Excellency's Ministers ought to be the proper judges. Under capable and experienced management, the Public Trust Office might be made not only a *bonâ fide* revenue-producing Institution for the benefit of the Colony, but a most economically useful one in the management and custodianship of both real and personal property of every kind. There also seems good reason that the Public Trust Office should be authorised to receive moneys on fixed deposit at rates of interest varying with the term of the deposit. Moneys might also be received on deposit at call, bearing interest at two and a half per cent., provided that upon any such deposit at call no interest should be allowed if withdrawn within thirty days after it had been first made. Conditions of this kind would prove very advantageous to the public, and become a profitable source of business to the Public Trust Office.

Fifthly—

How the law affecting all or any of the several matters aforesaid could or might be amended, altered, re-enacted, or regulated, and by what means and in what manner and form the same should be done.

Your Commissioners are of opinion that the law should be so amended as to provide the greatest facilities for the Public Trustee carrying on a general financial business; for the values and character of properties that from time to time may come under his control are so different that one estate or property may require a totally distinct kind of management from another. The unfortunate system of contributory mortgages that has obtained with the currency of the ordinary business of the Public Trustee is one which cannot be

approved, when the difficulties in connection with their management have been made apparent. Your Commissioners felt so uneasy in respect to this class of security that they deemed it a prudent course to require the Public Trustee to obtain the opinion of leading counsel. This was done; but, as the Public Trustee seemed to think that the single opinion of one legal firm was sufficient to satisfy the doubt that had existed in their minds, and refused to take another opinion without the consent and approval of the Colonial Treasurer, your Commissioners took upon themselves the responsibility of procuring a second opinion upon the subject of the law regulating the Public Trustee, on the mode of doing business, and also on the duties of the Audit Department in relation to the Public Trust Office. These two valuable opinions appear in the evidence, and there cannot be any doubt but that the law should be altered as early as possible to give freedom to the transaction of all business that may be intrusted to the Public Trust Office, and new legislation should tend in that direction. Your Commissioners recommend that, in connection with "The Sale for Non-payment of Rates Act, 1870," and subsequent Acts of 1876, 1879, 1882, 1885, 1887, and 1888, the Public Trustee should have the power to lease by public tender any land for any term up to twenty-one years; and, in the event of not finding a tenant after three months' notice, he should be empowered to sell by public auction without the intervention of the Registrar of the Supreme Court. Under the present Rating Acts the costs of selling property on which rates are overdue are exceedingly high.

Sixthly—

And, generally, into all or any matters or things incident to or arising out of your inquiries into the matters aforesaid; the intent and object hereof being that full inquiry shall be made into all the business and operations of the said office.

A cause of dissatisfaction has arisen with the clients of the Public Trust Office in connection with petty charges. No proper system of keeping an account of postages chargeable to each particular estate has ever obtained in the Public Trust Office; but estates have been at different periods charged according to the caprice of the Ledger-keepers. Attention is directed to a return of postages debited to estates in the Public Trust Office during the annual periods of 1888, 1889, and 1890, which shows respectively, in round numbers, £250, £257, and £165. These several sums point to overcharges, for the annual amount paid by the Public Trust Office to the Postal Department has varied from £100 to £150. Your Commissioners are of opinion that the commissions and fees charged by the Public Trust Office in the management of estates are sufficient to cover petty charges for postages, which of themselves, when charged to estates direct, are very apt to occasion irritation and discontent in the minds of beneficiaries and clients; and for that reason such a system should not be continued in the future, particularly as the rates of postage are shortly to become of an uniform low rate. In respect to telegrams, your Commissioners are of opinion that the cost of these should be charged direct to the estate interested.

Your Commissioners would draw attention to an interesting return that forms one of the Appendices, and relates to law charges and legal expenses incurred by the Public Trustee, and paid largely out of the profits of the Public Trust Office. The total amount exceeds £13,000. A considerable part of these costs has been incurred notwithstanding the fact that a solicitor of experience, subordinate only to the Public Trustee, has been for some years a member of the official staff employed in the Head Office. Your Commissioners cannot help feeling that considerable want of business tact and management is obvious from this fact alone; and they have little hesitation in stating that a large proportion of such costs should never have been incurred. There are estates in the Public Trust Office that have suffered most severely and injuriously in this respect. One especially, that of Hugh Wright, a lunatic, was greatly impoverished by heavy legal costs incurred at Christchurch.

Your Commissioners, in examining the methods adopted by the Public Trust Office in the disposal of the personalty of intestate estates, were very much startled by the disclosures made in evidence. The revelations in connection with the purchases by officers in the highest positions in the service of the Public Trust Office were of the most unexpected character. Your Commissioners cannot too strongly deprecate such conduct, not only as being improper and open to grave suspicion but utterly indefensible and illegal.

Your Commissioners, in their examination of various lunatic estates, have discovered that the provisions of "The Lunatics Act, 1882," with respect to the maintenance of lunatics out of their estates have not been given effect to. In several instances the greater part of the estate of the lunatic has been used for his maintenance in the asylum, very little consideration

being shown for the wants of his wife and family. Your Commissioners are of opinion that the Public Trustee should, in every case where he has to control the estate of a lunatic, make provision for the requirements of the wife and family before disbursing any moneys for the lunatic's maintenance at the asylum. The evidence also reveals the fact that considerable hardship has often been experienced by patients discharged from lunatic asylums without means, their estates having been exhausted during their treatment in the asylum. In all such cases some pecuniary assistance should be given to the patients when leaving.

The Public Trustee has not acted with due consideration in reference to the re-leasing of certain Native reserves on the West Coast of the Middle Island. Some of the lessors, after offering fair rentals, have been compelled by the Public Trustee—without the consent of his Board—to submit to arbitration, and, as a result, have been saddled with considerable legal costs, which were incurred in consequence of unnecessary arbitration. In a recent instance the expenses amounted to several times more than the sum in dispute.

Your Commissioners are of opinion that the Public Trust Office should be managed by a Public Trustee and a Deputy Trustee, with powers almost co-equal, and that they should be men of large commercial and financial experience. The Trustees should have the assistance of an advising Board composed of two commercial men possessing special knowledge. It would be desirable that one of the Trustees and the advising Board should meet twice each week, in order to facilitate the despatch of important business.

If the Public Trustee assisted by a Deputy Trustee were carrying on the management of the Public Trust Office, it would be advisable that one of these officers should travel frequently through the Colony, with the object of acquiring information that would be of value in the interests of the Public Trust Office, and of overlooking the working of its many agencies, besides inspecting and judging of the values of any properties held as securities and about which there might be uneasiness. Your Commissioners have learned that a feeling of dissatisfaction has existed in parts of the Colony among those who had desired to communicate personally with the Public Trustee, and who were unable to make the journey to Wellington for that purpose.

On the question of the conversion of local agencies into distinct branch offices of the Public Trust, your Commissioners advise that, for some time to come, no change in that direction should be made; and certainly not until the administration at the Head Office has been placed on a sound and satisfactory basis, and until the income of the Public Trust Office will allow of adequate salaries being paid to the officers appointed to manage and conduct the business of a branch office.

Your Commissioners deem it their duty to point out the great inconvenience that exists owing to the want of sufficient office and strong-room accommodation at the Head Office. They recommend that no unnecessary delay should take place in providing ample office-room, with every necessary convenience for conducting with facility the business of the Public Trust Office. The real necessity for extensive fire-proof strong-room accommodation in such an institution as the Public Trust Office, for the safe keeping of securities, deeds, and other important documents, cannot be questioned; and it is due alike to the clients and to the management that adequate provision should be made for the proper carrying-on of the important business of so valuable a department of the State.

Your Commissioners have been unable to fully investigate the papers and accounts connected with all the estates at the Head Office, nor have they been able to visit any branch or agency of the Public Trust Office, for the reason that your Excellency's Ministers, throughout the term of the investigation, have deemed it advisable to confine the labours of your Commissioners within too limited a space of time, apparently not realising the heavy nature of the task, nor the laborious work involved by its many difficult and technical intricacies. The investigation, consequently, has not been so thorough as your Commissioners would have desired.

W. J. M. Larnach,
Chairman.
A. Loughrey.
T. Kennedy Macdonald.

MINUTES OF PROCEEDINGS.

MONDAY, 16TH MARCH, 1891.

THE Commissioners met at the Public Trust Office, Wellington, at 11 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G., T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Resolved, on the motion of Mr. Macdonald, seconded by Mr. Loughrey, That the Hon. W. J. M. Larnach be appointed Chairman of the Commission.

A letter was read from the Hon. the Premier, enclosing Commission under the hand of His Excellency the Governor and the seal of the Colony, and intimating, also, that Mr. James Grattan Grey, of Dunedin, had been appointed secretary and shorthand-writer to the Commission.

The Commission was then read in the presence of Mr. R. C. Hamerton, Public Trustee.

Resolved, That the inquiry be commenced from the first starting of the Public Trust Office.

A letter was read from Mr. W. C. Walker, of Ashburton, drawing the attention of the Commissioners to certain particulars in connection with the investigation. The letter was ordered to be printed.

The Public Trustee was requested to supply a list of all books at present in use in the Public Trust Office, giving details of each.

The Commission afterwards proceeded to examine the first ledgers, record-books, check-ledgers, journals, &c., belonging to the department.

The Commission adjourned at 5 o'clock until Wednesday, the 18th March, at 10 a.m.

WEDNESDAY, 18TH MARCH, 1891.

The Commission met pursuant to adjournment.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

The Commissioners ordered a chronological return to be prepared showing all estates in the different classes that have come under the control of the department since the commencement of its operations, to be arranged under the respective headings indicated by the Commissioners to the Public Trustee; also a return showing the following information in intestate estates: (1.) Names of estates still open, and date when they came into office. (2.) Details of real property still unrealised, and reason for such non-realisation. (3.) Details of personal property still unrealised, and reason for such non-realisation, and where property is stored. Previous return ordered in reference to all estates to be separated into classes, and be separated in so far as respects closed and unclosed estates. Same return also in reference to all estates under will administered by the department.

Resolved, That no witness be allowed to be present during the examination of other witnesses.

The Commissioners then proceeded to examine sundry books and papers, after which they adjourned at 5 o'clock until 10 a.m. next day.

THURSDAY, 19TH MARCH, 1891.

The Commissioners met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That Mr. Hamerton be requested to forward the following memorandum to the heads of the departments in the Public Trust service, with a request to give it immediate effect: "That the Accountant and each clerk in charge of the various departments in the office be required to prepare for the information of the Royal Commission a personal report respecting the working of their respective departments, detailing the duties carried out by them; the number of officers in each department, and their duties; the average number of hours worked by each during the week; the salaries received; if guaranteed, the amount of each guarantee; and in what respects (if any), in their opinion, the administration of their departments can be simplified and improved." Reports to be forwarded as early as possible to the Commission.

Resolved, That the Public Trustee prepare and furnish to the Commissioners a return setting forth the amount handed over to the Hon. the Colonial Treasurer on account of the Consolidated Fund in reference to unclaimed balances in estates, detailing the name of each estate, the amount of the balance to its credit, and what steps (if any) were taken to find the heirs-at-law. The return also to set out details of any refunds that may have been made from the Consolidated Fund in reference to estates which have been regarded as closed.

Resolved, That the Public Trustee furnish to the Commissioners a memorandum respecting the mode adopted in conducting the business of the Public Trust Office in its several branches, detailing officers or agents in charge of such branches; their average salaries or remuneration during the past three years; whether they have given guarantee bonds, and, if so, details of same; the total annual receipts of each branch; the expenses of administration in connection therewith; and in

what respects, in his opinion, if any, the administration of such branches and their convenience to the public can be improved.

Resolved, That the Public Trustee be requested to furnish to the Commissioners a return of all mortgages in existence in the Public Trust Office in all classes for moneys lent, showing names of mortgagors, numbers of mortgages, the amounts of moneys lent, terms of mortgages, dates on which moneys were lent, rates of interest, mortgagor's valuations of securities for the purposes of the loans, the valuations of the department by its valuers, and the property-tax valuations.

Resolved, That the Public Trustee do furnish a return showing all properties, if any, bought in or taken over by the department for non-payment of interest and mortgage advances, such return to specify the amount advanced, the amount of arrears of interest, and net amount realised, and how such properties are being carried on, showing revenue, expenditure, &c.

The Commission adjourned at 5 o'clock.

FRIDAY, 20TH MARCH, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That the Public Trustee be requested to furnish a return showing the items that compose the balance of Returned Cheque Deposit Account on the 31st December, 1890; also, a similar return of the Suspense Account on same date.

Resolved, That a return be furnished of the particulars composing the balance at credit of Unclaimed Dividends Account on the 31st December, 1890.

Resolved, That a return be furnished showing the number of accounts open in the books of the Public Trust Office under and in connection with Acts of Parliament of New Zealand, giving names or headings.

Resolved, That a list be furnished of all complaints made from time to time to the Public Trust Office, the names of the parties complaining, subjects of complaints, and how disposed of.

The Commission adjourned at 5 o'clock.

SATURDAY, 21ST MARCH, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That a return be furnished showing all accounts in connection with the Native reserves now in the books and under the control of the Public Trustee, giving particulars of date of coming into office and present position of each account, conveniently arranged under classes.

Resolved, That the Public Trustee be requested to furnish a memorandum showing what steps are taken by the Public Trust Office with respect to the acquirement of personal estate on receiving news of the death of a person dying intestate.

The Commission adjourned at 1 o'clock.

MONDAY, 23RD MARCH, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That the Public Trustee be requested to furnish to the Commission the original rough cash-books, memorandum-books, or journals containing the first entries of all cash coming into the office, say, from the commencement of the business of the office to the end of 1890.

The Commission adjourned at 5 o'clock.

TUESDAY, 24TH MARCH, 1891.

The Commissioners met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That the Public Trustee be requested to furnish a return of all stationery purchased or imported for use of the Public Trust Office since commencing business, showing nature of stationery and cost, from whom purchased, and date of purchase; also, list of books and stationery on hand to the 31st December, 1890, or to date.

Resolved, That the Public Trustee be requested to furnish the following returns: (1.) Return showing all officers and agents employed in connection with the administration or otherwise of the Native reserves department, specifying salary or other remuneration, their duties, and date when they entered the service. (2.) Return showing annual rents received for Native reserves (West Coast Settlements), cost of administration, amount paid to Natives, and balance in hand. (3.) Return of all Native reserves in the colony, showing—(*a*) Those administered by the Public Trustee; (*b*) those vested in the Public Trustee, but not administered by him, and the reasons for such non-administration; also, any reports in possession of the Public Trustee respecting the

state and condition of the Native reserves and West Coast Settlement Reserves; also, particulars of leases of Native reserves, where leased, to whom leased, term of lease, rental, and present tenant.

The Commission adjourned at 5 o'clock.

WEDNESDAY, 25TH MARCH, 1891.

The Commissioners met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Examination of books and records continued.

The Chairman reported that the Commissioners had interviewed the Hon. the Premier with the object of discussing the subject of the extension of the powers of the Commission in the event of the Government desiring the Commissioners to take evidence at the various agencies of the Public Trust Office. The Commissioners pointed out to the Premier that they were anxious to finish their work as soon as possible, and to carry out their investigation thoroughly; but the responsibility would rest with the Government as to how far the Commissioners should proceed after having dealt with the Head Office at Wellington. The Commissioners requested the Premier to consult his colleagues, and consider the matter, and reply in writing at his early convenience.

Resolved, That the Public Trustee be requested to furnish a return showing—(1) The number of "terriers" kept in the Public Trust Office; (2) the date on which he found it necessary to use them; (3) the purposes for which they are kept, and whether the Public Trustee finds them well adapted for the requirements of the office, and whether he thinks they will increase in number from time to time through the wants of the department.

The Commission adjourned at 5 o'clock.

THURSDAY, 26TH MARCH, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That the Public Trustee be requested to furnish the Commission with a return showing how the funds coming into his hands since the establishment of the Public Trust Office have been annually invested; the return to be in a tabulated form, giving the year, amount of accumulated funds during the year, amount invested in Government securities during the year, average rate of interest on such Government investments during the year, average rate of interest on such mortgages of real estate during the year, amount invested in mortgage of real estate during the year, amount lying in banks, and average rate of interest on amount lying at banks.

Resolved, That the Public Trustee be requested to furnish to the Commissioners a return showing all moneys received by him from sales under "The Non-payment of Rates Act, 1870," setting forth the undermentioned particulars in tabulated form: Name of owner of property; last known address of owner; description of property sold under Act; date of sale; gross amount realised at sale; total expenses incident to sale, including solicitors, auctioneers, &c.; amount of rates due and outstanding, and on account of which sale was held; net balance in hands of Public Trustee paid over to owner; date of such payment to owner (if any); net balance in hands of Public Trustee not paid to owner; dates when owner was written to, and reasons for such non-payment to owner; in what manner has the balance of such funds been invested by the Public Trustee. The return to be divided into provincial districts.

The Commission adjourned at 5 o'clock.

TUESDAY, 31ST MARCH, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.

Examination of books and records continued.

A letter was received from the Hon. H. K. Taiaroa with reference to the Greymouth and Westland Native reserves. The secretary was instructed to reply that the subject would be attended to. A letter was received from certain residents of Arahura on the same subject. The secretary was instructed to reply that the matter would receive due attention.

A letter was read from Messrs. Jackson and Russell, Auckland, relative to the case of Mr. Richmond. The secretary was instructed to reply that the case would be inquired into.

The Commission adjourned at 5 o'clock.

WEDNESDAY, 1ST APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.

Examination of books and records continued.

The Commission adjourned at 5 o'clock.

THURSDAY, 2ND APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Mr. Macdonald reported that he had paid a visit to New Plymouth, and inspected the Public Trust agency there. He went into the question of the West Coast Settlement Reserves with Mr. Rennell. Mr. Rennell admitted that it was quite hopeless to expect to manage those reserves with the existing legislation, and he could not very well see what new legislation would alter the present state of things. Prior to Sir William Fox going into the matter, the Natives had leased to Europeans certain large areas of land in the Taranaki District. When the award was made by Sir William Fox they discovered that, possibly, out of thirty Natives who had given the original lease to the Europeans, only two or three of them had anything to do with the block, and that possibly a hundred Natives might be interested in the business. The leases were maturing. The European lessees had spent large sums of money in developing the property, and wanted new leases. There had been a constant fight going on as to how to adjust the position. Certain Native signatures had been obtained to the new leases, certain other Natives disagreeing therewith. It was the old story of European syndicates, some wishing to realise, and the others to hold on. That difficulty was accentuated by having to deal with a large number of Maoris, and all these leases were stuck up for that very reason. Mr. Rennell asked him what he should do. He had received a copy of the Commissioners' memorandum about the duties of officers of the department. He did not quite understand whether he had to give his own opinions. He (Mr. Macdonald) told him "Yes; the Commissioners intend you should do that. Supposing the Commissioners find out that certain reforms were necessary which you knew and failed to mention, it would necessarily affect their minds as to capacity for post; and therefore be as frank as possible." Mr. Rennell said he did not know that there was anything which he could say, but would think the matter over. It seemed to him (Mr. Macdonald) that the Commissioners would be in a better position to judge of the necessity for visiting agencies after they had received the reports from these officers. He could gather from what he saw at New Plymouth that the Commissioners would have to be guided by these reports. Mr. Rennell appeared to be thoroughly familiar with the working of the department there. He was a Maori scholar, and apparently had the confidence of the Natives in and about the district. Mr. Rennell had made certain suggestions to the Public Trustee about payment to the Natives.

Resolved, That the Public Trustee be requested to furnish to the Commission a balance-sheet made up to the 31st March, 1891, and, in order to avoid delay, the audit of the Audit Department will be dispensed with.

Resolved, That the Public Trustee be requested to furnish with the audited balance-sheet up to the 31st of December, 1890, as soon as it can be prepared, a detailed statement or statements showing how each amount standing in the debtor and creditor columns of the balance-sheet is made up.

The Commission adjourned at 5 o'clock.

FRIDAY, 3RD APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That a return be prepared by the Public Trustee of all estates unclosed on the 31st December, 1890, setting out the following details: (*a.*) Name of estate. (*b.*) Assets in estate, detailing—(1) Freehold and leasehold properties, where situate, property-tax valuation, and present rental if let; (2) all property, of whatever nature, other than freehold and leasehold estate. (*c.*) Annual revenue derivable from properties in estate. (*d.*) Claims against estate, detailing—(1) creditors' unpaid accounts; (2) annuities; (3) maintenance of lunatics, minors, &c. (*e.*) Balances to credit of estates. (*f.*) How such balances are to be dealt with, detailing names of legatees and their proportionate shares; names of heirs-at-law, &c. Such return to be in separate divisions, so far as the provincial districts are concerned, and the estates to be classed in alphabetical order, as intestate, lunatic, &c.

The Commission adjourned at 5 o'clock.

SATURDAY, 4TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Examination of books and records continued.

Resolved, That the following advertisement be inserted in the daily newspapers in Wellington, and in all other parts of the colony where agencies of the Public Trust Office exist: "Public Trust Office.—Important notice.—The Royal Commission now sitting in the City of Wellington, having regard to the working of the Public Trust Office, will commence to take evidence in the course of next week. Any person desirous of bringing any matter of interest and importance before the Commissioners may communicate with them by letter or otherwise, addressed to the Chairman of the Commission, at the Public Trust Office, Wellington.—By order of the Commissioners. J. GRATTAN GREY, Secretary to the Commission.—Wellington, 4th April, 1891."

A letter was received from Walter Dignan, Esq., solicitor, Auckland, drawing attention to a matter in connection with the balances paid into the Public Trust Office under section 41 of "The Rating Act, 1882." The secretary was instructed to acknowledge receipt of the letter, and to inform Mr. Dignan that the matter referred to would receive due attention at the hands of the Commissioners.

Resolved, That the Public Trustee request the Solicitor of the Public Trust Office to prepare a memorandum setting out, as the result of his experience in the practical working of the department, in what respect (if any) the scope of powers and duties of the Public Trustee could be enlarged, and by what means, and in what manner and form, the law affecting these matters and the administration of the department could be amended, altered, re-enacted, or regulated with advantage.

Resolved, That the Public Trustee be requested to furnish a return of the Land Assurance Fund under the Land Transfer Act, showing its progress from commencement of account, indicating quarterly increase or decrease of the balance year by year up to close of the 31st December, 1890.

Resolved, That the Auditor-General be requested to prepare, for the information of the Commissioners now making inquiry into the Public Trust Office, a memorandum respecting the system of audit adopted by him in respect to the Public Trust Office Department, such memorandum to give the following information: (1.) How long the Public Trust Office has been under investigation by the Audit Department. (2.) The method of audit, and whether any change has taken place in the same, by the Audit Department since the Public Trust Office first came under inspection by same; if so, the reason of such change. (3.) The details of the actual work performed by the officers of the Audit Department in connection with such audit. (4.) The number of hours employed in connection with such audit, and whether it is a daily, weekly, monthly, or yearly audit. (4A.) Whether the Audit Department has ever made any suggestion with respect to the mode or system of book-keeping adopted by the Public Trust Office. (4B.) Whether any officer connected with the Audit Department has ever reported any matter in connection with the Public Trust Office which required special investigation by the Audit Department; and, if so, the details of same. (5.) The names of the officers who have acted in connection with the audit of the Public Trust Office since the commencement of its operations, and the period of time in which they were employed upon the work. (6.) The total amount paid to the Audit Department by the Public Trust Office for audit, giving annual amount each year.

The secretary was instructed to write to the Public Trustee again reminding him that the Commissioners have not yet received the audited balance-sheet of the Public Trust Office for the year ending 31st December, 1890.

The Commission adjourned at 1 o'clock.

MONDAY, 6TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Examination of books and records continued.

Resolved, That the Public Trustee be requested to furnish a return giving the titles or names of all accounts opened in No. 4 Check-Ledger in alphabetical order, describing fully the object and purpose of each account, and which of same are usually in debit and which in credit.

Resolved, That the Public Trustee be requested to furnish a return of all property, real and personal, sold privately by the Public Trustee since the Trust Office began business, showing separately the name of estate interested, nature of real property, nature of personal or chattel property, when disposed of, date when disposed of, gross amount sold for in each case, net amount paid to Trust Office in each case, amount of any valuation made in each case, column for remarks by Public Trustee.

Resolved, That a return be prepared by the Public Trustee, showing all estates coming into his hands that have proved to be insolvent, and the amount of dividend that each of such estates has paid, and also those where no dividend has been paid; showing also the costs and charges of administering each such estate by the Public Trustee, and how the funds have been disposed of.

Resolved, That a return be prepared of all letter press-copy books that have been kept by the Public Trust Office, date of commencement, date of finish; also all written letter-copy books, giving numbers and series or classes of books; also all private letter-books, if any.

The Commission adjourned at 5 o'clock.

TUESDAY, 7TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Examination of books and records continued.

Resolved, That, in addition to the diagram already furnished of class- and check-ledgers in use in the office, a similar diagram be prepared of the whole of the other books in use by the Public Trust Office, or separate diagrams of the many series of books in use, so that the Commissioners may judge of the value of the system now practised.

Resolved, That a return be furnished of the total amount paid for legal services by the Public Trust Office since its foundation, detailing the names of solicitors receiving same, and the amount paid to them each year; also any commissions, fees, or special allowances made to them during such years.

The secretary was instructed to inform the Public Trustee that the Commissioners would proceed to take his evidence at 10.15 a.m. next day.

Eight reports from agents of the Public Trust Office were read and ordered to be printed. A report was also read from Mr. F. J. Wilson, Solicitor in Public Trust Office.

The audited balance-sheet to the 31st December, 1890 (applied for on the 16th March), was presented to the Commissioners by the Public Trustee.

The Commission adjourned at 5 o'clock.

WEDNESDAY, 8TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. Robert Chisenhall Hamerton, Public Trustee, gave evidence.

A report was received from the Auckland agency, and the same was ordered to be printed along with other reports.

Mr. Ross, of Wellington, handed to the Commissioners a complaint, in writing, which he wished to be made against the Public Trust Office. The Commissioners informed Mr. Ross that his complaint would be duly considered, and that he would be communicated with on the subject.

The Commission adjourned at 5 o'clock.

THURSDAY, 9TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Resolved, That the Public Trustee be requested to furnish a return of all properties taken by him under section 10 of "The Public Trust Office Act, 1876."

A report from the agent at Blenheim was received and ordered to be printed.

Mr. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock.

FRIDAY, 10TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

The secretary was instructed to write to the Controller and Auditor-General inquiring when the Commissioners were likely to be supplied with the information applied for in the secretary's letter dated the 4th instant.

Several reports from agents of the Public Trust Office were received, and ordered to be printed.

A letter was read from Mr. Lloyd Jones (with several enclosures), complaining of the action of the Public Trust Office in the estate of Frank Walpole Evans, deceased. The secretary was instructed to send the letter and the enclosures to the Public Trustee for his remarks thereon.

Mr. R. C. Hamerton, Public Trustee, gave further evidence. Upon the conclusion of his statement in chief, the witness asked whether he would be at liberty to alter and amend the proof-sheets. The Chairman informed Mr. Hamerton that the Commissioners desired to give him every privilege and facility in correcting any statements he had made, and in supplementing anything he had to say in reference to any statement he had made or evidence he had given, before the Commissioners finally closed the inquiry. The proof-sheets of his statements and evidence were handed to him for correction as they were received from the Government Printing Office. The proofs to be returned to the secretary by Mr. Hamerton, and material alterations to be submitted to the Commissioners for their approval.

Mr. Moginie, Accountant in the Public Trust Office, transmitted a list of ledgers now in use in the office. The Chairman, seeing that the number was twenty-two, sent for Mr. Moginie and asked him if he had not made a mistake, or had misunderstood what was wanted. Mr. Moginie said he understood perfectly what the request was, and he had to inform the Commissioners that all these books were in use—that was to say, contained live balances.

The Commission adjourned at 5 o'clock.

SATURDAY, 11TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. R. C. Hamerton gave further evidence.

The Commission adjourned at 1 o'clock.

MONDAY, 13TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Resolved, That a return be furnished showing the extra clerical labour employed in the Public Trust Office, Wellington, since the Commissioners began their sittings, giving the name of each officer so employed, the date on which each officer commenced his duty, the amount of remuneration, the special work upon which each has been employed from day to day, the date when the services of such officer were dispensed with, if any have been dispensed with up to the present date.

Resolved, That a return be furnished showing the Expenses Account of the Public Trust Office during the past three years—the salaries of officers, petty charges, &c., contingent on the working of the Head Office.

Letters were read from Messrs. Stout, Mondy, and Sim, A. Garden, John McGuigan, S. Andrews, and James Vogan, and were referred to the Public Trustee for his remarks thereon. Reports were received from Mr. Moginie (Accountant) and other heads of departments in the Public Trust Office, Wellington.

Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock.

TUESDAY, 14TH APRIL, 1891.

The Commission met at 10 a.m.

Present: T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Mr. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock.

WEDNESDAY, 15TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Letters were read from Messrs. F. J. Bradbury, C. R. Gardner, and Mrs. Mary Ann Bourke, and were referred to the Public Trustee for his remarks thereon.

Mr. Hamerton, Public Trustee, gave further evidence. Witness explained that he should like a little time for preparation in order to answer questions; and the Commissioners adjourned his further examination until Friday, 17th April.

Mr. John Chambers Moginie, Accountant in the Public Trust Office, gave evidence.

The Commission adjourned at 5 o'clock.

THURSDAY, 16TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

A letter was read from Mr. Alexander Lean, Christchurch. The secretary was instructed to thank Mr. Lean for his communication, and to inform him that it would receive due consideration by the Commissioners.

Several returns were ordered to be printed.

The Commission adjourned at 5 o'clock.

FRIDAY, 17TH APRIL, 1891.

The Commissioners met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

A letter received from Mr. John O'Connor was referred to the Public Trustee for his remarks thereon.

A letter, with enclosures, was received from Mr. W. M. Harcourt. Consideration deferred.

Mr. Moginie gave further evidence.

The Commission adjourned at 5 o'clock.

SATURDAY, 18TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. Moginie gave further evidence.

The Commission adjourned at 1 o'clock.

MONDAY, 20TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

A report was read from Mr. Hamilton, agent for the Public Trust Office at Christchurch, and ordered to be printed. A report from Mr. Davidson, agent at Kaikoura, was also read and ordered to be printed.

A letter from Mr. F. W. Crippen was referred to the Public Trustee for his remarks thereon.

The Commissioners then proceeded to read over the proofs of evidence supplied from the Government Printing Office, and to peruse sundry documents and reports.

A letter was read from the Secretary of the Postal Department, intimating that the three Commissioners and Mr. Grey, Secretary to the Commission, had been duly authorised to frank letters on business connected with the inquiry.

Diagrams illustrating all the books in use at the Head Office, Wellington, to an order from the Commissioners, were received from the Public Trustee, and ordered to be lithographed, for inclusion amongst the appendices to the proceedings of the Commission.

The Commission adjourned at 5 o'clock.

TUESDAY, 21ST APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.

Resolved, That the Public Trustee be requested to obtain from the Treasury a return giving particulars in detail of all funds paid to Public Trust Office Account of Land Assurance Fund under section 6 of "The Public Revenues Act, 1877," commencing with first amount paid over to the Public Trust Office, £13,253 10s. 2d., showing amount received from time to time each quarter from the several land offices of the colony.

The Commission proceeded to examine books and papers.

The Commission adjourned at 5 o'clock.

WEDNESDAY, 22ND APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

A memorandum was read from the Controller and Auditor-General with reference to the system of audit adopted in respect to the Public Trust Office. *Ordered*, That the memorandum be printed.

The Rev. Charles Daniel de Castro, Chief Clerk in the Public Trust Office, gave evidence, and Mr. J. C. Moginie, Accountant in the Public Trust Office, gave further evidence.

Resolved, That a return be furnished by the Public Trustee of all estates or parts of estates purchased by officers of the Public Trust Office in Wellington, either by auction or privately, showing what they consist of, whether personalty or realty, the dates, the estates to which any article or portion belonged; also giving the names of the officers, their position in the Trust Office, when and where they made purchases, how, and the amounts paid.

Mr. Peter Purvis Webb, of the Audit Department, gave evidence, and Mr. F. J. Wilson, Office Solicitor, gave evidence.

The Commission adjourned at 5 o'clock.

THURSDAY, 23RD APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Resolved, That the Public Trustee furnish forthwith a complete list of all personalty now in his possession in Wellington, detailing each article, and the estate to which it belongs.

The Rev. C. D. de Castro gave further evidence.

Resolved, That the Public Trustee do forthwith request Messrs. George Thomas and Co. to forward to the Commissioners the auction-sales book containing the details of the sale held by them on behalf of the Public Trustee in the estate of Mrs. Dallon, deceased, on the 12th January, 1889.

Messrs. A. de Castro, jun., Stanley Hamerton, W. L. Morrison, F. W. Haybittle, E. B. Bristow, and A. J. Cross gave evidence, and Mr. R. C. Hamerton, Public Trustee, gave further evidence.

A letter was read from Mr. James Edward FitzGerald, asking to be allowed to see the evidence given by the Public Trustee and the officers of the Audit Department. The secretary was instructed to reply, and express the regret of the Commissioners that they cannot comply with Mr. FitzGerald's request, but if he wishes to give evidence before the Commission they would arrange any day that might suit his convenience.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 24TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Messrs. Stanley Hamerton, J. C. Moginie, W. L. Morrison, F. W. Haybittle, A. Watt, T. S. Ronaldson, T. T. Stevens, R. C. Hamerton (Public Trustee), and the Rev. C. D. de Castro gave further evidence. Mrs. W. L. Morrison also gave evidence.

The Commission adjourned.

SATURDAY 25TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

The Rev. C. D. de Castro gave further evidence.

Resolved, That a return be furnished by the Public Trustee showing all realty that has been disposed of privately or by auction, giving the names of the estates, the dates of disposal, the names of purchasers, the terms, and the total amount for which the estate was sold.

Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

MONDAY, 27TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Messrs. Stanley Hamerton and Arthur de Castro gave further evidence. Mrs. C. D. de Castro and Mr. W. L. Rees, M.H.R., gave evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

TUESDAY, 28TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.

The Commissioners examined books and papers.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 29TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

The Commissioners were engaged during the day in examining books and records.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

THURSDAY, 30TH APRIL, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Mr. Thomas Redmond gave evidence, and Mr. R. C. Hamerton, Publie Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 1ST MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Resolved, That, from the startling nature of the evidence taken up to the close of Saturday last, the 25th April, the same be forwarded and brought under the notice of the Government to-day; and that the secretary, Mr. Grey, be instructed to write a letter accordingly, and to take that letter, with six copies of the evidence up to Saturday last, and hand them to the Premier in person. The secretary subsequently reported that he had an interview with the Hon. the Premier, and had handed the letter and evidence to him in accordance with the instructions from the Commissioners.

Mr. R. C. Hamerton, Public Trustee, gave further evidence, and Mr. Archibald Nairn gave evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

SATURDAY, 2ND MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

The Rev. C. D. de Castro and Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

MONDAY, 4TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Mr. Loughrey reported that, while walking in the neighbourhood of Kilbirnie on the previous Saturday afternoon, he picked up a piece of printed paper, which, on inspection, proved to be a portion of the evidence given before the Commission. The Commissioners expressed surprise that any portion of the evidence should get abroad, as it had been their desire all along to prevent publicity until the completion of their labours; and the only copies of evidence which had been issued with their authority were the six copies which had been delivered to the Government.

Resolved, That the Public Trustee be requested to furnish a return, without delay, of the several estates on which losses have been made by moneys lent on mortgages by the Public Trustee, giving the name of the estate, the date at which the loss was made apparent, and the amount of loss in each estate, and for which the colony is not responsible.

Resolved, That, as a specimen of the way in which many of the books in the Public Trust Office are kept, some pages of the rough cash-book be lithographed, and form part of the evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

TUESDAY, 5TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

A letter was read from Mr. Willis, Secretary to the Cabinet, requesting that the Government should be supplied with six more copies of the evidence given up to the close of Saturday, 25th April. The Commissioners agreed to accede to the request, and the secretary was instructed to hand over six additional copies to the Secretary to the Cabinet.

The Rev. C. D. de Castro and Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 6TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. James Edward FitzGerald, Controller and Auditor-General, gave evidence.

Resolved, that the Public Trustee be requested to procure from Thomas and Co., auctioneers, a return showing copies of all account sales of effects sold by them from time to time on behalf of the Public Trustee.

Resolved, That a return be prepared by the Public Trustee, showing—(1) The names of all persons whom he has employed in connection with the valuation of real and personal estate, showing the date when each valuation was made; (2) the return to be prepared classifying each provincial district and each valuator.

Mr. R. C. Hamerton, Public Trustee, gave further evidence.

Resolved, That a return be prepared showing who is responsible, in the opinion of the Public Trustee, for probable losses on the various properties secured to the department by mortgage, upon which a failure of payment of interest has arisen, or upon which the department or its clients are likely to suffer loss; such return to show a brief description of property, amount lent by the Public Trust Office, present position of property in respect to income from same, probable value on immediate realisation, probable loss in such event, name of valuer, address and occupation of valuer, and fee paid him for valuation.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

THURSDAY, 7TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Mr. M. Cleary gave evidence, and Mrs. W. L. Morrison and Mr. J. E. FitzGerald gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 8TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. J. E. FitzGerald, Mr. R. C. Hamerton (Public Trustee), Mr. Williams (Collector, Public Trust Office), and the Rev. C. D. de Castro gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

SATURDAY, 9TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Resolved, That a return be furnished of all interest earned on or by estates having had credit-balances from time to time that has been credited to Expenses Account, or otherwise appropriated by the Public Trustee, showing date of appropriation and name of estate to which interest belonged.

Messrs. Hamerton, Moginie, Ronaldson, Beyer, and Williams, gave further evidence.

The Commission adjourned at 1 o'clock.

MONDAY, 11TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Messrs. Hamerton, Moginie, and Webb gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

TUESDAY, 12TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commissioners agreed that Mr. Macdonald should wait upon Mr. Hankins, the agent for the Public Trust Office in Palmerston North, and make inquiry respecting the properties held by the department in the Town of Palmerston North and district, and any matters generally affecting the working of the department in connection with that agency.

Mr. Moginie gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 13TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.

Messrs. Hamerton and Moginie gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

THURSDAY, 14TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. Macdonald reported that he had visited Palmerston North yesterday, with the object of making certain inquiries respecting the Public Trust Department there and the position of the mortgaged properties in that district, but found Mr. Hankins (the agent for the Public Trust Office) absent, and he was therefore unable to obtain the required information.

Messrs. Hamerton and Moginie gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 15TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Messrs. Hamerton, Wilson, and Ronaldson gave further evidence, and Mr. J. H. Richardson, Government Life Insurance Commissioner, gave evidence.

Resolved, That the Public Trustee be requested to furnish to the Commissioners a statement of the account of Samuel Young, from its commencement, showing in separate columns charges for commission, legal expenses, postages, Expenses Account, property-tax payments, interest credited from time to time, giving dates and full particulars up to the present time.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

SATURDAY, 16TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Messrs. Hamerton and Moginie gave further evidence, and Mr. Charles Meacham gave evidence.

Resolved, That a return be furnished of all postages charged to all accounts in the Public Trust Office from the 1st January, 1888, to the 31st March, 1891, giving dates when any postage has been charged, the name of the account charged, and particulars.

Resolved, That a return be furnished of all moneys paid to the Postmaster-General or to the Post Office for the privilege of sending all Public Trust Office correspondence free throughout the colony.

The Commission adjourned at 1 o'clock.

MONDAY, 18TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. Hamilton, agent at the Christchurch branch of the Public Trust Office, gave evidence.

Resolved, That a return be furnished of all moneys in the shape of interest that have been appropriated by the Public Trust Office towards Profit and Loss after said interest has accrued on any money standing in the books of the Public Trust Office, including Samuel Young's interest.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

TUESDAY, 19TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq. M.H.R., and A. Loughrey, Esq.

Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 20TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. Reid, Solicitor-General, and Mr. C. M. Crombie, Property-tax Commissioner, gave evidence. Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

THURSDAY, 21ST MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), A. Loughrey, Esq., and T. Kennedy Macdonald, Esq., M.H.R.

Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 22ND MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

Resolved, That Mr. Loughrey be asked to inquire into the working of the branch of the Public Trust Office in Christchurch, and to gather any information in his power while in that city in reference to the business of the Trust Office.

The Commission, after the examination of books and papers, adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

SATURDAY, 23RD MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and T. Kennedy Macdonald, Esq., M.H.R.

Mr. R. C. Hamerton, Public Trustee, gave further evidence.

The Hon. Sir Robert Stout, K.C.M.G., attended, at the request of the Commissioners, and made a statement with regard to his opinion *re* contributory mortgages, &c.

A letter, dated the 22nd May, was read from the Secretary of the Cabinet in reply to the Commissioner's request made on the same day, that the term of the Commission should be extended for one month, it having been found impossible to report fully in the absence of certain returns now in course of preparation by the Public Trust Office, and which the Commissioners had been informed will take the Trust Office staff some three weeks to prepare. The reply from the Secretary to the Cabinet was to the effect that His Excellency the Governor would be advised to extend the time within which the report of the Commissioners should be made for fourteen days from the 27th May, instead of four weeks, as applied for by the Commissioners.

The Commission adjourned at 1 o'clock.

TUESDAY, 26TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and T. Kennedy Macdonald, Esq., M.H.R.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 27TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.

Resolved, That, as the secretary had to proceed South, Mr. W. Mitchell be appointed acting-secretary during his absence.

Mr. Loughrey reported that he had spent some time in the office of the Christchurch agent, Mr. Hamilton, and discussed with that officer several matters in connection with the business of the Department.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

THURSDAY, 28TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.

Mr. Moginie, Accountant, and Mr. Hamerton, Public Trustee, gave further evidence.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 29TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commissioners were engaged in the examination of letters of complaint and returns furnished.

Resolved, That the Public Trustee furnish to the Commissioners, as early as possible, copy of account sales and other charges made through Mr. Brookfield, of Auckland, on account of the sale of Chambers's or Clarke's mortgage in the estate of Meurant.

Resolved, That the Public Trustee obtain, as early as possible, from the Property-tax Commissioner a return of all payments made by the Public Trustee on account of property-tax for the last three years, giving the dates of payment, the value of each property, and the name of the property.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

SATURDAY, 30TH MAY, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commissioners were occupied in collecting and examining the evidence.

The Commission adjourned at 1 o'clock.

MONDAY, 1ST JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

TUESDAY, 2ND JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 3RD JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

THURSDAY, 4TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and A. Loughrey, Esq.
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 5TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman).
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

SATURDAY, 6TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman).
Mr. J. C. Moginie gave further evidence.
The Commission adjourned at 1 o'clock.

MONDAY, 8TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and T. Kennedy Macdonald, Esq., M.H.R.
Resolved, That the secretary write to the Hon. the Premier, requesting that the term of the Commission be extended for a fortnight.
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

TUESDAY, 9TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), and T. Kennedy Macdonald, Esq., M.H.R.
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 10TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.
The Commission adjourned at 5 o'clock.

THURSDAY, 11TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 12TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.
Resolved, That a copy of the evidence given before the Commission by the Rev. C. D. de Castro be forwarded to the Hon. the Premier in reply to his note of this day's date.
The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

SATURDAY, 13TH JUNE, 1891.

The Commission met at 10 a.m.
Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.
Resolved, That, in order to bring the proceedings of the Commission to a close, no further letters of complaint be entertained.
Resolved, That, with the exception of the returns and other documents already ordered to be printed, any further printing be discontinued.
The Commission adjourned at 1 o'clock.

MONDAY, 15TH JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

TUESDAY, 16TH JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

WEDNESDAY, 17TH JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

THURSDAY, 18TH JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commission adjourned at 5 o'clock, resumed at 8, and adjourned at 11 o'clock.

FRIDAY, 19TH JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commissioners finally completed and adopted their report for transmission to His Excellency the Governor.

The Commission adjourned.

SATURDAY, 20TH JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commission adjourned at 1 o'clock.

MONDAY, 22ND JUNE, 1891.

The Commission met at 10 a.m.

Present: The Hon. W. J. M. Larnach, C.M.G. (Chairman), T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq.

The Commissioners having been informed by the Accountant of the Public Trust Office that the following returns cannot be furnished for several days, it was *Resolved*, That the Accountant be written to to send the returns when completed to the Government Printing Office to be printed with the other returns attached to the report:—

1. A detailed return of all the estates that have been administered in the Public Trust Office from its establishment, classifying receipts and expenditure and showing unrealised amounts.
2. Return of all estates unclosed on the 31st December, 1890.
3. Return showing how the funds coming into the Public Trust Office have been annually invested.
4. Return giving particulars of leases of Native reserves and West Coast Settlement reserves, together with a statement of amount of rents and payments to Natives.

Resolved, That the Commissioners record their appreciation of the valuable services rendered to the Public Trust Commission by the secretary and shorthand-writer (Mr. J. Grattan Grey), whose arduous work has been carried out with great ability.

Resolved, That Mr. W. Mitchell, the acting secretary, be also thanked for his valuable services in connection with the work of the Commission.

The Commission adjourned at 5 o'clock.

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MINUTES OF EVIDENCE.

PART I.

Preliminary Examination of Witnesses by Commissioners in early stages of their Investigation and while engaged in going through Books and Papers of the Public Trust Office.

WEDNESDAY, 18TH MARCH, 1891.

Mr. JOHN CHAMBERS MOGINIE examined.

1. *The Chairman.*] Did you enter the service of this office as Accountant?—Yes.
2. And you found No. 1 ledger in use?—Yes.
3. Did you notice that the debtor and creditor columns of the transactions have been reversed and are still so in all your ledgers?—Yes, I notice that.
4. Do you know if that was done by order of the Public Trustee?—Well, from inquiries I made at the time, I understand it was done for this reason: that this ledger contained the accounts of individual estates, and that moneys realised were brought to the credit of the estates. As you must have a credit before you can have a debit, the credit column was placed first.
5. It does not necessarily follow in opening an account for any individual that he must have a credit balance before you can open an account?—No, but the office was not supposed to pay anything on account of an estate until it got some money.
6. So long as the credit column for transactions stood side by side with the debit column in the ledger, why should the usual custom have been departed from?—I do not know. That was the reason given to me.
7. Did you look through the ledger on coming into the office?—Yes.
8. Did you think it was well kept?—Well, it struck me as not being very well kept.
9. Did you ever consider it was properly kept?—According to the system they had in force it was fairly well kept. It would have been better if they had totalled up the transactions at the end of the year.
10. Do you not think that it is very inefficiently kept?—Yes, to that extent it is.
11. You notice that in a number of the accounts the summations have never been made—that the accounts have never been ruled off?—It was not the practice to rule off accounts until the closing of the estates. In those days they did not total the accounts.
12. In your experience as an accountant, has that not always been the usual and proper custom?—I have never seen books kept in that way before, without totals, &c.
13. Did it never occur to you to have summations ruled off and made complete?—I did not give it a thought that way, because the work was passed.
14. Did you never draw Mr. Hamerton's attention to the state of the books?—I have remarked that it was unusual to have it so.
15. Have you discovered that there are instances where the credits and debits have gone into the same column among the transactions, yet the balance has been made to appear right?—No, I have not noticed that.
16. Or, rather, that in some accounts a debit transaction has been put in the credit column, and in other accounts a credit amount has been put in the debit column?—I have not noticed that.
17. Well, what I am now looking at is presumed to be a credit balance. This is a credit transaction, and therefore correctly put in the credit column, and when added to the credit balance it will serve to make the credit balance so much more. And I can show you many accounts where there seems to have been no proper system. And in this case you never thought it necessary to have this book completed?—No: the work was passed. Of course, we have always had plenty to do without going back and working up those things.
18. Did the auditors never find fault with your books being in this state?—No, not to my knowledge; because the ledger, as I understand, was the joint production of Mr. Woodward and Mr. FitzGerald.
19. Then the Auditor-General, Mr. FitzGerald, had nothing to do with the keeping of it?—He had, because in those days the Auditor kept a duplicate set of books.
20. But I understand that the audit of the Public Trust Office is done by the Government Audit Office?—Yes.
21. Very well: did the Auditor-General or any of his officers ever find fault with the incomplete state of your ledgers and other books?—Not to my knowledge.
22. Was there a general ledger kept for this year?—Yes, it is here. It is called the Check Ledger.
23. You seem to do a lot of incomplete work in connection with this Check Ledger. I see that some accounts only are completed?—That is not done now.
24. How do you keep your Check Ledger now?—The intestate estates are kept in two accounts—one A to L, the other M to Z.
25. Are you aware that the object of a general or check ledger is to bring the totals forward from cash-books at certain periods, say daily—that is, the transactions. If you balance your Check Ledger weekly, you will bring the totals forward either daily or after the week's transactions?—Yes: our Check Ledger is always posted daily.
26. Now, look at Hatfield's account. Of course, I know how it should be kept. Here are the receipts and payments of cash brought forward daily?—The cash is entered weekly.

27. Then, I understand you balance weekly?—Yes.

28. Then, look again at Hatfield's account. Are the entries posted daily in this ledger as well as in the other?—Yes.

29. I presume, if you were making a balance, say a weekly balance, you would take the debtor and creditor balances from this ledger, and they should agree, if cash in office were added to one column?—Yes.

30. When you want new books to transfer accounts and balances, have you any stated periods for opening new books?—No; only when the old ones are full. If we happen to be near the end of a book we should not complete it, but start the new year with the new book.

31. You have got more than one individual ledger?—Yes.

32. How many have you?—Nine or ten.

33. Then, out of that series of ledgers you would not make your transfers into new ledgers at the same time?—No.

34. According to your practice as one ledger was used, you would get a new one, no matter on what day or at what time of the year?—Yes.

35. In what ledger and on what folio is the Bank of New Zealand account with you?—I think that is in No. 1 ledger.

36. But after it is disposed of there?—We do not keep it now; it was dropped at that date.

37. I have nothing to show me that that account is not working still in your ledgers?—It is so; that account is stopped entirely.

38. Why was it stopped? Why considered necessary to stop it?—It was not considered necessary to continue it, because the pass-book, with the Check Ledger, was considered quite sufficient.

39. When was this ledger, No. 2, opened?—About 1877 or 1878.

40. Does this ledger run concurrently with that one?—Yes; and there is a No. 3 ledger, beginning at the same time as this. When that ledger became full, it became necessary to get a fresh one.

41. Do you know when No. 1 ledger was dispensed with?—Only the last few years. That ledger was left open to hold the accounts which were remaining for those years, and the final closing of that ledger would be when the final accounts closed.

42. I find transactions in some accounts running up to 1874, some to 1876, some to 1878, some to 1882, and even up to 1884. Does this ledger go beyond the year 1884?—I think it does.

43. Can you point out to me an account where it does? [A pause.] If you now go back to your office, you surely will be able to find some record that will guide you as to the date at which you dispensed with the use of No. 1 ledger?—There is no special record made of it. Of course, I could find it out.

The Chairman: Then you had better do so.

44. *The Chairman.*] My object, Mr. Moginie, is solely to find out and satisfy the Commissioners on what system or method you have been keeping your books. With us there is no feeling of antagonism to the office, or anything of that kind, but I have to be precise and particular in the questions I put, in order to get the information I want in the same form?—Just so. Well, I find that the ledger was finally closed on the 31st December, 1886.

THURSDAY, 19TH MARCH, 1891.

Mr. JOHN CHAMBERS MOGINIE further examined.

45. *The Chairman.*] I see a number of credits placed to the credit of the Public Trustee's Expenses Account. Is it usual to pass such entries to an Expenses Account?—It is necessitated by the law, which says that commissions and charges of the office shall be placed to the credit of the Public Trustee's Expenses Account.

Mr. R. C. HAMERTON, Public Trustee, examined.

46. *The Chairman.*] Mr. Hamerton, in regard to the lending of money on mortgage, I think you mentioned that the office never lends more than half the valuation?—Yes, since the regulations came into force, but in the early days we used to lend two-thirds—up to, I should say, 1884. I could get the date from the papers.

47. *Mr. Macdonald.*] Here is G.'s mortgage. The valuation for the property-tax is £15,000, and the loan is £10,000?—The property-tax valuation is nothing. The private valuation is what guides us.

48. Is the regulation absolute as to 50 per cent.?—You have it in the books I prepared for the Commissioners. When it is proposed to lend any money on the security of real estate the regulations say, "The Board shall not agree to such loan until a valuation of the security, made by a valuer or valuers appointed or approved by the Public Trustee, has been obtained. No such security shall be taken except on first mortgage of land held in fee-simple in possession, and no moneys shall be lent which shall exceed one-half of the value of the property to be mortgaged."

49. That is very clear and mandatory in its terms. In G.'s case, what was the amount lent?—We offered £9,000, and in consequence of further correspondence £10,000 was recommended, That was placed before the Board and approved.

50. *The Chairman.*] What was the value?—£18,000.

51. Was not the first value something like £15,000?—That is the property-tax valuation.

52. *Mr. Macdonald.*] The very first application made by G. here was £3 an acre, or £15,000. That was the very first application, made by himself?—Yes, that is so.

53. *The Chairman.*] Supposing you find on an application for a loan that the valuation given to you exceeds what the applicant had previously sent in his return as his property-tax value, would you have the same confidence in the applicant's value made to you, or call it an honest value, if it widely differed with the value he had previously returned to the Property-tax Department?—To some extent there might be some suspicion, but as a matter of fact the property-tax value and the private value never are alike.

54. As both the Property-tax and the Public Trust Office are run in the interests of the public, would your suspicions not be aroused by seeing a great difference in values of the same property, made about the same time, but for different purposes?—Yes, by seeing a great difference, but not a small one.

55. Are you aware there is a considerable difference between what Mr. G. puts on as value to the Public Trust Office and what he puts on for the purposes of the property-tax, showing clearly that he has either not made an honest valuation to your office, or else he has not made an honest valuation to the Property-tax Department?—I think there are two distinct applications here. The first was not acted upon at all.

56. This is the same man who has returned a valuation to the Property-tax Department for the purpose of paying taxes on, but as regards the same property, or a portion only of the same property, he sends you an application for a loan, when he, at the same time, puts a much higher value on his property than he has returned to the Property-tax Department. Does it not occur to you that he either made a wrong valuation to you, to use a mild term, or a wrong valuation to the Property-tax Department?—No doubt, one of the two must be clear; but we must bear in mind that the property-tax is for distinct taxation, and some people do not desire to pay more taxes than they are bound to, and, as a matter of fact, they do undervalue to the Property-tax Department.

57. Very likely. I do not suppose there are many, if any, who overvalue their properties for the property-tax. Still, there is a reasonable margin to be considered; but when the value furnished to the Public Trust Office amounts to nearly one-third more than the value just previously returned to the Property-tax Department, then is that not a case that ought to cause you grave suspicion, as this case now does?—I have had very large experience of valuations by the Property-tax, by private persons, and for the Government Insurance Board, before whom large numbers of valuations come. We find almost invariably that the property-tax is lower than the private valuation.

58. We will admit all that; but yet, if you find there is a difference amounting to more than a third, or, rather, that the private value put upon property for the purposes of a loan appears nearly 50 per cent. more than has been returned to the Property-tax, would that not create in your mind suspicion?—Yes, it would.

59. *Mr. Macdonald.*] The position appears to be this: that G. made an application through the agent of the New Zealand Loan and Mercantile Agency Company for £10,000, valuing the property at £3 an acre. A letter was written by the department to the loan company, pointing out that all such applications must come through the local agent. The local agent sent a new application in, in which he valued the land at £4 an acre, explaining that the old valuation of £3 per acre was made so as to conform as nearly as possible to the property-tax valuation. [*The Chairman:* Showing that it was a "do."] Then, upon that you ask for a valuation. You get a valuation of £18,000. First of all the department offer £9,000, and rather than let them go elsewhere you gave them £10,000?—That is so.

60. The question before the Commission is this: We understood from you the other day that it was absolute to limit the advances to 50 per cent.?—That is so.

61. We want to know, then, why this exception was made?—I can only reply, that we have exceeded the terms of the regulations, but the security appeared to us so good as to induce us to give the money. As regards the property-tax valuation, if the Board is not to have any discretion, but is to believe the lower valuer in preference to two (mind you, we were not satisfied with one; we had two valuers, Mr. Kennedy and Mr. Sidey) we should never do any business.

62. *The Chairman.*] It appears to me, having read the correspondence in connection with that loan, that your office is asked quietly to hold its tongue as against the interests of another Government office, and that, too, a tax-gathering office—the Property-tax Office. If you look through the correspondence you will see that the writer hopes that what is stated to you in the correspondence as his difference of values will be by you kept a secret?—[No answer.]

63. *Mr. Macdonald.*] Of course, if a man values his property at £23,000, and obtains a loan of £10,000, what Mr. Larnach maintains is, that it ought to be the business of this department to at once give notice that they are lending a large sum of money, and that there is a wide discrepancy between the man's valuation and your valuation and the property-tax valuation, which ought to be exposed?—[No answer.]

64. *The Chairman.*] That is why the property-tax is so unequally borne by the people of the colony—because some men seem to take advantage of their position, and hide the real value of their properties?—I am not quite clear that I should be justified in reporting that.

65. You are supposed to carry on your business with secrecy, but the question is, how far, in a case like this one, that secrecy should be observed. For here is a department that may be said to be a sister one, running in the interests of the colony in the same race?—[No answer.]

66. *Mr. Macdonald.*] Aye, it is more than that. One of the Board controlling this department is the head of the other department that ought to have the information. Therefore there can be no secrecy. The argument that secrecy should be observed in the transaction cannot possibly exist in that case, because the head of that other department is your controlling power?—If he made use of the information he got in my office.

67. He has a right to make all possible inquiries, and, as a matter of fact, does that.

68. *The Chairman.*] How can you carelessly shut your eyes to the fact that you frequently

have seen clearly, or should have done, that the property-tax is not receiving what it ought to do out of many estates, and certainly not out of this man's estate. You see the Government of the country is being done out of a large amount of direct taxes?—I should be placed in a most unfortunate position, because if I am to act as spy on those who apply to me in all confidence for a loan I should never go on. The position would be so unbearable it could never be tolerated.

69. Then, are we to understand that here you have got to hold your tongue, while you know that the country is being wronged. You become aware of it as a public officer, and you are to sanction it and approve it by holding your tongue?—Perfectly true, but I do not see a remedy for it.

70. Then this case came under our notice. I do not know whether there are any more similar?—Lots of them. There is scarcely a case in which the property-tax is equal to or higher than private valuation.

71. Now, here is a lunatic's estate, Heyward's. You have to wind it up. You make your charges—expenses account, commission £9 8s. 3d., postages 4s. 9d. That leaves a balance of £1 5s. Three months pass away, and it is mopped up by you in a *charge for postages*. Heavy postages, certainly, for a poor lunatic's letters?—Mr. Moginie can explain that.

Mr. Moginie recalled.

72. *The Chairman.*] In the estate of Arthur Heyward, a lunatic, you appear on the 30th September, 1883, to have made your entries for commission £9 8s. 3d.; postages, 4s. 9d. I have no doubt that included all the postages up to that date. That left a balance of £1 5s. Three months afterwards you square that balance by appropriating it altogether for postages. Now, in a lunatic's estate in three months £1 5s. is a pretty large item for postages. It could not have been for postage?—That is not my entry, nor was it done by my instructions.

73. Yet you are responsible for the correct keeping of these books, are you not?—Yes.

74. Well, here is another case, that of Arthur Herbert, a lunatic. There is a balance standing of £2 0s. 2d. That appears to have been appropriated, without giving any particular analysis of the £2, for commission and postages. It does not say at what rate or anything else. Is not that irregular?—The office commission sheets would show that. The gentleman who made the entries, Mr. Ronaldson, can explain it.

Mr. Ronaldson examined.

75. *The Chairman.*] Mr. Ronaldson, here is an entry in the case of Arthur Heyward, a lunatic. The office appears to have made its charges on the 30th September, 1883—commission, £9 8s. 3d.; postages, 4s. 9d., and no doubt that was all the postages up to that date. That left a balance of £1 5s. Three months afterwards, with no other transactions, this balance appears to have been appropriated by the office under the charge of postages?—Very often we keep a reserve. We post letters, &c., Home.

76. That is a big charge in a lunatic's estate, £1 5s. for postages?—There may have been letters; perhaps a family Bible, watch, and jewellery.

77. Is it not usual in posting this column for expenditure to put the particulars in as carefully as in an invoice? This is an easy way of appropriating a balance of £1 5s. Whether done by instructions I do not know, but I notice in several small estates that these balances are simply appropriated?—We generally confiscate small balances like 10s. There may have been special reasons in this case for appropriating the £1 5s.

78. Here is another case close to it, Albert Herbert, in which commission and postage are entered, without stating the rate of commission or anything else?—[No answer.]

79. Would it not be better to have a separate account under the heading of Unclaimed or undisposed balances of lunatics' or any other estates, and transfer such small balances to that separate account?—They might go into Suspense Account for the matter of that.

80. When you make a debit entry to an account in your ledgers for postages, you credit it to Expense Account?—Yes.

Mr. Moginie recalled.

81. *The Chairman.*] Here is an entry I cannot understand. That £3 7s. appears a credit, but the account seems closed, and how do you get it out? The balance is never carried out?—We paid over to the Treasury to Public Account £158 14s. 4d., after which a claim came in for a bill of costs, and we had to recover that amount from the Treasury.

82. And did you recover it?—Yes.

83. Are you still getting ledgers printed with columns in this form?—Yes, all through.

84. Do you not think that you ought to alter it; for I do not suppose that you would see such a state of things in any other office in the world, and there is no reason why this office should be different from any well-regulated office. If you are the Accountant in charge of the books, why do you not alter the form of your ledgers?—I was told I had to carry on the same system. I remarked on it at the time, but had not power to alter it.

85. Did you ever suggest that the system ought to be altered?—I spoke about it. I do not know whether I suggested it should be altered.

Friday, 20th March, 1891.

Mr. Moginie recalled.

86. *The Chairman.*] I fear there is a sort of feeling among your staff that the Commissioners are here to upset everything and to create ructions. I wish you would make it known to the officers of the department that the Commissioners are here for nothing of the kind. But they are here to make a careful investigation, and to find, if possible, a method of improving the condition of the Public Trust Office and of its staff. Therefore do not let your staff suppose that our object

here is to do nothing but pick holes in the department. We want to see what is the real state of things. And we want to interfere as little as possible with your regular duties—holidays or anything else?—Just now the staff is very hardly driven with the work of this Commission, and we have been back at work every night.

87. If the staff will inform the Commissioners that they are suffering in consequence of extra work now entailed upon them, we shall try and make arrangements to prevent that. There is no necessity why work should be piled on to the present staff, because the Commissioners are at liberty to appoint any necessary extra clerical labour required?—The Public Trustee has engaged five extra clerks.

88. If twenty are necessary, there is no reason that your staff should suffer. I wish you to make that distinctly understood?—Yes. Of course there is a limit to the capacity of the office. We might get an extra one, making six.

89. Could you not get another room—for instance, that record room which was offered to us? Could you not rearrange office-room. Only let the staff work with peace of mind. We are really disposed to be their friends, not their enemies. Now, when were these summations made?—At the end of the year.

90. Do you know the object of making summations of the transactions in the ledger? I understand the object is to check the balance?—That is, as a matter of fact, the object.

91. If you opened a ledger with the summations completed, in order to check the balance you would for your purpose make use of the summations?—Yes.

92. Then, will you check that balance by the summations, £12,720 1s. 2d.? That should be the balance—the difference between the summations?—Yes.

93. The summations or the balance is wrong, and it is absolutely useless for summations to appear there unless they are correct? It is not usual, I observe, for you to bring over your summations with your balance?—It has been usual to enter them separately, credit transactions and debit transactions, and final balance.

THURSDAY, 26TH MARCH, 1891.

Mr. P. PURVIS WEBB examined.

94. *The Chairman.*] Mr. Webb, you belong to the Audit Department?—Yes.

95. Have you been long in the Audit Department?—I have been seventeen years, but twenty-two in the Civil Service.

96. That is nearly as long as it has existed?—I do not think quite so long as that.

97. Do you attend at the Public Trust Office every day?—Yes.

98. And what is your system of audit? What do you do in dealing with the cash entries? Which books do you look for as the chief ones in this office?—There are a number of cash-books.

99. And a general cash-book. How do you check this general cash-book?—From the various cash-books. You see this is the summation of the whole thing. The general cash-book focusses the entries of the six cash-books. The difference between the two sides of it equals the bank balance, less unadvised—the unadvised being moneys paid into the bank, but of which the Public Trustee has not sufficient information to enable him to bring it on charge.

100. In the course of your examination you have occasion to refer to all other cash-books?—Yes, I go through the other cash-books in detail.

101. These are what are called the daily cash-books?—Yes.

102. And you take the amounts from these daily cash-books?—Yes.

103. How do you know that you have checked these amounts?—Because I check these from the receipt-books in the office.

104. Then you check these entries with the general cash-book?—No; that is not checked with the general cash-book, but from other sources.

105. What mark do you put on a book when you have checked it?—All entries are checked from the blocks.

106. Do you not put any marks—initials, or ticks—in them?—Yes, as a rule; but not in these instances, because I went straight through these, taking each receipt seriatim. The rule is to tick.

107. Have you no systematic or regular kind of tick?—Yes. I did not do it here because I had three or four months to do.

108. Does it come within your province, when you find a book not properly written up and ruled off, to refuse to audit it even when the summations are not made?—The summations are always made.

109. I have come across some cash-books where the summations have not been made—have been, in fact, very irregularly made?—I have only been connected with this office for about two years.

110. Within that time have you found the summations made?—You will find all the summations made in that time.

111. You have checked all these in this book?—I have checked up to the 9th March.

112. What right has the Auditor-General to sign any book in this office until he has checked it? Do you mean to tell me that the Auditor-General signs on the faith of your audit up to this date, when those other daily cash-books have not been checked?—Yes, he signs in accordance with the Act.

113. Whether it has been checked or not?—Yes.

114. *Mr. Macdonald.*] Will you show us that in the Act?—I think the provision I refer to is in section 34 of the Act of 1872. At that time the Audit used to keep a duplicate set of books, but since then they have been done away with, and the cash-book is sent up once a week.

115. You say the cash-book is sent up once a week?—Yes.

116. Do you take it up yourself?—No. As a matter of fact, Mr. FitzGerald comes into Mr. Hamerton's room and signs it.

117. *The Chairman.*] This book, then, signed on the 19th day of March, 1891, by the Auditor-General, presumably as correct, has not really been thoroughly checked by you nor by him?—No.

118. Tell me distinctly, has it been thoroughly checked and examined by Mr. FitzGerald?—No; he takes my certificate.

119. Then, on this occasion he signed this book without any certificate?—I never give him a certificate. That is my writing there.

120. That purports to be a certificate?—Yes.

121. Then you wrote that before you had completed your check of the book?—Yes; you must do so. I could not possibly check all these books through in time owing to the press of work occasioned by the examination of the balance-sheets of the Insurance and the Trust, and by the fact that the work required for the Commissioners monopolised the books. The rule is, of course, to check the entries in the cash-books first.

122. Then, if the audit is signed before the work is done the audit is a farce. This, to my mind, although it is an unusual book to be kept by an office, is the real cash-book of the office?—No; the daily cash-books are the real cash-books.

123. Then why does not the Auditor-General sign the daily cash-books?—Because he could not do it.

124. Then, I understand from you, the Auditor-General signs for his department on the faith of any officer of his department having said that he has checked the work?—Yes.

125. Has he ever requested any particular officer to sign for him?—Never; I do not think so.

126. It seems to me it would be more correct, where you act on the part of the Audit Department, that you should sign for the Auditor-General where you have done the work yourself?——But the Act provides that the Controller-General himself should sign.

127. Under this section the Act says distinctly that a Cash Account shall be kept?—When that Act was passed the operations of the office were on a very small scale.

128. *Mr. Macdonald.*] What do you do in order to check the cash every day? When you come into the office what do you do?—I take these two receipt-books, one called the "Receipt," and the other "Acknowledgment." The "receipt" money is actually paid to the Head Office; and "acknowledgment" money is paid by the various agents. I take these with the cash-books. In the case of acknowledgments, sometimes they do not appear for some time, possibly for a fortnight.

129. Where is the money kept?—It is kept separately.

130. Is it in separate accounts at the bank? [Acknowledgment-book produced.] Where do you get this from?—The Public Trustee gets that from his agent.

131. And this is filled in by the advice the agent sends in?—Yes.

132. And then you take it as a fact that this money has been received by the bank?—Yes.

133. Have you an indiarubber stamp which you put upon everything to show you have checked it?—Yes.

134. You do not check it daily?—No.

135. What do you check daily?—I do not check any set work daily. Of course, if I did no other work I should have a certain system, but I am called away constantly to the Government Insurance Department, and have to keep the two running.

136. You are here every day?—Yes.

137. Do you check the cash every day?—No.

138. And what becomes of that clause in the Act which says that the cash shall be certified to every day? That is not carried out?—No.

139. We will take the balance here. What did the balance in the bank-book consist of?—All the moneys paid in.

140. Was there any cash in the office at the time?—Mr. Moginie would have that in his Imprest Account.

141. There is no particular date here for balancing the cash-book?—No.

142. When you examined this book here, did you count this £371, 2s. stamps?—Yes.

143. How often do you count the actual cash in the office?—The arrangement now is practically that we shall do it once a fortnight—*i.e.*, the Imprest Account of the Accountant.

144. *The Chairman.*] Have you done it on an average once a fortnight previously?—No.

145. Once a month?—No; I think quarterly before.

146. *Mr. Macdonald.*] Have you any auditor's book to show how often you attend?—No.

146A. None in which you record your observations if you discover any error?—No. Anything of that kind I take up to the Controller.

147. You do not place it on record?—If he thinks there is any point in the objection, he writes a memorandum upon it.

148. Do I understand that, supposing you go through and notice an irregularity in the books, you have no auditor's book in which you record the fact at once, and what explanation is made respecting it?—No.

149. That is the practice in the Audit Office?—Yes.

150. The officer finding out the error does not make any reference to it at all?—No; he merely reports to the Controller.

151. *The Chairman.*] Look at Cash-book 34. Would you consider it came within your province to report any careless summations of that kind?—No: I might mention it to Mr. Buckland. That cash-book is written up by a boy in the office.

152. Is it right that a boy should keep one of the most important books in the office?—He only writes up the particulars, and they are checked.

153. Did you check these summations?—I may have done so.

154. This is the 31st December, 1889, and in every amount carried forward there is an altera-

tion of figures, and the whole thing appears to be done in a slovenly, careless fashion. Did you, while in pursuance of your duty, make no memorandum in reference to it and its condition?—No; I would merely speak to Mr. Buckland.

155. Is it not part of the duty of an auditor to really refuse to audit a book with alterations of that kind? For instance, if there is any doubt about the total summations of the outer column, how can you regard the summations of the inner column as being correct?—I have checked all the summations of the inner column.

156. Then, when you come to any amount that has been posted into the general cash-book, do you, before checking that amount to see that it is carried properly into the general cash-book, check the summations?—Yes.

157. The whole of them?—Yes.

158. *Mr. Macdonald.*] Do you check the entries in the ledgers?—Yes; the whole of them. My tick is there.

159. Take the cash-book under the 31st December, 1889. How is it that there is no balance carried forward?—The cash-books, being sections of a whole, do not carry balances forward.

160. *The Chairman.*] At the close of each year is it not usual to bring the balances down?—Yes.

161. *Mr. Macdonald.*] Here is a difference of £41,000 between the two sides. There is not a word of explanation to show where that £41,000 has gone. Will you kindly show whether that £41,000 is carried forward?—In the general cash-book there would be a balance carried forward, because the whole of the money is brought into the ledgers.

162. You tell us that cash-book is not the real cash-book; it is an inferior cash-book?—It is a cash-book of convenience.

163. Does it not necessarily follow that that balance of £41,000, which appears to be the balance existing between debit and credit side, 1889, should have some explanation as to what has become of it?—You must take the fact that that is only one of those cash-books. If that was the cash-book of the office it would be balanced.

164. If it looks that to outsiders, how does it look to an expert?—An expert knows the whole working of it.

165. Do you think it is a proper system of keeping a cash-book, which at the close of the financial period shows a balance of £41,000, but shows no explanation as to what has become of that?—I am not responsible for the system of book-keeping.

166. You have had an experience of two years here. What do you think of the cash-books system, showing the cash business of the office? Would you think it a wise system, a clear system, and one to be commended, &c.?—Well, that I am not quite prepared to say. These books may differ from mercantile books. They do not propose to be a complete system of book-keeping. They are only devised to show the total cash received and the total cash paid away.

167. *The Chairman.*] Do you not think that the same result could be arrived at by a more simple form of book-keeping?—That I could not say. I have never gone into it to say whether it is feasible to have another system.

168. Supposing, then, that you went downstairs to the office to ascertain the exact position of the Cash Account to-day, could you ascertain it and bring the result to me at this moment?—I would have to make it up.

169. Then the office would not have it made up?—No.

170. What first would you do to ascertain the cash balance?—I should take out the total cash receipts. There are these cash-books—I should require to have them—namely, general cash-book, Intestate Estates A to L, ditto M to Z, Estates in the Office A to L, ditto M to Z, one Real and Lunatics Estates, and the other is called the Miscellaneous cash-book. These are all the cash-books necessary.

171. The Cash and Imprest Accounts are already charged in those seven cash-books?—Yes. These would really show the actual cash position, with the exception of that amount you see "unadvised," which is kept in a small ledger.

172. Now, we will take the 31st December, 1889, as a typical case. Will you show the Commissioners how this incomplete balance system works out into the actual cash result?—These are the daily totals taken out from the daily cash-books, showing total receipts £197,597. The total expenditure was so much, leaving that balance.

173. Will you give us the balance in all these cash-books? Here you have got a balance of £41,000?—Yes.

174. Well, the Commissioners would like you to give us the totals of all these cash-books, and check that with the general result?—I shall do so, and supply the information to the Commission.

PART II.

WEDNESDAY, 8TH APRIL, 1891.

Mr. ROBERT CHISENHALL HAMERTON examined.

1. *The Chairman.*] Mr. Hamerton, I would like to say this: that, as we have gone through the books as far as we can up to the present time, we have determined now to begin the taking of evidence, and we think it right to commence with you first, as head of the department. Perhaps it might be well, if you desire to do so, that you should have the opportunity to make any explanation or statement you may have to offer, as it is the wish of the Commissioners to afford you free scope in that direction. Therefore, if you so desire, the Commissioners think that in the first instance ample opportunity should be afforded you?—There is a very large number of facts that I want to bring before the Commissioners. I have a list of twenty or thirty suggestions which I desire to submit to the Commissioners, which if adopted will make the working of the office run more smoothly than it can do under existing legislation.

2. First of all, then, let me ask you what is your position?—I am the Public Trustee of the Colony of New Zealand.

3. You are the head of the Public Trust Office?—Yes.

4. When did you join the office?—In July, 1880.

5. And how long have you been in the public service altogether?—I joined the public service on the 4th April, 1865. Four days ago twenty-six years of service were completed.

6. What was your occupation in the public service before you accepted your present position as Public Trustee?—Immediately before, I was Secretary for Stamps. On the 4th April, 1865, I was appointed clerk in the Sub-treasury at New Plymouth. In January, 1867, I was appointed Stamp Clerk in addition, under the Act of 1886. At the end of that year the office of clerk to the Sub-treasury was abolished, and I was therefore Stamp Clerk only. The local Stamp Office was then under the charge of the Registrar of Deeds at New Plymouth, and I used to work also in the Deeds Registration Office. Early in 1868 the Registrar of Deeds, Mr. Samuel Popham King, became very weak in health, and he asked me to take so much charge as it was possible for me to take of the Deeds as well as of the Stamp Office at New Plymouth. I did so. Mr. King became gradually weaker. Eventually he resigned, and I was appointed to be Registrar of Deeds, Deputy-Commissioner of Stamps, Registrar of Births, Deaths, and Marriages, and Registrar of Joint-stock Companies. That was in August, 1868. I continued those duties until March, 1871. The Land Transfer Act of 1870 had been passed, and the Government had decided that none but solicitors should hold office as Registrars. I was not then a solicitor of the Supreme Court. The consequence was that the late Mr. William Sefton Moorhouse, who was then Registrar-General of Land, came up to New Plymouth in order to dislodge me, stating, of course, the reason for doing so. Mr. Moorhouse examined the books and records of the department, was satisfied with them, and told me that he would, if I wished, obtain an appointment for me in Wellington. I had been offered from the Colonial Secretary's Department an appointment in Invercargill. I was very loth to leave New Plymouth, but there was no help for it, and I came down to Wellington, Mr. Moorhouse being a fellow-passenger. He made his report to Mr. (now Sir William) Fox, who was then Premier. The result of it was that I was appointed Deputy-Registrar of the Supreme Court in Wellington, at £200 a year. That was on the 28th March, 1871. I was almost immediately afterwards appointed Registrar of Births, Deaths, and Marriages, at a salary of £75, which was shortly afterwards increased to £100. That was in addition to the other salary of £200. I occupied the position of Deputy-Registrar until, I think, the 17th November, 1874, when I was appointed Secretary to the Stamp Department by the Hon. Mr. Reynolds, who was then Commissioner of Stamps, at a salary of £500 a year. The appointment was probationary, and was confirmed in the following February. In 1877, I think it was, I was appointed to the financial charge of the Land Transfer and Deeds Registration offices. The Registrar-General retained, of course, his position, and administered the Act, but I had everything financial put in my hands for the purpose of effecting certain economies which it was then thought were needed. That was under the Hon. Mr. Ballance, who was then Minister. Mr. G. B. Davy was Registrar-General of Land. In consequence of this further duty cast upon me an additional salary of £50 was given; and, with increases, the salary amounted in 1879 to £650 a year. I was appointed Public Trustee when Mr. Jonas Woodward retired in June, 1880.

7. When was the Public Trust Office established?—The Public Trust Office was established under the Public Trust Office Act of 1872, and the duties commenced from the 1st January, 1873, Mr. Jonas Woodward being appointed from the Treasury as Public Trustee. He resigned in June, 1880, and I was appointed to succeed him, and to perform the duties of the office in conjunction with the Stamp, Land Transfer, and Deeds Registration Departments. I was appointed on the 8th July, 1880. The salary was £800 a year, but it was then subject to the 10-per-cent. reduction which obtained throughout the service, so that the net salary was £720. That reduction only lasted for a year and a half, or thereabouts. In 1881—I forget the month, but in consequence of the tremendous pressure upon myself, and of representations made to the then Ministry (Sir Harry Atkinson, I think, was Premier, but I am not quite sure)—the Government relieved me of the charge of the Stamp, Land Transfer, and Deeds Registration

Departments, and thenceforward I was enabled to devote the whole of my time to the duties of the Public Trust Office. It is desirable to note that on the 8th July, 1880, the date of my assumption of the office of Public Trustee, the entire staff consisted of the Chief Clerk and a cadet, my predecessor himself conducting for the most part his own correspondence and entering up his cash-book. The cash receipts for the year ended the 30th June, 1880, were £41,813. The General Investment Account stood at £70,864, and the Special Investment Account at £2,655. On the 1st October, 1880, Mr. Moginie, from the Treasury, was appointed Accountant with a salary of £300, and to him was assigned the financial branch—the cash-book, ledgers, and preparation of disbursement-requisitions, &c.; Mr. De Castro, the Chief Clerk, having allotted to him the correspondence and other matters not dealt with by the Accountant. The cash receipts for the year ended the 30th June, 1881, were £68,262. The General Investment Account had increased to £90,864, and the Special Investment Account to £10,074. It was not until the 5th June, 1882, that the next appointment was made—viz., Mr. J. J. M. Hamilton as Ledger-keeper, on the 5th June, 1882. The cash receipts for the year ended the 30th June, 1882, were £71,319. The General Investment Account stood at £98,428, whilst the Special Investment Account had more than doubled itself, being £21,780. It was about this time that the West Coast Settlement Reserves administration devolved by statute upon the Public Trustee, Mr. Thomas Mackay being appointed West Coast Settlement Reserves Trustee, on a salary of £500 per annum. This officer was the local administrator of the reserves, and arranged with the Natives as far as possible the blocks to be leased and the area to be set apart for occupation by the different hapus. Further assistance now became necessary, and on the 17th August, 1882, Mr. J. C. Small was appointed as Requisition Clerk; but it was not until the 1st April, 1883, that an officer was specially appointed to the charge of this new branch—a Mr. Vincent, who died on the 17th December, 1888, and was succeeded by the Mr. Small just mentioned, who still continues in charge of this branch and of the Native reserves branch, and also of the business under "The Rating Act, 1882," which, however, consequent on the passing of the amending Act of 1885, is now little more than nominal. The Native reserves were transferred to this office by "The Native Reserves Act, 1882," and administration was assumed on the 1st January, 1883, Mr. Alexander Mackay, the then Commissioner, being transferred to this office on a salary of which £250 was payable out of Native reserves. The financial year of the office was altered by section 15 of "The Public Revenues Act, 1882," and it was made to terminate on the 31st December, in lieu of the 30th June as theretofore. The cash receipts for the half-year ended 31st December, 1882, were £45,018. The general securities had reached £100,965, and the special £25,070. Of the present staff Mr. Warren was the next appointed—viz., on the 1st April, 1883, on a salary of £200. He, in turn, was put to the cash-book and ledgers, Mr. Hamilton taking the position of Sub-accountant. Mr. Warren is now Examiner, at £240. Mr. Arthur de Castro was entered on the same day as cadet, at £40. He now performs the duty of Journal-keeper and assistant to the Wills and Trusts Ledgers, at £120. Mr. Ronaldson was next appointed, on the 12th November, 1883, at a salary of £150. He is now Senior Ledger-keeper, at £210. The cash receipts for the year ended 31st December, 1883, were £90,119. The General Investment Account had now reached £122,871, and the Special £39,152. Mr. Pyke entered the office on the 15th December, 1884, at £180 per annum, but the salary was reduced to £150 from the 1st April, 1885, at which amount it now remains. The cash receipts for the year ended 31st December, 1884, were £116,136. The General Investment Account stood at £132,320, and the Special £57,430. Mr. Stephens was next appointed, on the 14th March, 1885, on a salary of £170, and acted for some time as corresponding clerk, and was afterwards appointed to the ledgers. He now draws £200. Mr. Oswin was next entered—as a cadet at £40 per annum—on the 14th July, 1885. He is now assistant to the ledgers, and draws £80 per annum. Mr. Cross was appointed messenger at £36 per annum, some time after the office was removed from the Government Buildings to premises in Brandon and Featherston Streets, on the 27th July, 1885: he now draws £100. The cash receipts for the year ended 31st December, 1885, were £196,094. The General Investment Account had now reached £156,002, and the Special £70,472. Mr. Alexander joined the office on the 8th March, 1886, and has had charge of a ledger since the 1st January, 1887. His salary on entry was £170; it is now £200. Mr. Wilson was appointed Solicitor in the Public Trust Office from his practice at Clyde on the 1st October, 1886, on a salary of £500, which remains still the same. On the same day the office entered into occupation of its present premises on a three years' lease at £300 per annum, which was extended for two years at the same rent. The cash receipts for the year ended 31st December, 1886, were £125,984. The General Investment Account had increased to £183,272, and the Special to £84,909. During the year 1886, all the available land under the West Coast Settlement Reserves Acts having been leased, it was deemed desirable to lessen the expenditure of administration. To this end the services of Mr. T. Mackay were dispensed with, and Mr. Wilfred Rennell, the officer in charge of Native affairs in Taranaki, was appointed to the trusteeship upon a salary of £225, to which £100 was added when that officer ceased to become an officer of the Native Department, and to draw salary £100 from that source. The cash receipts for the year ended 31st December, 1887, were £109,030. The General Investment Account showed £194,923 to credit, and the Special £106,957. The appointments in 1887 were Messrs. Booth and Kendall, who were both appointed in July, 1887, as cadets. The former resigned on the 31st December, 1890; the latter is assistant to the Wills and Trusts Ledgers, and draws £90 per annum. There were no appointments in 1888. The cash receipts for the year ended 31st December, 1888, were £146,715. The General Investment Account had increased to £204,418, and the Special to £162,021. Mr. Hewson was appointed a cadet in February, 1889, and resigned on the 31st March, 1891. Mr. Buckland, who had been continuously employed as a temporary clerk since the 5th September, 1885, was appointed on the 7th March, 1889. Since 1887 he has had charge of the "Miscellaneous" Ledger. The cash receipts for the year 1889 were £183,336. The General Investment Account stood at £216,068, and the Special at £245,815. Mr. Purdie

entered the office as a cadet on the 1st January, 1891, from Dunedin, on a salary of £60. The cash receipts for the year ended 31st December, 1890, were £143,386. The General Investment Account had decreased to £197,747, and the Special (£280,249) had increased by £34,434. The Commissioners will not fail to notice the progressive increase of the Investment Accounts, and the very much larger cash receipts of later years. I will now proceed to give a general idea of the record branch of the office. The Chief Clerk, Mr. De Castro, has always had the management, and, with an assistant and cadet, carries out the duties devolving upon it. Every letter as it comes in is opened by the Chief Clerk, and the *précis* written by him. It is then passed to the assistant, who numbers it, enters it in the record-book or the index-books, or both, as the case may require, the cadet meanwhile obtaining from the safe the former papers for attachment. When attached it is placed in the pigeon-hole, marked with the Ledger-keeper's name who has charge of the particular class of estates to which the letter relates. I may here explain that the work of the department is classified under five distinct headings—viz., Intestacies, Wills and Trusts (two ledger-keepers), Lunacies, and Real Estates, and Miscellaneous, which includes Native and West Coast Settlement Reserves, so far as financial matters or disbursements are concerned, but the clerk in charge of Native matters above referred to attends to the records, correspondence, leasing, collection of rents, &c. To revert: The records from the pigeon-holes last mentioned are constantly being taken to the various Ledger-keepers, who make necessary entries in their Assets and Claims Book, Mortgage Register, Fire Policy Register, and other books, prepare acknowledgments for moneys received for signature by the Accountant, enter rents received in the terrier or rent-book—any or all which action is notified upon the record—prepare routine letters in reply or otherwise for signature. In cases where transmission is necessary, under the Land Transfer Act, to vest the real estate of deceased persons in the Public Trustee, the usual papers are prepared by the Ledger-keepers, as well as the covering letters to the District Land Registrar, for my signature. All entries having been made, routine letters written, and such notes made as may enable me readily to grasp the position, the record is then sent in to me (unless the matter dealt with is so purely formal in character—*e.g.*, the receipt of the monthly rent return, or the final report of an agent, &c.—as to require no action), and such directions are minuted by me as in my opinion the nature of the case demands. Matters involving legal questions, or an application to the Supreme Court, are referred to the Solicitor, Mr. Wilson, either for his attention in drawing affidavits, petitions, &c., or for his opinion to assist me in deciding as to the course to be followed. As soon as the final steps have been taken, my rule is to stamp my initials on the left-hand bottom corner, as an indication to the Record Clerk that it is for the time being finished with, and that it may be filed away in the safe. Without such indication he is not permitted so to act. In addition to the records, the Chief Clerk is charged with many other duties—for instance, the preparation of the monthly return of estates placed under administration, the gazetting of such return, and forwarding of copies to the Agent-General. The advertisements are managed by him, and the list of all newspapers and periodicals in which the standing advertisements of the office appear is from time to time made up and corrected, the correspondence other than that relating to estates and Native matters, the general control and supervision of the staff, and many other matters not necessary to detail. With reference to the Ledger-keepers personally, Mr. Ronaldson has charge of the Intestacies Branch. This was formerly under two ledger-keepers, one of whom supervised the affairs of all estates the initial letter of the surname of which ranged between A and L inclusive, and the other the remainder of the alphabet. I have kept the ledgers and cash-books still separate because the time will come when two ledger-keepers will be again necessary. The second cash-book, however, may be dispensed with when either becomes filled. I should here explain that the term "ledger-keeper" is somewhat misleading—the gentlemen holding that office are much more than mere machines for entering up items in a ledger. They are really sub-managers, and very important functions devolve upon them. As regards their individual duties, these officers will no doubt have addressed the Commissioners individually as requested. I will not, therefore, enter into minute detail as to the work performed by them further than already indicated. Mr. Alexander has charge of the Wills and Trusts Ledger A to L, and Mr. Stephens M to Z. The particular will or trust-deed governs in each case. Great watchfulness is therefore requisite in order to insure that the provisions of such will or trust-deed are being carefully complied with, and investments made as required. Quarterly or half-yearly statements of account, with remittances, are made by this branch, differing widely in this respect from the Intestacies Branch, which, as a rule, accounts only on the winding-up of an estate and distribution among the next of kin. Mr. Beyer deals with two branches—namely, the estates of lunatics, and real estates. The former class involves the preparation of a report to and the granting by the Supreme Court of an order directing the course of administration in each case. The Check Ledger is also under his charge. To Mr. Buckland is assigned the Miscellaneous Ledger, which includes the accounts of the Native and West Coast Settlement Reserves, all receipts under statutes, and, in a word, everything not classified under one of the five preceding. The system, then, involves this principle: that the Ledger-keepers are responsible to me for all information I may require as regards the classes of estate or subjects respectively placed under their charge, both financially and otherwise. They also prepare the correspondence of their respective branches. It will be at once perceived, the wide range and varied nature of the duties performed by these officers. In all matters of account-keeping they are under the immediate supervision of the Accountant, from whom they take instruction in all matters pertaining to accounts. It will have been noted that there are six ledgers in use, and seven cash-books. Were there but one ledger the constant references to it would seriously interfere with the duties of its keeper and poster. Indeed, I venture to assert that it would be absolutely impossible to carry on the business of the office with a single ledger, as the Audit officer must have access to it for a great part of half of each day, and the interruptions to the poster during the available balance of the day would be so frequent as to paralyze his work and soon create arrears of entries

which would result disastrously. For some time after I assumed the control of the department there was but one cash-book and three ledgers; but the rapidly growing business, together with the frequent absence of the cash-book, which was then daily sent to the Audit Office to be entered up in a duplicate set of books there, in course of time brought about such inconvenience and confusion as to become intolerable. I was therefore compelled by stress of circumstances to depart from the single-cash-book system and to open new books, to mitigate as far as possible the evil complained of; and it will be found that from the 1st January, 1886, this was to some extent accomplished: but the system now in vogue may be said to have been completed on the 1st January, 1887. As the inconvenience caused by the daily removal of the one cash-book has now ceased, I am of opinion that a smaller number would suffice, but I could not advocate a return to the one-cash-book system. The ledgers naturally, as business increased and the necessity constantly pressed of having a larger number of men employed, became more numerous, and, instead of being "general," as at first, became more and more specific until the 1st January, 1887, when the present subdivision of work was inaugurated. The number of ledgers must, of course, increase with the expansion of the transactions of the office, and I have no doubt whatever in my own mind that the number within a few years must be much larger than at present. I do not anticipate, however, that any addition will become necessary in the immediate future. On the subject of the ledgers there cannot be the shadow of a doubt that if the office continues to increase as it is increasing the number of ledgers must be doubled and trebled and quadrupled. What was quite sufficient in the year 1880 would be absurdly insufficient at the present day.

8. What about the cash-books?—As to the cash-books, the "blocks" that used to be occasioned by the necessity under the Audit rules for reference to them have in a great measure ceased. That department does not at the present time keep a duplicate set of books as formerly. Consequently, the cash-book is not absent from the office at all, and the only interruption is during the time that the Audit officer is checking. So that, whilst one cash-book would be impossible for carrying on the business satisfactorily, three might be found to suffice—that is, two for entries, and the other to be the general cash-book, as at present. At present our seventh cash-book is the general cash-book, which takes the totals of the other six. But we cannot manage with one cash-book. If we had one poster, he would be interfered with by the Audit officer naturally, and a great deal of his time would be wasted. The system of numerous cash-books was introduced solely to avoid the inconvenience which resulted by the necessity for the removal of the cash-book. It could not be helped in those days; it may now. As regards the office I do not know that I have anything further to say. I should like to say, before closing the Head Office matters, that the staff, in my opinion, is a very excellent one; and I do think, as I have represented to Ministers many times, that the superior officers, down to the Ledger-keepers, are very much underpaid. The nature of their duties is most important, and men ought to be paid for their responsibilities. Having completed my remarks as to the Head Office, I will now deal with agencies. Your request to be furnished with information as to the mode adopted in conducting the business of the Public Trust Office in its several branches, &c., has had my attention; and in reference thereto I would state that the affairs of this office out of Wellington are conducted at the present date through twenty-four agents, one of whom, however, has received notice that his agency will be closed after the 31st March. A statement will be furnished giving the localities of the agencies, the names of the agents appointed to each respectively, their average annual remuneration for the past three years, the nature of the guarantee given by each, whether by bond or policy in a fidelity guarantee company, the total annual receipt of each agency for the past year, and the expenses of administration in connection therewith, as requested. The Commission are in possession of the printed instructions dated June, 1886, which I may term the standing orders of agents. Definite instructions in the various estates are from time to time forwarded to them from the Head Office as occasion requires, as the records now being examined by the Commissioners will abundantly testify. The agents are very greatly assisted in the successful discharge of their duties outside their respective towns by the police, who render valuable service in the protection of property, and its removal to places of safety where necessary; in the obtainment of valuable information, both of papers, persons, property, claimants, next of kin, &c.; and in many other ways. The agents, with the sole exception of the recently-appointed district agent at Christchurch, have no power of liquidating any claims whatever, nor have they any authority to commit the office to any expenditure under any circumstances: the previous approval of the Public Trustee is first requisite. They are receivers, and all their receipts are, or ought to be, banked daily. Hence their monthly copy of cash-book, furnished to the Head Office, contains on the debtor side moneys received by them from all sources during the month, and on the other payments into the Bank of New Zealand, supported by bank receipts. To them is intrusted the realisation of intestate estates, the receipt and examination of all claims against such estates within their respective jurisdictions, the sale of all property, real or personal, directed to be sold under will, deed of trust, or otherwise, the collection of all interest and rents, and generally all such duties as are usually performed by an ordinary agent, excepting only the power of disbursement of moneys, which, with the one exception referred to, is scrupulously retained in the hands of the Public Trustee himself. It may be well to explain here that, as the agents are not in the Civil Service, and consequently have no position therein to lose, it has not hitherto been deemed advisable to intrust the agents with the power now under consideration. I proceed now to address myself to the proposition, "In what respects the administration of such agencies and their convenience to the public can be improved." With the exception of the recently-appointed district agent of Canterbury, and of the agent at Auckland (Mr. Watkis), all the agents of the office are commercial or professional men, most of whose time is devoted to their other avocations; consequently it has not infrequently happened that the necessities of particular estates have not met with that attention and promptitude of action which was desirable; and, although this remark does not apply

to many of the agents, I am of opinion that the time has arrived when this office should be represented in the districts about to be mentioned by gentlemen holding a position in the Civil Service of the colony, and paid such a salary as will induce them to give their whole time to the development of business and the enlargement of the sphere of usefulness of the institution. But the salary should not be the only inducement. In order to call forth the full energy of the men selected for these positions there should be a small commission allowed on all business transacted, by which the officer might reap the benefit of increased exertion. The terms of remuneration of the officer holding the position of district agent at Christchurch are as follows: Salary, £250; commission, ¾ per cent. on all receipts, excluding the capital fund of all trusts placed in the office or transferred to the Public Trustee, and all moneys upon which no charge is made by the office. It is calculated that the commission earned by him during the first year will increase his income by £60 or £70. In addition to this he is allowed one guinea upon every trust transferred to, or will provisionally accepted by, the office, if effected by his influence or agency. I hand you a copy of the instructions issued to him on his appointment. Mr. Hamilton's district, unlike all the others, is territorially defined—*i.e.*, the Provincial District of Canterbury. It follows that the existing agency at Timaru must cease as an independent agency. It will hereafter be carried on as a sub-agency of Christchurch. To enable Mr. Hamilton to personally superintend the duties devolving upon him in any part of his district contiguous to the railway-line, he has been furnished with an annual ticket which enables him to travel at any time between Hurunui and Waitaki—the boundaries of his district. It is hoped that the opportunity thus afforded of frequent intercourse with clients and the public generally in the country districts, his presence in various localities inspecting securities, supervising the realisation of estates, inquiring into the wants and wishes of widows, the requirements of orphans, and the interests and welfare of the beneficiaries generally, will in due time arouse an interest in the office which will in the near future lead to a much larger business in that district. I am of opinion that the principle recognised by his appointment should be applied to other districts of the colony as soon as the Public Trustee is prepared with suitable men for appointment, a necessary qualification for which should be a service in the Head Office for a period of at least twelve months, insuring a knowledge of office practice and requirements. An experience of eleven years, nearly, as head of the office, has convinced me that gentlemen who have served an apprenticeship in the office, and are otherwise possessed of business knowledge, will prove of greater service in the building-up of a sound connection than the average agent without such training, seeing that the former is possessed of the mind of the department, which is a sure guide to his actions, whilst the latter without such qualification is, to some extent, labouring at a disadvantage. On various occasions it has become necessary to despatch one of the staff to relieve or supersede an agent, and I have always found the duties of the relieving officer to have been satisfactorily performed.

SIR,— Public Trust Office, Wellington, 26th February, 1891.

I have the honour to inform you that you have been appointed District Agent of the Public Trustee at Christchurch from the 1st proximo.

The salary of the office has been fixed at £250 per annum, with an allowance of ¾ per cent. on all receipts upon which percentage is charged by the office, the allowance to be paid quarterly. In addition to this, a fee of £1 1s. for every new trust introduced by your exertions, and £1 1s. for every will forwarded by you for provisional acceptance. These terms are liable to revision after four years as the Colonial Treasurer may direct, and are, of course, always subject to the will of Parliament.

Your district comprises the Provincial District of Canterbury, and includes the present agency of Timaru, the agent at which place will be dispensed with as from the 1st April next. The arrangements necessary for taking over his work, records, and paraphernalia are left to your judgment and discretion.

To enable you to move about your district with celerity, and thus personally to superintend the varied business of the office, an annual railway-ticket has been obtained, and is herewith enclosed. This ticket is available on the Hurunui–Bluff line, between the northernmost station and Waitaki, the boundary of your district.

As frequent absence from your office in Christchurch will be entailed by necessary visits to various localities, a cadet will be appointed to assist you in carrying on the duties of your office.

Suitable premises have been secured for an office in the Post-office Buildings, of which you will at once take possession, and upon the windows of which you will cause to be painted in large gilt characters the words, "Public Trust Office—District Agent." You will take over from the present agent all records, books, stationery, and paraphernalia belonging to this department on the 2nd proximo, and will take from this office such a supply of forms, &c., as will probably suffice for twelve months, sending in quarterly thereafter requisitions for such articles as you may want.

You will observe the system of record now in vogue in this office, and insure that due and punctual entries are made in all books required to be kept.

As regards loans of money upon mortgage of freehold property, it is felt that a much larger business should be done. You will afford every facility and information to persons seeking advances, assisting them where necessary to fill in the necessary forms, and satisfying yourself that they are properly completed. Cause it to be widely known that no procuration fee is chargeable, and that the mortgage deeds are drawn by the local office solicitor according to an agreed scale, which should be explained to applicants.

With reference generally to persons applying for information or assistance either in placing a trust in the office, making out a claim against an estate, or otherwise howsoever, it should be your earnest endeavour never to permit a client or inquirer to leave the office unsatisfied. Even at great sacrifice of time, patience, or personal convenience a ready help should invariably be afforded to all classes. Only by this course can the office hope to earn the respect and esteem of all.

You will bear in mind that you are appointed to a district as to which it may safely be averred that ten times the business now transacted can be readily secured by ordinary courtesy, attention, and business aptitude; and whilst on this subject I would remark that it is expected that a large increase take place during the current year and in each succeeding year, otherwise it will be incumbent upon the department to make other arrangements.

A beneficial result is confidently looked for in the power which you possess of rapidly visiting numerous parts of your district by rail, and personally inquiring into and directing business, as well as interviewing persons interested—widows, trustees, claimants, auctioneers, and others—bringing you into personal contact with large numbers of people, and thus affording you many opportunities of explaining the numerous advantages characteristic of the office.

With the view of enabling you to pay preferential claims in estates in which there are assets sufficient to meet them in addition to administration charges, a sufficient imprest advance will be made to you. You will carefully note that nothing is to be paid out of this other than funeral expenses, fees for swearing affidavits, and undoubted

preferential claims. Other sums can only be paid from this fund after specific authority has been obtained in each case. It is hoped by this means that much of the irritation caused by past delays in payment of this class of claim will in future be obviated.

I need scarcely point out that the Civil Service, Treasury, and other cognate regulations, as well as all instructions printed and otherwise hitherto issued for the guidance of the agents of this office, apply fully to your new office, except as may be modified herein.

As a Civil servant, your whole official time and energy must be devoted to the service of this office, nor will you be permitted to receive any remuneration from any of the public in connection with your official duties in any manner whatsoever. The office-hours are from 9 to 5, less one hour, during which the office may be closed for luncheon—viz., from 1 to 2. I need not dilate upon the necessity for a strict observance of this rule in the interest of public convenience.

You will take occasion, when in the neighbourhood of property mortgaged to the office, to make due inspection, and report the result to me.

You will ascertain and keep a record of the newspapers and publications in which the standing advertisement of the office at present appears, and in the November of each year you will recommend the periodicals in which such advertisement should appear during the following year, suggesting the matter which from your local knowledge you consider should be prominently emphasized. This duty will involve an accurate acquaintance with newspapers, &c., published in your district, together with the approximate circulation of each.

When pressed for the return of deeds (being forwarded to be executed by the Public Trustee, or requiring action by the Board) be good enough to bear in mind that the meetings of that body take place on Wednesdays only, and advise solicitors and others interested accordingly.

You will send out due notices of interest and rent accruing due, and of fire insurances requiring renewal, the forwarding of which as regards your district will be discontinued by this office as from this date.

It is of course quite impossible where duties are so varied to particularise minutely. Where definite instructions have not been given either to your predecessor or herein you will seek direction from me.

In conclusion, I would impress upon you the paramount necessity of bending all your energies in the best interests of the individual estates which may come under your local management, and to the furtherance of the advancement and well-being of the important office which you will represent in your new district. In case the Royal Commission about to inquire into the working of the Public Trust Office should recommend any alteration in the appointment or duties of agents it must be understood that I reserve the right to cancel or amend this appointment, or to reinstate you in your former office.

I have, &c.,

R. C. Hamerton,

Public Trustee.

J. J. M. Hamilton, Esq., Wellington.

The district agencies which might at an early date be established are as follows: 1. Otago, comprising the present agencies of Dunedin and Oamaru, but excluding Clyde and Queenstown, which, on account of want of railway-communication, could not conveniently be worked from Dunedin. It will be noticed on reference to the attached statement that the average remuneration of the agents at Dunedin and Oamaru for the past three years has been £198 and £39 respectively. Now, the establishment of a district agency would involve an approximate expenditure as follows: Salary, £250; commission, say, £70; office, £40; cadet, £30; railway-ticket, £25; and contingencies, £35: or, a total of about £450. Hence the proposed establishment would involve an additional charge on the Expenses Account amounting to £213; but I am of opinion that the increased opportunities of meeting the clients of the office and the public generally, the frequent visits to the country districts rendered necessary by inspection of properties, superintendence of realisations, &c., would speedily recoup the additional outlay involved. With respect to Greymouth and Hokitika, the annual remuneration has been £189 and £43, or a total of £232. If it is assumed that the establishment would cost approximately the same as before, £450, it will be seen that there will be a loss here of £218. The average income of the agents at Napier, Wairoa, and Woodville for the past three years has been £31, £2, and £4 respectively. On the foregoing assumption of annual cost of the district agent's establishment the immediate loss would be £413. The agents at Palmerston North, Wanganui, Patea, and New Plymouth have been paid an average remuneration of £57, £35, £44, and £28, or a total of £164; hence, on the same assumption, the loss would be £286. But, although the present loss would be undoubted, I am strongly of opinion that the scheme suggested, if worked by capable men, would shortly add very largely to the business of the office, and convert the initial loss into a surplus in each case. It may, however, be asked, If but one resident representative of the office is to exist, instead of three or four as at present, how is business to be carried on at the places dispossessed of their agents? I reply, that sub-agents would still exist, and I will endeavour to describe the *modus operandi* under the proposed system—it is the system now in vogue in the department of the Curator of Estates of Deceased Persons in Melbourne, an official whose jurisdiction extends over the whole Colony of Victoria, and yet he has no agent appointed as such, in the same sense as are the agents of the Public Trustee here. For the sake of example, I will suppose the death of an intestate at Ashburton: the police telegraph to the district agent, Christchurch, that they have taken possession, say, of a grocer's shop, and ask instructions. The district agent at once proceeds to Ashburton, and he himself, assisted by an auctioneer, takes an inventory, and makes full inquiries into the case, the credit and indebtedness of deceased. A decision is arrived at as to the disposal of the business. If it be determined to call for tenders, they will, of course, be addressed to him at Christchurch, and the highest may or may not be accepted. If it be determined to sell by auction, the auctioneer who assisted with the inventory is then constituted agent for that estate, and the understanding is that he attends to all matters relating to that estate, inquiring into and certifying as to claims, and, indeed, performing all the duties of agent so far as that estate is concerned, short of the disbursement of money or the incurring of any expense not previously authorised. District agents, for their own sakes, would naturally employ the most reliable men in the various centres of population; but, being able by their railway-tickets to travel rapidly, their duty would impel them by personal inspection and superintendence to insure that the administration was being properly carried out. In the very small cases, such as the sale of a swag or box belonging to a person deceased without other property, the police would then, as now, be largely relied upon, as also in the outlying districts where the district agent could not without great expense make a personal visit. Great stress is laid upon the ability of the district agent to move rapidly and frequently about his district, and the opportunities afforded of conversing with all sorts and conditions of men, of distributing the printed information

prepared by the office, and of disseminating a knowledge of its scope, duties, and advantages—in a word, to popularise the office and to greatly increase its business. Where this shall have been well accomplished in any proposed district, it will become desirable either to divide the district, and appoint a district agent to each division, or to appoint a suitable man or men at the larger centres of population, to whom shall be assigned specified areas within which they shall perform the same duties as a district agent, but reporting to and taking their instructions from the district agent. But I need not, perhaps, anticipate the direction in which the development of the agencies will tend. I have suggested a course for immediate adoption—one which I feel sure will answer satisfactorily. I will now endeavour to show the reason of some of the friction with the public which has occurred at some of the agencies, and to point out the remedy—partial perhaps it may be—which has been applied in the recent appointment at Christchurch. I will take the case of an intestate dying, say, at Ashburton, leaving a fixed-deposit receipt for £50, maturing ten months after his decease, and effects which realised £3 at auction. The police set about the arrangements for the funeral, and agree with the undertaker for, say, £5; but a friend of the deceased, not wishing to see him "buried as a pauper," orders a mourning-coach and cab, and the expenses mount up to, say, £9. The police report will have been forwarded to the agent at Christchurch, in which they will have mentioned the arrangement which they made with the undertaker; consequently, when the claim of the latter reaches the agent he is unable to understand the increased charge, being ignorant of the friend's interference. Correspondence ensues with the police, who interview the undertaker, and the explanation is given, and duly reported to the agent. He, it may be, considers the charge too high under the circumstances, and purposely omits to append his usual certificate without which no claim outside Wellington is paid. Correspondence then takes place with the agent, and further explanation is obtained from Ashburton, resulting in the agent's certificate being given, and the passing of the claim by me. The claim and all information is then forwarded to the Audit, who decline to pass the item for the carriage ordered by the friend, and fresh correspondence ensues, and the information thereby obtained forwarded to the Audit, who, however, remain obdurate, and decline to pass the account. Meanwhile, six or eight weeks have passed in this quadrilateral discussion between the Audit, the Public Trust Office, the agent, and the parties in Ashburton, and financially I have £3, less charges, and a fixed-deposit receipt, which, unless I sacrifice interest, I am unable to cash for eight months or more, and the undertaker naturally becomes indignant at the delay. I refer the matter again to the Audit, who decline to pass the item for the carriage. In despair, I reduce the claim by that item. I am averse to losing the interest on the fixed-deposit receipt, so I appeal to the Board (without whose sanction I am unable to make any investment) to purchase the fixed-deposit receipt from the estate. By this means the estate obtains full interest to the date of sale. I now direct the reduced claim to be paid, and explanation sent to the undertaker as to the reduction. This treatment will be remembered against the office, and thus it happens that it is made to suffer on account of the present audit system, which I have vainly striven to alter by reports verbal and written to the various Governments during past years. The records will testify how frequently I have protested against an interference which has in the past greatly militated against the popularity of the office, and which, if not abolished, renders it utterly hopeless that the office can ever become the immense boon to the colonists for which its scope and objects so eminently fit it. I venture to think that, as the Public Trustee is responsible to the estates, the creditors, the next-of-kin or beneficiaries, and to the Supreme Court, it is reasonable to suppose that he will not pay away the assets of an estate without due care: at any rate, he is the responsible man as executor or administrator, as the case may be. We have treated hitherto with the district agency at Christchurch. There might be other district agencies created, and I will specify what, in my opinion, might be done in that direction. But first of all I wish to impress upon the Commissioners my view that, although it is not usual in the service to permit of the payment of commission—that is to say, the Government and Parliament incline to payment of salaries only—it does appear to me to be very desirable indeed, in order to increase the business of this office, which I am satisfied can readily be done, to give a special incentive to the officers by granting a small commission, and thereby enabling them to increase the usefulness of the institution. I now desire to bring before the Commissioners some cases of Audit interference—I do not use the term offensively—to show how it has militated against the office, and to impress upon the Commissioners the absolute necessity of an alteration in the present audit system as regards this office, as the first step towards its popularisation. I do not for one moment assert that the department is going beyond what it conceives to be its duty. I believe that the Audit officers are acting in perfectly good faith, fully convinced they are doing their duty. All I say is, that, if it is their duty, legislation should alter it. Now, as far as the office and agencies are concerned, that is all I have to say. I wish now to answer some complaints which were made in the House respecting this department. I should very much wish that the persons making the complaints might have been called, in order that they might be more specific than they have been. At the same time, I consider it necessary for my own justification to bring before the Commissioners some of the statements that have been made, and my explanation of them. The Hon. Mr. Seddon asked the Minister for Native Affairs, on the 29th August, 1890, "If the Government will appoint a Royal Commission to investigate and report on the working of the Public Trust Department of the public service. The administration of the Public Trustee's department had by some means or another caused very serious dissatisfaction throughout the colony."

8A. *Mr. Loughrey.*] Mr. Seddon specifies some instances there, does he not?—Yes, he does. I think it will be necessary for me to read a letter from Mr. Harcourt, who is the lessee of a section of land at Arahura. That is one case referred to. Section 13 of "The Westland and Nelson Native Reserves Act, 1887," is as follows:—

The foregoing provisions respecting the sale of new leases shall not apply to the Native reserves in the Provincial District of Nelson known as the "Arahura and Motueka Reserves;" and as to these lands it shall be the duty of the Public Trustee to offer to the several persons now in lawful occupation a new lease for twenty-one years of their several parcels of land, at a rental ascertained or to be ascertained in manner hereinbefore provided; and only in the event of such tenants or such of them as shall refuse or neglect, for one month after notice in writing served upon each of them or left at their holdings, to accept such new lease shall the said parcels of land held by them so refusing or neglecting become subject to the provisions of this Act respecting sale and tender: Provided that in any case in which no buildings have been erected, and the land has not, in the opinion of the Court, been substantially improved, the tenant shall not be entitled to a renewal of his lease: Provided that any tenant unsatisfied with the decision of the Commissioner may apply to the Governor in Council, whose decision shall be final.

Then, section 4 of the same Act sets forth the course to be pursued in the event of an agreement not being come to. Section 4 is as follows:—

The Public Trustee shall, not more than twelve months nor less than six months before the expiration of the several leases now subsisting of any, or any part of any, Native reserve in Westland and Nelson, and also forthwith in the case of any Native reserve situate as aforesaid, in lawful and recognised occupation by any person whose occupation originated in a lease by deed or memorandum of lease which shall have expired, obtain a valuation of all improvements on each parcel of land so leased or occupied, so as to ascertain the value—(1) of lessee's improvements; (2) of sublessee's improvements; (3) the rack-rent of each parcel of land as then separately held, as if no improvements existed thereon. Such valuations of (1) lessee's improvements, and (3) the rack-rent of each parcel of land as then separately held as if no improvements existed thereon, shall be made by two valuators, one to be appointed by the Public Trustee, and one by the lessee; (2) such valuation of sublessee's improvements shall be made by two valuators, one to be appointed by the Public Trustee and one by the sublessee: but should the lessee or sublessee fail to appoint a valuator within two weeks of his being requested by the Public Trustee in writing so to do, then the Public Trustee shall appoint the valuator in lieu of the appointment the lessee or sublessee has failed to make. In the event of such valuators not being able to agree they shall appoint an umpire, whose decision shall be final and conclusive. The fees to be paid to the valuators shall be charged to the incoming lessee: Provided always that it shall not be necessary to make any such valuations if the amount thereof shall be agreed to by the Public Trustee and the lessee or the sublessee as the case may be.

Mr. William McKenzie Harcourt holds two leases. As to one there is no difficulty: we agreed as to the rent to be paid, and there is no difficulty at all about that. Now, the lease of Section No. 38 expired. Mr. Wade, the agent of the office, was directed to ascertain if he could agree with Mr. Harcourt for a new lease in terms of section 13 of the Westland and Nelson Native Reserves Act of 1887. Mr. Harcourt wrote to Mr. Wade, "Having this day inspected with you my Section 38 of the Native Reserves, Arahura, I am willing to pay the sum of 3s. per acre per annum if I am granted a new lease." The rent paid by Mr. Harcourt during the previous twenty-one years was 4s. 8d. an acre per annum. Mr. Wade reported, "Section 38, Harcourt: This section I agreed with Mr. Harcourt to value at 3s. per acre, the reasons for low value being that it is poor land and subject to every flood; therefore unsafe to either crop or fence. I do not think that any one would take it up if Mr. Harcourt did not." I minuted here, "I am unable to ratify this agreement, and prefer to go to valuation," which I had a perfect right to do under the Act. And Mr. Wade was informed, "In reply to your memorandum of the 13th instant, I am unable to ratify the agreement made by you with the above lessee, and prefer to go to valuation." Then, the position at that moment was this: Mr. Harcourt had agreed to pay 3s. an acre. The agent had erroneously said "All right." When it came before me I argued it this way: Here is a gentleman who has been paying 4s. 8d. per acre per annum for the last twenty-one years, and he gave this when the land was covered with timber. How can I justify a lower rent to the Natives at the present day? And I declined to take 3s. an acre. The usual notices were then sent out that I was about to appoint, and did appoint, Mr. William Duncan, of Hokitika, as valuator; and Mr. Harcourt was requested to appoint a valuator. On the 2nd April I received a notification from Mr. Wade that Mr. Harcourt had appointed Mr. J. L. Smith as his valuator. Then, on the 19th April I received from Mr. Wade a valuation of this Section 38 made by Messrs. Duncan and Smith, in which they assessed the annual rental at 3s. per acre. Now, the Commissioners will notice that the valuators agreed with the offer made by Mr. Harcourt, and of course the lease was prepared at that rent. I had no option; it must be done. Then arrived a letter from Mr. Harcourt, dated 12th June, 1890, and is attached to Record 90/302. Mr. Harcourt asked to be relieved from the costs of arbitration. The letter is as follows:—

DEAR SIR,— Arahura Native Reserve, Westland, 12th June, 1890.

I beg to call your attention to the unfair manner in which I am treated with reference to a fresh lease, and fixing the ground-rent of my Section No. 38. The twenty-one years' lease of the same lately expired. You requested me to make an offer. I offered an annual ground-rental of 3s. per acre, which is considerably more than the real value, leaving no pretext for arbitration. Your agent accepted and recommended my offer as ample value, and the document I signed to that effect was forwarded to you by Mr. Wade. My offer was promptly refused, and forthwith you appointed an arbitrator, and compelled me to appoint one on my behalf. Your arbitrator, being ignorant of the tenure and vested interests of the tenants on this reserve, postponed the business to give time for information being obtained from head-quarters. Finally the aid of an umpire was called in. The three valuators unanimously agreed to fix the annual ground-rental on Section 38 at exactly the same amount—namely, 3s.—as I had previously offered, and was indorsed by your agent.

You now notify me to pay the costs of this unnecessary arbitration, which amount to £7 6s.; and, further, that if the sum is not paid as part of conditions the lease will be put up to auction, and the section burdened with the £7 6s., thus jamming my escape from such an imposition. I therefore protest against the costs being saddled on me, and also against the arbitrary and harsh manner in which my offer of 3s. per acre was refused by you, while the same amount of rent, arrived at by a cost of £7 6s., was accepted. This, too, on a section of less than twenty acres of land, known to the Trustee to be badly damaged, such costs and rental being out of all proportion with the value derived from the said section. I therefore beg of you in all fairness and justice to rectify this imposition. Section 38 cost me not less than £40 per acre to clear the dense forest. I have expended £250 on protection-works on river-banks. The exorbitant rental, costs of fresh leases, and excessive taxation for the benefit of the Native Reserve Trust, as under existing circumstances, with the land damaged or washed away, is becoming ruinous and burdensome.

The paltry sum I received as compensation for rivers and tributaries (which intersect my land) being made sludge-channels did not cover one-half the cost of the surveys and three Supreme Court suits I instituted to protect my land; and my establishing a right to compensation benefited the Native Reserve Trust to the amount of £1,900.

I may add that other tenants, who never spent a shilling on protecting the river-banks or in upholding the rights of the reserve, have had their rental reduced without harass or difficulty. Begging that you will give my grievance your best consideration, I am, &c.,

R. C. Hamerton, Esq., Public Trustee. WILLIAM MCKENZIE HARCOURT.

As regards the last paragraph, it is absolutely untrue as regards new leases.

9. *Mr. Macdonald.*] Have you had no other new leases?—Yes, one I shall bring before the Commissioners. I want the Commissioners to note this: that I did not feel myself justified in accepting a rental of 3s. when 4s. 8d. per acre had been paid for twenty-one years; I therefore took the only course open to me by law—to order valuation. There was no hardship in that. I exercised the discretion given to me. The arbitrators found that the land was of the value which the tenant had offered. Of course I could not foresee that.

10. That showed his *bona fides?*—That is perfectly true. The law says that the fees to be paid to the valuators shall be paid by the incoming lessee. Therefore I could not, by any stretch of conscience, charge the Native beneficiaries, and therefore insisted on the payment by the incoming lessee of the £7 6s. which the arbitrators charged. In reply to this letter from Mr. Harcourt, protesting against the payment of the arbitration-fees, I sent this answer: "In reply to your letter of the 12th June, I have to state that if you will point out any method by which I can release you from the payment of the costs of the arbitration in the face of a distinct enactment on the subject, I shall be glad to give it my consideration. In the meantime, I shall request you to act in accordance with section 4 of 'The Westland and Nelson Native Reserves Act.'" He then telegraphed, "Beg you to put my letter of 12th June, *re* Section 38, before the Trust Board." I telegraphed back, "Will place your letter before the Native Reserves Board at next meeting, ten weeks hence." The Native Reserves Board only meets when it is called together. It consists of the Public Trust Board proper and two Natives. These Natives both live at a distance, and I am obliged to give them a week's notice before I can have a Board meeting. As a matter of fact, the Native Reserves Board meets probably no more than six or seven times a year. Mr. Seddon wrote a long letter to me on behalf of Mr. Harcourt, dated 26th July, 1890, asking that the tenant be not charged with the cost of arbitration. The matter went before the Native Reserves Board on the 4th August, 1890. The Board resolved, on the 4th August, 1890, "That, as the law specified that the fees are to be paid by the incoming tenant, they are unable to relieve Mr. Harcourt from payment." On the 30th July Mr. Harcourt wrote demanding a new lease. I then referred to the office Solicitor, Mr. Wilson: "I apprehend this lease cannot be proceeded with until new plan is received. Please advise." I should explain here that in preparing to issue some leases of the Arahura Native Reserves it was found that the river had made such inroads that we could not get on with the leases without a resurvey of the whole reserve. I had directed a resurvey to be made, at a cost of £96. Mr. Wilson replied, "The leases can be prepared on the old plans, as modified by this record. It would need a Native Board meeting for execution, but it would be injudicious to do so, because Mr. Harcourt's present area is more uncertain than most of them." I gave directions, "The new plan is promised this week. Prepare new lease on arrival." The surveyor in Arahura, Mr. J. M. Smythe, says that "between Sections 34 and 38 the road-reserve is shown on the map. Harcourt says it was cancelled, but I have only his word for it. The road-reserve is of no use, as there is another one, and a road formed and used on the west side of Section 34, which leads to the bridge over the Arahura River. Will you cancel the first-mentioned road-reserve, or shall I retain it?" The upshot of that was that it was left to the Chief Surveyor at Hokitika and Mr. Smythe. The Chief Surveyor says, "I have seen Mr. Smythe on the subject, and, finding that this road would have to be closed through the County Council, and a Proclamation and *Gazette* notifications would have to be issued, and that months would elapse before the road could possibly be closed, I decided upon abstaining from making an attempt to close it. Moreover, there is a chance of this very road-line being required in after-times." So that the road-line was not closed, as according to Harcourt's statement it had been. The point to be brought before the Commissioners is, that, although I was attacked for my action as regards the arbitration, I submit that I was absolutely within the law in doing so. If the law is defective, that, of course, has nothing to do with me.

11. *Mr. Loughrey.*] Was there any reply to Harcourt's last letter?—Yes; I minuted, "Prepare lease on arrival of new plan; inform writer."

12. No reference was made to the arbitration-fees?—No. It has been stated that I refused to issue this lease at all until the £7 6s. was paid. That is inaccurate. I know that if I refuse the lease I shall have no justification. If I issue the lease and sue for £7 6s. there is the law against him.

13. *The Chairman.*] However, there has been no lease issued yet?—No. Then there is the case of Batchelor, and that is more in favour of the tenant. In Batchelor's case he offered a rental which was refused, and I forced him to arbitration in the same way as in Harcourt's case, and they found that he should pay 6d. an acre less than he had offered. Consequently the hardship was greater upon him. But there was the law. The law says that Batchelor shall pay the costs.

14. *Mr. Loughrey.*] In Batchelor's case, did the agent recommend it in the same way as in Harcourt's?—No. This was my memorandum to my agent, dated the 13th June, 1889: "Section 24, Arahura.—Enclosed are duplicate notices for service on the above-named lessee. One copy is to be returned to this office, duly noted with time and manner of service. If Mr. Batchelor accepts the offer of a new lease, and will agree with you as to the rent which you consider fair, please arrange a sum with him, subject to my approval."

15. What was the agent's reply to you?—"The valuators appointed to decide on rentals of 24 and 38 have finished, but their reports are not yet in. They have promised to let me have their reports to-morrow, when I will forward them." Mr. Seddon, on the 26th July, wrote a letter to me asking that the tenant be not charged with costs of arbitration. Then I wrote to Mr. Batchelor

on the 18th August, 1890: "Referring to an application made through Mr. Seddon that you may be relieved from payment of costs of arbitration in fixing new rental of above Section 24, I have to inform you that the Native Reserves Board considered the application, and resolved that, as the law specifies that the incoming lessee shall pay the arbitration-fees, they are unable to relieve you from payment thereof." That came before the Board on the same day—the 4th August, 1890. The strange thing in Batchelor's case is that, whereas in his letter of the 26th July, 1890, Mr. Seddon had requested that the tenant be relieved from the cost of valuation, the tenant himself says that he is perfectly willing to pay it—that is to say, that he had no complaints against the office for charging these valuation-fees against him. The point that I want to bring out before the Commissioners is, that it is a fact that these arbitration-fees were charged against the tenant, and it is also a fact that in each case the arbitrators indorsed the offer of the tenants; but I hold that the law binds me, and that I could not in justice to the Natives relieve these tenants from the payment of the valuation-fees.

16. Has Batchelor's lease been executed?—I expect it is holding over for the same Board meeting as Harcourt's.

17. Has he paid his fees?—No.

18. *The Chairman.*] In other words, the Act makes no distinction between the old tenant as an incoming tenant and a new tenant?—No; that is what I hold.

19. I think, in these two cases you have shown sufficient for your object in pointing out that the law has compelled you to act as you have done—that is, you cannot help insisting upon the incoming tenant, whether he be the old tenant or a new tenant entirely, paying the arbitration-fees?—That is so.

20. I suppose there are many similar cases where people have objected to pay arbitration-fees?—No; these two cases were special, because a point was made of them in the House. With respect to Batchelor, he holds two sections, as to one of which there was no dispute about the rent to be paid. In respect of the other section we disagreed as to the rental. We went to arbitration, and the arbitrators found the value of the land to be less than the amount which he had offered to pay. The leases both to Batchelor and Harcourt are prepared, and are waiting for the next meeting of the Native Reserves Board. Mr. Seddon, on the same occasion in the House, said, "There might be defects in the law under which the Public Trustee was working. That showed a Royal Commission was wanted, to see if there were defects in the law which prevented the department from working with expedition. He knew that the law was defective, and that showed all the more reason for the necessity of appointing a Royal Commission to investigate and show where those defects existed." Well, that is perfectly true. The law is defective, and it is very hard that the administrator should be blamed for carrying out the law as it stands. Mr. Rhodes says in his remarks, "The fault was more in the system under which the Public Trust Office was managed than with the Public Trustee himself."

21. *Mr. Loughrey.*] Do you think that the Public Trustee is justified in forcing arbitration upon men in such cases as these?—Yes, because the Public Trustee could not possibly foresee what the arbitration might disclose. The Public Trustee was in this position: He was receiving 4s. 8d. an acre per annum; he was offered 3s. Where was the justification, without arbitration, for such a large reduction of rent?

22. Do you think the law should be altered so that when the arbitration is decided against the Public Trustee the office should bear the costs?—I do not suggest an alteration, because the Trustee is doing his best for the Natives; and it appears to me that the terms generally are so advantageous for the tenants that the payment by the Natives of the arbitration-fees would be an additional hardship upon them.

23. In such cases as these would it not have been better to have consulted the Board before forcing these men to arbitration?—First of all, the Board have nothing to do with the administration of Native trusts. The administration is wholly with the Public Trustee. I am talking of Native reserves now.

24. *The Chairman.*] In Harcourt's case did you consider the total amount involved before going to arbitration? What was the total amount involved?—It was about a twenty-acre section. The amount involved was under £1 10s.

25. Before incurring the risk of arbitration-fees having to be paid by the incoming tenant, would the amount of difference of rent involved not be a consideration?—No doubt; but of course my primary duty is to do what I can for the Natives, and it appeared to me on the face of it that I should not be justified in allowing the rent to be reduced without experts expressing an opinion upon it. That could not be obtained without going through the process of valuation.

26. In this case the difference of rent was under £1 5s., was it not?—It was something very small; I have not calculated the amount.

27. And the arbitration-fees came to £7 6s.?—Yes. The principle, of course, is the same. If I had given way in one case, I should have had no justification for not giving away in others—at least, it appeared so to me. Section 8 vests all Native reserves in the Public Trustee subject to the trusts.

28. *Mr. Loughrey.*] What is the power of the Board, then?—The only power which the Board apparently has is to give its sanction to leasing. Before I lease I always consult the Board. Now, referring to Mr. Rhodes, he says, "The complaints could be classed under the following heads: Firstly, that persons wrote to the office and could not get information; secondly, that the Public Trustee would not take up work unless his fees were practically secured by cash in hand; thirdly, others complained that the office was practically centralised in Wellington; and, fourthly, others complained of the excessive charges of the office." He goes on to say that "in justice to Mr. Hamerton, he has always found that officer and the other officials perfectly willing to give any information they could to persons who were properly authorised." I feel somewhat at a loss to

answer vague charges such as these which are made by members. I say most distinctly and emphatically that no person has written to the office without being able to get information. I say most distinctly that every man who writes or has written to the office for information has received it. Now, as regards the Public Trustee not taking up work unless he has his fees in his hands, that charge arose out of the case of G. W. Westropp: and it is necessary I should explain this very distinctly, because a false impression has been given about the case by that charge, and it will be for the Commissioners to say whether I can refute it or not. First of all, on the 20th August, 1888, D. M. Ross, of Timaru, telegraphed, "George William Westropp, a teacher, died on the 16th. His will said to be deposited with you. Daughter wants copy, also immediate protection. Stop payment against Raphael, money-lender, Christchurch, dealing with Government life policy £200. Kindly instruct self and Inspector Pender, Christchurch." I replied, on the same day, "Westropp's will not deposited here. Cannot act unless will found, or unless requested in writing by next-of-kin." On the 22nd August the Christchurch agents inquire if the will is in the Public Trust Office. They are told it is not. The Crown Solicitor, Mr. Martin, writes, on the 28th August, 1888, stating that there was not sufficient in the estate to pay the expenses of administration; but that the transactions ought to be looked into. It is a fundamental rule in the Public Trust Office, which is forced upon it by law and practised by the Audit Department, that the Public Trustee shall not pay out of any estate anything which is not there—in other words, that an estate shall not overdraw. There was a letter from Acland, Barns, and Co., dated 30th August, 1888, and then a letter from the same gentlemen on the 8th September, 1888. On the 10th September Acland, Barns, and Co. forward copy of a letter and promissory note received from Mr. Rhodes, who wishes the Public Trustee to apply for administration. Mr. Martin concurs that strict investigation is necessary. I reply to that, "The Public Trustee agrees that an investigation is desirable, but can only be authorised on condition that no fees be paid until funds accrue. He has not been informed of any other property except a life policy, said to be assigned to Raphael."

29. Were inquiries made at the Government Insurance Department?—On the 3rd September, 1888, I applied to the Government Insurance Commissioner as to the position of the policy, and Mr. Richardson, who was then Secretary, wrote, "The policy No. 50280 has been assigned to Mary Ann Raphael, and such assignment was registered in December last." Then I got another letter from Acland, Barns, and Co., on the 2nd October, 1888, "Mr. Raphael has received the amount of policy. Are satisfied that a large proportion should be the property of the children." I wrote on the 4th October to the agents, "I am directed by the Public Trustee to inform you, in reply to your memorandum of the 2nd instant, that it is quite impossible for me at this distance to take action which must of necessity be initiated by the agents, and that he is quite prepared to pay any reasonable sum for investigating the affair, provided always that sufficient is recovered out of the estate for the purpose." That is the case; and what I would draw the attention of the Commissioners to is simply this: that I acted legally, and in accordance with the practice of the office since its inauguration; and to hold that the Public Trustee is to take action in favour of any person at the expense of the colony is, to my mind, untenable. It is only right that I should add that the then Colonial Treasurer, Sir H. A. Atkinson, authorised such payment out of the Expenses Account, on the recurrence of such a case, as might be necessary to defray the cost of a proper investigation.

30. *The Chairman.*] What has been done in the case?—Mr. Martin has taken action *in formâ pauperis*, and has recovered £57 from Raphael. The member also says, "As far as he could find, the Public Trust Office had no system of sending out proper accounts every three or six months to the beneficiaries." Mr. Rhodes was misinformed, because the rigid rule of the office is to send out statements of accounts every three or six months, when remittances are made, which depend entirely upon the form of investment. If moneys are invested in Government securities the interest is payable by the Treasury on the 30th June and 31st December. In such cases statements of account are made half-yearly. Where moneys are invested on mortgage, and the contract is that the interest shall be paid quarterly, remittances are made and statements of account are rendered quarterly. But if the member meant, as I think he did from his following words, "This was a very great hardship to people, who really did not know what they might expect they would have to live upon for the next six months or so"—if he meant that the Public Trust Office does not, as many private merchants and solicitors do, pay to beneficiaries the interest which has become due, although they themselves may not have received it, then he is correct. The office does not advance interest which it has not received. As regards the centralisation of the office in Wellington—his third charge—of course I have nothing to say. It is a fact that it is centralised in Wellington, just the same as the head office of all the leading companies must have some centre. Mr. Rhodes says, "Other private offices had reduced their charges, and he thought the Public Trust Office should reduce their charges also. When money was deposited at a bank 5 per cent. was a very high charge for collecting interest, as in the case of the Gisborne Harbour Board." The fact of the matter is that ½ per cent. is charged against the Gisborne Harbour Board for receiving that particular interest. Again, the member went on to say, "Although they charged commission on all sums, capital, and interest which they received, yet the business did not pay for the working of the office." The fact is that nothing is charged for the receipt of capital. Then he says, "The accounts had to be preaudited by the Audit Office in Wellington before they could be paid. That was a very great hardship to beneficiaries." I quite indorse his opinion on that point. Mr. J. C. Brown says, "In a matter in which he himself was interested, and which only involved interest to an amount of £24 a year, being £800 invested in English consols at 3 per cent., the charges of administration amounted to £4. The solicitors' and other charges in England were considerably over £2, and then there was 5 per cent. charged by the Public Trust Department. What he had to complain of was that a principal of £800 was invested in such a way that it yielded so small an amount." The reply to that is, that the £800 was invested by order of the Court of

Chancery in London; and clearly the Public Trustee is not responsible for what the Court of Chancery in London does.

31. *Mr. Loughrey.*] Did you make any efforts to get that money out here?—Yes; we have it here.

32. At what rate of interest is it invested?—Five per cent. Mr. Brown goes on to say, "He would give an instance in which a sum of £1,400 was willed to a person in the colony, and when it got into the hands of the Public Trustee it was reduced to £1,250, the expenses having amounted to £150 in England; and in New Zealand, through the Public Trust Office, another £50 was swallowed up in expenses." My answer to that is, that I cannot control the costs of the English solicitors. A hundred and fifty pounds appears heavy; and the £50 said to be paid for legal expenses in New Zealand was not paid without the usual taxation.

33. How were those expenses incurred—£50 seems a lot of money?—It was incurred by solicitors in Wellington sending necessary information to the English solicitors, consisting of the Lunatics Act, Public Trust Office Acts, verified by the seal of the colony, a power of attorney from the Public Trustee, and other legal documents necessary. A little later in the debate, it was stated in the House by a member that "he believed there was a man in their district who received 10 per cent. for collecting" (rents of Native reserves). My answer to that is, that the agents receive 5 per cent., and no man in the colony is receiving 10 per cent., or more than 5 per cent. He says, "We pretend to administer their estates (meaning the Native estates), and then allow it to be said, and said truly, that it costs us 25 per cent. to administer the cash we shall get for these people, and 5 and 10 per cent. to collect it." My reply to that is, that it costs for administration and collection 7½ per cent., which is very much less than the administration has ever been conducted for before. There were complaints made by two or three members of the excessive charges. I should like to point out to the Commission that by the Administration Act of 1879 an executor is permitted to ask the Court for a percentage for his work not exceeding 5 per cent. Now, if an ordinary executor may receive 5 per cent.—and he is not able to give the guarantee which the Public Trust Office can give—I say that a charge of 5 per cent. or less, according to the amount of estate, cannot be an excessive charge by the Public Trust Office—that is to say, in other words, that if the Public Trust Office, as it does, charges 5 per cent., with the guarantee of safety which it is enabled to give, it cannot be considered excessive when the Court orders to ordinary administrators the same rate of remuneration.

34. Do you know that the Court in large estates never orders 5 per cent.?—We do not charge 5 per cent. in large estates. If the Commissioners will look at our scale of charges, they will find that our lowest charge is 1 per cent.

35. *The Chairman.*] In reference to that Gisborne loan, I understood you to say that for collecting the interest once a year you charge ½ per cent.?—Yes, on that particular investment.

36. What trouble or risk does it occasion to the office to collect that interest?—Very little, excepting the renewal. We have to send directions to renew. Directions went up two or three days ago.

37. These directions mean writing a memorandum or letter?—Yes, that is all.

38. In collecting that interest you take it out of the bank?—This is the *modus operandi:* We send to the Union Bank of Australia, Gisborne, to renew the fixed-deposit receipt on its due date at the rate of interest then current, and request them to hand over the interest then due to the Secretary of the Gisborne Harbour Board—that is, the interest accrued to the date of the redeposit.

39. What is the amount of that interest?—Five per cent. at present.

40. Then the interest would amount to nearly £3,000?—Yes, in round numbers.

41. And the Public Trust Office would charge nearly £15 for that operation?—Half per cent.

42. You charge about £15 for that operation?—Yes; that is so.

43. It entails upon the Public Trust Office the writing of a letter and the cost of postage, but really no handling of the money?—That is so.

44. Do you think that is a reasonable charge for the office to make?—Yes, because the responsibility is great.

45. Where is the responsibility? You do not handle the money?—The responsibility is in seeing that it is paid over at the proper time, redeposit money, and so on.

46. But the banks do that?—Yes, on being told by us.

47. Is not the Gisborne Harbour Board a public concern, which concerns the colony in a certain way indirectly as this office does more directly?—Yes; it is a public body.

48. And, this being presumably an office for the convenience of the public, I ask you again whether, in your opinion, it is a reasonable charge?—That question may be answered in this way: The Crown Lands Department administers the lands of the colony. They do it for the public benefit. Very well, the colony pays for it. If the Public Trust Office is to do its business in the same way there is no objection; but Parliament and Government have decided otherwise—namely, that it shall be self-supporting. If duties are cast upon it which are not remunerative then it follows that it cannot be self-supporting. If it is to be self-supporting these fees must be charged.

49. Your office must make certain charges to be self-supporting; but is there not a degree by which to regulate the charges, according to the volume of business and the risks to be run, where, in the public interest, the charges ought to be at a much lower rate than they are? Have you ever considered that?—Yes; very often. But it appears to me it would be a task of very great difficulty indeed to have a number of tariffs in order to fit specific cases. For instance, one estate comes into the office. Say it is £1,000. That estate gives enormous trouble, and the charge of the office—5 per cent., or whatever it may be—does not pay the office for the trouble involved. Another estate of the same magnitude comes in, and there is no trouble at all. The same charges are made. Equitably, that is wrong; but if we were to attempt to say, as a lawyer does, "The

more trouble I have the more I charge," I apprehend it would not tend to popularise the office, because in some estates the charges would be enormous, necessitated by the amount of work cast upon the office.

50. There is a charge made by the Crown under the Land Transfer Act, on the *ad valorem* principle, of ½d. in the pound, which comes into this office. Do you think that charge is excessive? It is made *ad valorem* on land passing through the Land Transfer Act. Do you think that half-penny charged by the colony is excessive? In your experience of the working of that account, looking at the volume of the account, do you think that the charge imposed is excessive?—I do not think so.

51. Do you carry in your mind the balance standing to the credit of that account in your books?—Yes; it is something large—between £80,000 and £90,000.

52. Very few claims have been made on it?—Very few; none of any great magnitude.

53. Well, this fund has grown to an enormous amount in a very few years. Does that not show that very much less than ½d., according to the value of properties, would still form a sufficient guarantee fund, looking at the risks that have to be run?—I am not quite clear, without looking the matter up, for how many years the colony is liable.

54. It is perhaps liable for ever. Looking at the past history and progress of the account, is it likely that any claims approaching even a small percentage on the balance now standing in the books of this office are likely to be made against the fund?—I should say the likelihood is not great; but it is absolutely impossible to say when a large claim may have to be met out of that fund. It is perfectly true the experience of the past leads one to suppose that large claims will not be made; but it is impossible to say they will not, especially if the colony is for ever liable for any claims that may be made.

55. Have you ever taken any steps to make an estimate of the average value of particular properties which have caused that fund, that have gone through the Land Transfer Act annually? —I have not. That is out of my department altogether.

56. Perhaps, if you looked into this question, and had some estimate of the kind made, it would give you a better idea to form an opinion as to the probable or possible risk of claims in future, and the extent of them?—I will do so if you wish it. I have always held that I have nothing to do with the working of the Land Transfer Office. I am merely the custodian of the fund. I may mention, as being *à propos*, that we pay our agents exactly half what they receive. The remuneration of agents is the moiety of the amount received on receipts by them.

57. In other words, you divide commissions with your agents?—Yes. It happened in Nelson that a miser died. He was a man who denied himself even the necessaries of life, and lived in a very miserable kind of hut. When the man died the agent went to make the usual inspection with the policeman, and found stowed away in a crevice of the wall of the hut a fixed-deposit receipt for five thousand some hundred pounds. The trouble of the agent was slight comparatively in that estate, his remuneration was very heavy in that estate; but in nineteen cases out of twenty of small intestacies the agents are not paid sufficiently, nor is the office paid sufficiently in small estates. I mention this as an instance where it may be fairly said that the agents must take the fat with the lean, as it is called. Some estates pay fairly well, others miserably badly. I would not say that the fees of the office should be reduced because of such an estate as that. The Head Office made 2½ per cent. of that large amount for very little trouble, but in the great majority of cases the trouble is greater than the remuneration. While I am on the question of charges, I would say that about a year ago—perhaps two years ago—I moved the Colonial Treasurer to reduce the charges then made on four items of receipt—life-insurance policies, fixed-deposit receipts, moneys in banks, and the fourth was where we simply received moneys without realisation of property. The charges used to be the same exactly as made on realisation. It appeared to me to be a hardship on the estates, and the office was put to very little trouble drawing moneys from banks or getting life-insurance policies cashed; and the Colonial Treasurer authorised the reduction which is now allowed by Order in Council. That one action on my part caused the office a diminution of revenue last year to the extent of £817. It shows what the effect is—£817 was the result of that reduction of charge. Since then the office has reduced the charge for collection of rents. Ever since Mr. Woodward was appointed, in 1873, the office has charged 5 per cent. for the collection of rents. That is to say, it has paid 5 per cent. to somebody to collect, and it has charged for itself 5 per cent.—that is, 10 per cent. on the collection of rents. It appeared to me that was a very high charge, and it has been reduced by 2½ per cent. That is to say, I have said to the agents, "Instead of charging 5 per cent. for the collection of rents, you must charge 2½ per cent." Receiving rents is ordinary receipts. It is all 5 per cent. Now, there are some cases of old agents who have not been so instructed. In those cases the agent still receives his 5 per cent. for the collection of the rents—5 per cent., and the office 2½ per cent.; so that in no case are rents charged by the office at more than 7½ per cent., whilst in many districts rents are treated as ordinary receipts, the charge for which is 5 per cent.

58. Could you name those agents?—They are at Dunedin, Invercargill, Oamaru, Woodville, Wanganui, Palmerston North, and Tauranga.

59. *Mr. Loughrey.*] Then, the people in those districts pay 7½ per cent. for collection, while other people, under the new regulations, pay only 5 per cent?—Yes; that is so.

60. Why is it so?—That is being remedied in the appointment of every new agent, who is told his predecessor has received 7½ per cent., but he will only receive 5 per cent., or 2½ per cent., as the case may be. Under the old system, the charge was very heavy.

THURSDAY, 9TH APRIL, 1891.

Mr. R. C. HAMERTON'S examination continued.

Witness: I think Mr. Loughrey last night asked for the papers in a case which had been referred to in the House. The papers in Burke's case are very voluminous, and tell a very plain and distinct story; and I shall be very glad indeed to explain it, as the matter has been taken notice of in Parliament. It might be well, therefore, that the Commissioners should understand the whole thing thoroughly. Attention was drawn in September, 1890, to the accounts of the Public Trust Office for the realisation of estates, and the Minister was asked to look over one account and say whether he did not think the charges were extortionate. The account referred to was that of John Burke, of Patea. The legal charges on an estate worth £2,362 amounted to £281 9s. The member had seen nothing more scandalous. It was further stated that the Patea solicitor in the estate, whose account was £167, was a brother of the Public Trustee. John Burke died on the 5th May, 1885, leaving a will by which he appointed his wife's brother, Michael Byrne, and a settler named James Ball, his executors. On the 9th January, 1888, the executors sent to me, through the Patea agent, the usual written request to be relieved of their executorship, the widow of the deceased concurring in the transfer to the Public Trustee. On the 10th January —next day—the office Board accepted the trust, and direction was given for the usual order of Court. On the 10th February I received a letter from the agent stating that the order had been applied for, but that one of the trustees had changed his mind and would not render accounts; upon which he was informed that action would be stayed if the solicitor's costs and the amount expended by this office (14s.) were paid—which, however, was not done. One of the executors was very desirous of the transfer to the Public Trustee. Mr. Byrne then took action to rescind the order, Mr. Barton, of Hawera, acting for him. The case was heard before the late Mr. Justice Gillies, who declined to grant the required order: and I may say that the papers will show that Mr. Justice Gillies made some very strong remarks on the occasion respecting the plaintiff, Mr. Byrne. A second action was then raised, Mr. Thomas Hutchison, of Hawera, representing Mr. Byrne. For the second time it was given against the plaintiff. Mr. Byrne then brought the case before the Court of Appeal in Wellington, where upon some technical ground the case was struck out of the cause list. The costs of these three actions were charged against the estate, of course; the first two amounting to £73 10s. 3d., and the appeal case to £116 14s.; total, £190 4s. 3d. The other items of legal charges, which were abnormally increased by the opposition and obstruction of Mr. Byrne, were as follows: Order transferring the trust from the late executors, £36 18s. 3d.; action enforcing payment of rents and agistments, £10 5s. 4d.; proving title and bringing under the Land Transfer Act (against which Mr. Byrne entered caveat), £32 15s. 11d.; and the charges in connection with the sale, in conformity with the provisions of the will, £10 3s. 5d. These sums, with 13s. not chargeable under the foregoing heads, make a total of £281 0s. 2d.—probably four times as much as would have been necessary under ordinary circumstances. The net proceeds of the sale of such realty as was sold amounted to £3,590 4s. 4d. Out of this legacies to the widow (£500) and others were paid, amounting altogether to £558 15s.; small fees out of pocket, £4 13s. 10d.; cost of survey and plans, £19 10s.; cost of fencing, £5 6s. 10d.; Mr. G. D. Hamerton's costs, £167 6s. 8d.; Buckley and Co., £91 4s. 6d.; Brookfield and Son, of Auckland, £22 9s.; total legal costs, £281 0s. 2d.: commissions, £157 5s.; postage and telegrams, £1 9s.: total expenditure, £1,027 19s. 10d.—which shows the amount stated by the member, £2,562 4s. 6d., as the net value of the estate. There still remain about thirty-one acres of land, with a homestead in which the widow and children reside, and of which she has the use during widowhood. As the net proceeds of realty were £3,590 4s. 4d., and the total office-charges amounted to £158 14s., it will readily be seen that 4·42 per cent. was actually charged, and not 10 per cent., as alleged by the member. Now, probably what should have been said in the House, and what was meant by the member, no doubt, was this: "I have got in my hand a statement of account from the Public Trust Office showing 10 per cent. to have been charged." If that had been said it would have been right; but not in connection with the realisation of the estate. The income account is one thing; the account of the realisation of an estate is a totally different thing. The income account rendered to Mrs. Burke showed two items of rent, upon which the office-charge of 5 per cent. was shown, and the additional 5 per cent. which was paid to the local collector of rents—10 per cent. altogether on the rents collected. Well, the point I wish the Commissioners to notice is, that the realisation of the estate cost 4·42 per cent., and it was only on two very small sums of rent that 10 per cent. was charged—and I may say that 2½ per cent. of that has been refunded to the estate.

61. *Mr. Macdonald.*] Why?—The reason is this: I gave directions—I think about September, 1889—bringing in the reduction of the amount to be paid to collectors of rents. It so happened that the instructions were issued shortly after this account was rendered, but I made it revert back to this estate after the affair was pointed out.

62. Was it after the discussion in Parliament?—It was after the discussion in Parliament.

63. *The Chairman.*] Did you allow any other estate that retrospective privilege of reduction? —I cannot reply without referring to the Accountant. I am of opinion No, but cannot say absolutely. I should like to explain to the Commissioners the peculiar difficulties which have attended the administration of this estate. From the outset the opposition of Michael Byrne, who is the brother of the widow, has been very persistent, and at every turn I have found myself blocked, so to speak, by the action of this man and his sister. This is a letter which I wrote to Mr. Michael Byrne on the 22nd August, 1888: "As Judge Gillies has declined to rescind the order of the 14th February last, vesting the estate of the above-named deceased in this office, I now give you formal notice to hand over all books and papers belonging to the estate, and furnish an account of your administration without delay; also, that you hand over to Mr. Horner, my agent at Patea, all unrealised property in your hands, to save further legal costs. If you neglect or refuse to act as now and before

requested, you simply injure the persons on whose behalf you were trustee, and you will compel me, however reluctantly, to apply to the Court, and take such other steps as I may be advised, to compel obedience to the Court order, that I may do my duty to those interested. Unless I hear satisfactorily on or before the 31st instant, I will immediately thereafter instruct my solicitor to proceed against you." It is true that £167 was paid to Mr. G. D. Hamerton, solicitor, at Patea, who is the brother of the Public Trustee. His bills of costs were not paid until after certificate by the Registrar of the Supreme Court, as is usual in bills of costs from solicitors.

64. Could litigation have been avoided by having had an interview with Byrne or with Mrs. Burke, do you think?—I am very glad you have asked that question. I made a special visit to Patea, announcing to each party, Mrs. Burke, Mr. Byrne, Mr. Ball, the agent at Patea, and the solicitor, Mr. Hamerton, that I should be at Patea on a certain day, and wished to see all of them. I arrived at Patea on the day arranged. Mr. Ball, the solicitor, and the agent were present, and they informed me that the other two declined to meet me. But I will go further. When I found they would not meet me at Patea, I said, "Where are these people to be found?" They did not know. I asked, "Where is their solicitor?" "At Hawera." I took the train to Hawera, waited on the solicitor, Mr. Barton, could not arrive at any satisfactory understanding with him, and gave it up. No effort has been spared to endeavour to get that estate to work properly, and it would have worked properly but for Byrne's persistent opposition.

65. *Mr. Macdonald.*] What is being done with the estate now?—Mrs. Burke has a life-interest in the estate. She is being paid the annual income from it, and she has been paid her legacy under the will. She refused it at first. I sent a cheque for the legacy to her. It was refused. She said she would have nothing to do with me. I made a minute, "Let it be invested in order that some revenue be obtained for the widow." It was invested until eventually the acceptance of it was forced on her through the action of the Bank of New South Wales, to whom an assignment of the legacy had been made on account of advances made to her on the security of the legacy, and who claimed it from me, and I was obliged to pay them. Now, Mr. Chairman, I want to bring before the Commissioners some matters in relation to the Audit Department. And I submit that there is delay forced upon the Public Trust Office by the action of the Audit Department, which delay conduces to unpopularity; and, further, that there has been what I may term without offence an interference with the duties cast upon the Public Trustee by law, which interference, if legal, should be terminated. I maintain, and shall show you, that the Public Trustee is answerable by law for all payments which he makes, for all business intrusted to him, and that in matters of dibusrsements out of estates the action of the Audit Department has conduced to delay and great inconvenience. In the estate of J. Parminter, Rowe and Fennell complain of delay in payment. Rowe and Fennell were employed in the collection of the book-debts owing to Parminter, who was a carrier at Woodville. The books were in a very bad state—they had not been properly kept—and the commission which I arranged to pay Rowe and Fennell was heavier than usual—I believe about 15 per cent., but I speak without the record before me. This claim was sent to the Audit on the 10th May, 1887. It was queried. Further action was taken. It was sent to the Audit on the 23rd July to settle, more than two months afterwards. It was sent again on the 19th October, 1887. It was sent again on the 24th October, 1887. It passed Audit on the 25th October, 1887, and was paid on the 28th October, 1887, by the Public Trustee. The claim was not reduced one sixpence, and therefore there was no reason why it should not have been paid on the 10th May, 1887, when it was first sent to the Audit. Five months and fifteen days elapsed before it was finally passed by the Audit. I must not be supposed to insinuate that the claim was in the Audit Office all this time—far from it; but that the Audit queries occasioned the delay which took place. The next account that I shall bring before you is under the Rating Act of 1876. Mr. John Macfarlane asks for a refund of the proceeds of sale of certain lands sold at Clyde, Wairoa, in which, I may explain, the Public Trustee acts as banker. The claim was made out for the proceeds—£53 5s.—to which was added interest, 4 per cent., from the 1st July, 1882, to the 30th September, 1887, under the regulations, £12 2s. 3d.: total claim, £65 7s. 3d., from which was deducted the then proper amount of 1½ per cent.: net claim, £64 7s. 8d. This was sent to the Audit on the 31st October, 1887; again on the 1st November, 1887; again on the 11th November, 1887, when it was passed without reduction. There the Commissioners will notice there was an unnecessary delay of eleven days. It might have been paid on the day it was first sent to the Audit. The next is not a case of delay. It is a case of difference of opinion existing between the Controller-General and myself as to my duties. The Controller and Auditor-General maintains that the Public Trust Office is subject not only to audit, but to control; that all moneys are issued not only by the Public Trustee, but by him (the Auditor-General); and that before permitting the issue of any money it is the duty of the Auditor-General to be satisfied that the claim is correct in every particular. He then goes on to say "that in respect of the present claim I think it may be admitted, notwithstanding the contradictory statements. The declarations, it is true, are all but one by interested parties, but that of T. W. Stilburn gives weight to all the others; I have therefore passed the voucher." My reply to the Auditor-General's contention is, that as administrator of an estate I am in law the responsible man for all disbursements, and that I ought not to be subject to interference from any power except the Supreme Court. As long as the Audit Department has the power of delaying payment of claims, it is quite impossible that the Public Trustee can be blamable for any delays which may take place. This is an important matter. It arises out of solicitors' bills of costs. The old practice was, that a solicitor sent in a bill of costs against an estate for services rendered, and if I individually thought there were any overcharges I used to see the solicitor, and say, "I think that you might reduce this by" whatever I thought fair, representing the poverty of the estate or otherwise; the solicitor used to meet me, and reduce his bill of costs without a word. Then the practice obtained by the requirement of the Audit that the

certificate of the Registrar of the Supreme Court should be given before any costs were paid. The change was, to my mind, disadvantageous to estates, because, in effect, it prevented my making arrangements for reduction with the solicitors. That went on until one of the Registrars declined to certify upon my request, saying that it was no part of his duty to do so. The matter then came definitely before Ministers, and it was decided that the Solicitor in the Public Trust Office might certify to bills of costs, in lieu of Registrars. After this had been in vogue for some time the Auditor-General was of opinion that a return to the certificates by the Registrars would be advisable; and it was on the 13th January last that I addressed the Controller and Auditor-General, stating that "I am of opinion that the examination and certificate of my office Solicitor is much more satisfactory in the long-run, and I hesitate to revert to a system which worked the reverse of smoothly, and caused much dissatisfaction and annoyance to every one concerned." The practice in vogue before that letter therefore continues. The friction on this particular point has been very great between the two departments. The next is a case analogous to the second—a discussion with the Auditor-General as to the Public Trustee's legal position with regard to acting independently in matters of certain classes of claim. I wrote the following:—

MEMORANDUM for the Hon. the COLONIAL TREASURER.

THE question of referring bills of costs rendered by solicitors, set forth by Mr. FitzGerald in his memorandum of the 7th November, and remarked upon by Mr. Gavin, was minuted by you to the effect that the regulations should apply to the Public Trust and Insurance Offices.

But it will be perceived on reference to the origin of this matter that the regulations cannot apply, for the reason that the bills of costs were incurred before the respective estates were placed in the office, consequently they could not have been incurred by the Public Trustee, and consequently, though the regulations may bind him, they cannot of course bind the trustees whom he may succeed.

The difficulty which has arisen, in few words, is simply this: Mytton's trust and Needham's estate were placed in this office, against each of which was rendered a solicitor's bill of costs. These bills of costs, in pursuance of an Audit requirement, were forwarded to the Registrar of the Supreme Court, Christchurch, for his certificate as to reasonableness of charges. The Registrar demurred, asking whether the costs were incurred under Government regulations. Hence Mr. FitzGerald's memorandum—which appears to me to be beside the question.

I would submit with all deference that the peculiar duties of my office render it very desirable that no unnecessary obstruction should be placed in my way by the Audit Department. It seems to be overlooked by that department that in the majority of cases I act as the representative of a deceased person, bound to pay the debts of such person according to my discretion.

I submit that it is no part of the duty of the Audit to inquire as to the propriety of paying claims: that is a duty which devolves upon me by law, and consequently the responsibility is mine only, and I am liable to the next-of-kin and the Supreme Court if I exceed my powers. In the cases such as those under reference, the Audit requirement has worked disadvantageously to the interests of estates generally, is a fertile source of irritation to the profession, and causes unnecessary loss of time.

The certificate of the Solicitor in this office ought to be amply sufficient, as his knowledge of costs is at least equal to that of any of the Registrars. I do not think that the Government regulations should apply to this office. Government money does not pay the practitioners, but the funds of the estates for which the services are rendered; with which funds the Government have nothing to do except indirectly through myself, to whom the management is intrusted, and in whose judgment and discretion it appears to me the Government must place confidence and reliance.

6th February, 1888. R. C. HAMERTON.

I should like to read Mr. FitzGerald's reply, because the Treasurer immediately sent my memorandum to the Auditor-General:—

The Hon. the Colonial Treasurer.

I HAVE not seen this memorandum before. It contains the same complaint which the Public Trustee has frequently made, and which has as often been answered. Mr. Hamerton—I say it with due respect to him—altogether misstates, and does not seem to understand, his legal position. He is not, as he seems to suppose, in the position of an ordinary trustee, responsible only to the Supreme Court. When the Government of New Zealand established the Public Trust Office, and practically guaranteed the depositors therein from loss, it naturally took exceptional means for its own security, and it did this by constituting all moneys in the Trust Office "public moneys," and subjecting all its transactions to the same conditions which are provided for the rightful receipt and expenditure of the public moneys—amongst others to the statutable powers of the Audit Office. I am not concerned to inquire whether this is wise or unwise, but it is most certainly the law. And I will say further that, as a matter of experience, the scrutiny into the claims on estates in the office which is made by the Audit results in a substantial saving to those estates. That it gives a certain amount of trouble is a matter of course—all audit does so; but a record of the savings made by the Audit Office is kept, and will show at any time whether "the game is worth the candle."

20th March, 1888. JAMES EDWARD FITZGERALD.

In reply to the Controller-General's letter, I wrote the following memorandum:—

Hon. Sir Harry Atkinson.

WHETHER I have misstated or misunderstood my legal position may be seen by reference to section 43 of "The Public Trust Office Act, 1872." I adhere to the opinions advanced by me, as I am unable to interpret the law as Mr. FitzGerald does. I would that I were able to do so. I respectfully submit that the opinion of the Solicitor-General may be sought on the point. Mr. FitzGerald's memorandum is silent as to the desirability of making the regulations *re* solicitors apply to this office.

21st March, 1888. R. C. HAMERTON.

I wish again emphatically to submit to the Commissioners that so long as the Audit Department is allowed to assume the authority of saying in what manner and when the disbursements of the Public Trust Office shall be made, and in what manner and when payments pertaining solely to the Trust Office business shall be made, I cannot, nor can any officer acting in my position, be answerable as to the limit of time in dealing with estates and other financial business that may come into the Public Trust Office. In support of this contention I could quote numerous cases which I have here with me, but possibly the Commissioners will not think it necessary that I should refer in detail to them. The records are in the office, and may be called for by the Commissioners at any time. The next matter that I wish to bring under the notice of the Commissioners is the state of the law respecting the administration of what we call real estates. Real estates consist of lands which have been left by persons deceased intestate prior to "The Real Estate Descent Act, 1874," and "The Administration Act, 1879," and which estates devolve upon the heirs-at-law, who, in the cases under the Public Trust Office, are not known. I wish it to be clearly understood that the

estates I now refer to came under the administration of the office prior to "The Administration Act, 1879." These real estates are in many cases of small area and of little value. Some of them it is quite impossible to lease under the powers of section 10 of "The Public Trust Office Act, 1876," for seven years, or to let for any rent. Therefore in the majority of cases the land is simply lying idle, and may do so indefinitely, from the position of the land and its general want of value. I am strongly of opinion that it would be desirable in the interests of the colony, and also of the heirs-at-law, that power should be given by statute to the Public Trustee to sell such lands for the best obtainable price, and credit the estate with the proceeds. The amount thus credited would bear interest under the regulations. Then, a similar alteration of the law is required in the case of lands belonging to absent owners. Section 10 of "The Public Trust Office Act, 1876," says, "Whenever any land is lying waste and unoccupied in consequence of the owner of such land being unknown, or being known to have been absent from New Zealand for ten years without having left any known agent, the Public Trustee may take possession of and manage such land, with the same powers and in the same manner as is provided by the Amendment Act in the case of the heir or devisee of a deceased person being absent from New Zealand, until such owner, devisee, heir-at-law, or personal representative of such owner, as the case may be, shall establish his right and title to the satisfaction of the Judge sitting in the judicial district in which such and is situate."

66. *The Chairman.*] Does it occur to you that ten years is too long? Should not a trustee or caretaker come in and take charge before ten years, if the owner is away and not known? I would say that five years would be long enough?—Yes; if a man leaves a known agent, there is, of course, no right or desire to interfere with him; if he does not leave a known agent, I think after a lapse of five years the State should step in to protect.

67. *Mr. Macdonald.*] Have you taken possession of any property under that clause?—Yes. It is always a difficult matter, however. I want to draw the attention of the Commissioners to the first line of section 10, "Whenever any land is lying waste and unoccupied." "Unoccupied" has proved a great stumbling-block in the matter, because we find some man has fenced or partially fenced, and put on some cattle, and he says, "I am in possession." The Public Trustee in Mr. Woodward's time tried to oust a man who was in possession; but he was nonsuited, because there was some one in possession—not legal possession—to occupy it. There are numbers of sections of land—I might say hundreds—throughout the country of this nature. In my opinion, no man should occupy illegally—that is to say, that the Public Trustee should have the power to take possession of all land which has not a known owner, or whose owner has not a known agent, and that the law should enable him to sell that land, and carry the proceeds to the credit of a special fund, in the name of the property disposed of. The difficulties in the administration of section 10 are very great, and practically little business is done under it. I am strongly of opinion that the State has a greater right to any land so situated than any person who may take illegal possession of it. There is a point I should like to bring before the Commissioners, relating to the absence of power in the Public Trustee to interfere with executors or administrators who may not be performing their duties properly. I have many applications from persons not understanding the law, calling upon me to interfere in such cases. I have always replied, of course, that the Public Trustee is absolutely powerless in such cases; and I recommend the applicants to at once apply to their solicitors for assistance. It is no part of the duty of the Public Trustee to interfere in any case in which he has not been specifically appointed. The public seem to think I am universal adviser in matters of that kind. I merely mention the point for information. Another point I should like to mention is connected with the investment of funds belonging to estates. It has happened that a person having a life-interest in funds in the office, and having children on whom these funds will devolve on the death of the life-tenant, has applied for a loan on property belonging to the life-tenant. On consultation with my Solicitor he has pointed out that, seeing that in such cases the Public Trustee would become both mortgagor and mortgagee, it is not desirable that he should entertain an application for a loan. I have simply put it before the Commissioners whether they will make any recommendation in the case, because it is obvious that as time goes on many such applications will be made. I think it would be a great advantage if I had power. I suggest that the Public Trustee be empowered to make proper loans by way of mortgage on such interest. For example, I will state a case: Mrs. ——— wished to borrow the sum of £100 on a certain security in Wellington which she valued at £1,000. The property is conveyed to the Public Trustee upon trust for Mrs. ——— for life, and after her death to her two daughters equally. Query: Can an advance be made to the trust? The answer by the Solicitor was that "he could not advise any application to the Board for an advance; the money must be looked for outside of the office. There is a power in the deed of settlement to mortgage, with the consent of Mrs. ———, for the benefit of the beneficiaries under this present deed; but if the borrower's solicitors are satisfied I see no reason why the loan should not be sought." To this I replied, "It is much to be deplored that, with so much money awaiting investment, opportunities must be lost of this kind of finding an investment for money." Now, with respect to the delays which take place, or are alleged to take place, in payment of claims against estates, I should like to explain to the Commissioners—apart from what I have alleged as regards delays occasioned by the Audit Department—one legal reason why these delays cannot be avoided, and will suggest a means whereby they can be to a very great extent obviated. The law at present says, as I am advised, that an administrator cannot, or should not, part with the funds in his hands for twelve months—should not part with the residue in his hands until the expiration of twelve months. Now, supposing that an estate comes into the office the realisation of which brings £1,000. I advertise for claims, according to practice, and at the end of two months or thereabouts claims amounting to £950 are received. It is quite clear I am in a position to pay these claims, amounting to £950, at the end of two months, so far as money is concerned. Now, if I pay those

claims, and a further claim comes in, within twelve months from the date of death, of £60 or £100, then it is clear I am by law personally answerable to those claimants for the balance of the moneys over and above the amount then remaining in my hands. I submit that that is a position I should not be subjected to. I suggest to the Commissioners the desirability of an alteration of the law in that respect, by which the Public Trustee shall be at liberty to pay claims rendered before the expiration of, say, three months, and that if he do so pay he shall not be answerable to creditors rendering their claims after the proper date, further than the amount of money in his hands may enable him. That is a course which I advocated many years ago, and I believe it would have been the means of staying a very great deal of the irritation which undoubtedly has arisen on account of the apparent delay. But it is quite unreasonable to suppose the individual holding the office of Public Trustee shall run a tremendous risk in every estate he administers, simply because he wishes to pay claims at an earlier date than the law anticipates or permits.

68. *The Chairman.*] Can you point to any case bearing on this question, where claims have come in, even under the present system, after the funds in the estate have been distributed?—There are many such cases. This next is a case relating to section 19 of the Administration Act of 1879, which says,—

> When an estate of any intestate, of which administration shall have been or shall be granted to the Public Trustee, shall not exceed one hundred pounds after payment of debts, and such intestate shall have left any child or children under age, the Public Trustee may pay or cause to be paid the balance of such estate, either in one sum or from time to time, as he thinks fit, after payment of the debts of such intestate, to his widow or to any person having the care or custody of his children, without seeing to the application thereof, and without incurring any liability in respect of such payment, and shall certify to an account in favour of such widow or other person accordingly.

I wish the Commissioners to note that the wording of the Act is, "Where an estate shall not exceed £100 after payment of debts the Public Trustee may pay the balance to his widow or to any person having the care or custody of his children." I have before me the papers of an estate of a man named Bailey. There the man left a widow and three children surviving, and I had realised the estate with the exception of one cottage at Waitara, near New Plymouth. I had in hand, after payment of all known claims, £22 15s.; and I addressed the following memorandum to the office Solicitor: "On the 1st September next I purpose paying over the residue to the widow under section 19 of the Administration Act of 1879, and conveying the realty, for which my upset of £40 cannot be obtained. Do you see any objection in law?" That was on the 11th June, 1889. His reply is, "I do see a legal objection. In my opinion, section 19 does not apply to realty, but to personalty only. Whilst a Judge can now order the sale of realty for purposes of distribution, yet, in my judgment, he could not order a conveyance to the widow alone of that which belongs to widow and children according to their distributive shares, and an administrator cannot of his own motion convey as above intended. It may be a hard case: that cannot be helped." I directed payment to the widow of the money in hand, and inform her that this winds up the estate except the cottage. I had arranged for a purchaser of this same cottage for the sum of £40. This was in October following. I then say to the Solicitor, "Is there any objection under section 19 of the Administration Act to pay the widow the balance in hand, and also the £40 when received?" He replies, "Looking further into this matter, I modify my opinion given on a former record. There must be a difference intended between administration by the Public Trustee and an administrator. The order granted to the Public Trustee is to administer all the real and personal estate. The order to an individual is to administer the estate and effects, although the Act of 1879 makes it to include realty. The order to the Public Trustee is granted under section 15 of the last Act, and section 19 gives the power to pay the widow the balance of the estate. It seems to me that, this estate being all the real and personal estate, the balance must be the outcome of the same. At first sight section 18 of the Amendment Act of 1888 is against this. There the proceeds of any sale shall be assets in the hands of the administrator for purposes of the Act of 1879, and by that Act (section 7) the purposes are strictly limited. I consider, therefore, still that the Public Trustee could not convey land to a widow, nor rightly apply for an order to sell lands without disclosing the reason for applying, but that when land has been sold for payment of claims any accidental surplus may be called 'estate' within the meaning of section 19 of the Act of 1879, and applied accordingly; with this limitation, however: that such balance, together with the value of the unsold land, shall not altogether exceed £100. If so, the widow could only receive her share. It seems to me section 19 should be acted on with the wariest of discretion. Where doubt exists section 7 of the Act of 1876 is always open for action." What I wish to suggest to the Commissioners is that section 19 should be amended to place the matter beyond doubt that where the whole of an estate does not exceed £100 the Public Trustee shall have power to hand, whether realty, personalty, or anything else, to the widow.

69. Or next-of-kin?—No. You see this is a provision which is intended to give a small estate to a widow who has children in order to enable her to maintain them.

70. And to the children if no widow exists?—I have another note which will go in the direction you are intending. Power undoubtedly should be given to the Public Trustee to make the best use of an estate possible where there are orphans who require maintenance and education. At present he locks up money in his office, and has to ask for Court orders and institute expensive proceedings. There is no necessity for it. If the Public Trustee is an officer to be trusted, as he must be, then he ought to be fully trusted to do what the discretion of any reasonable man would require him to do. There is too much tying up.

71. You contend, and rightly so, that he is either fitted or unfitted for his office. If he is unfitted, he should be got rid of. If fitted, he should have those powers which will enable him to conduct the Public Trust Office properly and with facility. That, I take it, is what you mean?—That is so, and I have felt it very much indeed during my eleven years of service in the office. An instance of hardship

happened as follows: A man died leaving an estate, and he had two children, one a boy, the other a girl. The boy was nineteen years of age, and was very delicate. He had an affection of the eyes, and he was obliged to leave his work, and was confined in a dark room for a long time. I had in my hands belonging to him about £80, and he applied to me for £20, part of this money. I said to him, "You are not twenty-one years of age?" "No; I am only nineteen and a half." "Well, I do not see how I can pay you, because you cannot give me a receipt." He said, "Well, I am in this position: that I cannot live without some money." "Well," I said, "I shall have to ask you to get some person to guarantee that if I pay you this money you will hold me harmless when you arrive at the age of twenty-one." And I had to take that protection, and take the guarantee of a brother-in-law to myself before I considered it safe to pay this money. That is a position the Public Trustee ought not to be placed in. If he is satisfied that the claimant is really in need of the money, he ought to be able to get it. There is another case, of a man named Stewart, who died in 1883. It was a small estate, consisting of a small section of land. I had allowed the widow, who had children, to retain possession of the land, because it was shown to me that she had no other means of support for herself and five young children. The sale would be disastrous to her. It was a section of twenty acres. I say to the solicitor, "This is a case in which I have allowed the widow to retain the estate in order that she might keep her family. She now wishes to lease the land, retaining the house for the family's use: can this be done?" The Solicitor advises, "Under the peculiar circumstances of this case, if the lessee is willing to agree with Mrs. Stewart, I would advise non-interference. If, however, the lessee wants a proper lease, he ought to get it prepared in duplicate, and tender to the Public Trustee for execution. Afterwards a general order for payment of all rents for maintenance might be obtained, if thought necessary." She is still in possession. She merely wants to lease it, and take the proceeds. That man did not go on with it. The point there is, that we have allowed the widow, in order to enable her to live, to retain possession of the estate, and it still remains in my possession, and I am answerable for that estate. I have said sufficient, I think, to show that, as advised, section 19 of the Administration Act of 1879 ought to be amended, so that there should be no doubt whatever that realty as well as personalty under the amount of £100 conjointly may be handed over to the widow for the benefit of herself and children.

72. *Mr. Loughrey.*] In going over the papers I discovered a number of instances where widows and children were hardly pressed for money, although there was some estate. In such cases as that, did you ever apply to the Court for an order that the money might be obtained for the purpose of maintaining them?—Yes; for maintenance of children. I cannot call to mind whether we have applied for widows, but we certainly have for children.

73. You are aware this maintenance-money can be procured by obtaining an order of Court?—Yes.

74. *The Chairman.*] With regard to the amendment of section 19 of the Act you have just referred to, I understand you to be of opinion that the Public Trustee should have a free hand, if I may so call it, with respect to all estates not exceeding £100?—That is so.

75. *Mr. Loughrey.*] Suppose we had an estate of £1,000, what provision would you make for the widow and children in an intestate estate of that kind? The alteration in the law as suggested by you would not help you?—If the widow made an application for maintenance greater than the income I should have to apply to the Court, but could not of my own motion assist her there. Now, in respect to taking out orders of administration, the law at present permits the Public Trustee to administer an estate under £100 without order. I would suggest, for the consideration of the Commissioners, whether the limit should not be extended to £500, thereby saving the estate the costs incidental to obtaining an order of Court.

76. About how much?—Between £5 and £6.

77. *The Chairman.*] Then, are there any expenses contingent on that order?—No; I think that includes them all. With respect to protected life assurance policies against creditors, protected by the Life Assurance Policy Act of 1884, the meaning of which is that moneys under such policies are protected from the claims of creditors absolutely, it often happens in administrations by this office where protected policies come in that there are a number of creditors who prefer their claims. The next-of-kin are either unknown or reside abroad, and I find myself in this position: that the New Zealand creditors have to put up with a dividend of some shillings in the pound, and the protected-policy money is either sent away to foreign countries or remains in the office for six years to be paid over to the Consolidated Fund. It appears to me that that is a state of things that should be altered if possible.

78. Let me understand you on that point. If a policy of that kind is protected, is it protected only so far as foreign beneficiaries are concerned? May there not be some beneficiaries in the colony, outside of the creditors, who might come in and get that money?—Yes, if they were in the colony they would come in and take it. What I have been referring to are cases where the next-of-kin are either not known or are in foreign parts.

79. If the next-of-kin happen to be in the colony they would participate in the insurance money apart from creditors, even although they are in the colony?—Yes.

80. *Mr. Loughrey.*] And what remedy do you suggest to benefit creditors?—That where the next-of-kin are not in the colony the creditors should be paid in full—that is to say, the protection should cease if there are not next-of-kin in the colony.

81. *The Chairman.*] Then you mean to say this: that under protected life assurance policies they should only be protected so far as beneficiaries or participators in their funds reside within the colony?—Yes; that is what I mean. Of course it is a matter of opinion.

82. You wish, then, to obliterate the brand of protection on those policies in cases where the beneficiaries happen to be residing out of the colony?—Yes. In other words, that the New Zealand creditors should not be placed in a secondary position to next-of-kin in foreign parts, whom possibly the deceased never saw or heard of, or knew, at any rate.

83. But if, as you are aware, creditors know that that Act exists that allows individuals to insure their lives in that form they give credit to persons regardless of any hope of participating under any such provision that a man might make for his family?—No doubt.

84. That is to say, creditors are not taken by surprise?—No. I have one case here of J. Bradford. The balance of unprotected portion of estate for division amongst the creditors for the payment of preferential claims was £13 11s. 3d., which enabled a dividend of 10s. in the pound to be paid. The policy money in the hands of the Public Trustee amounts to £182 9s. 1d. The deceased left no known relatives, and, from information, it seems highly improbable that any claims for this money will ever turn up. This case formed the subject of a Bill which was introduced into Parliament the last session but one, but did not go beyond its first reading. Another case is that of J. A. B. Fisher. The unprotected portion of the estate paid a dividend of 6s. 10d. in the pound. The proceeds of the life policy amounted to £200. There are no relatives known. The consequence is that the creditors get a dividend of 6s. 10d. in the pound, and £200, part of the estate, goes to the Consolidated Fund.

85. Never to be seen, or even heard of, again?—No. Respecting the liability of the Public Trustee for funeral expenses, the law, as I am advised, prohibits the Public Trustee from erecting a tombstone over the grave of any deceased person—that is to say, that it is not a proper charge against the estate. This has given rise to much dissatisfaction from the relatives or friends of persons over whose graves they have asked me to erect tombstones. There is one remarkable case I have before me. A man named John Hensley died near Napier. His brother went up from Canterbury to see to his burial and his effects. He came to my office in Wellington to ask me to put a rough fence around the grave and an inexpensive headstone. I replied that it was not a proper charge against the estate, and I was afraid I should be unable to do it. He said, "In this case it is necessary, because the grave will be disturbed by wild cattle and wild pigs," and he said it would be an enormity to allow such a state of things. I said that under those circumstances I would order it to be done, and report the matter to his father, who was, of course, the heir-at-law, and who was residing at Whitehaven, in England. The amount of £10 was expended in this fence and in an inexpensive headstone. When remitting the residue to the father, after proofs obtained, this was explained to him. His solicitor, or the father, I do not know which, took exception to this item of expenditure, and virtually called upon me for a refund. I pointed out the necessity of the expenditure to the father's solicitor, and declined to make the refund without an order of a Court of competent jurisdiction. I have not since had further communication. The point that I want particularly to bring before the Commission is the state of the law which prevents my erecting headstones over the graves of persons whose estates I am administering, and to suggest that some greater latitude should be allowed to the Public Trustee in these matters. There was another case—that of T. Birch, of Dunedin—which gave very great dissatisfaction to the Dunedin people. He appears to have been a man very much esteemed in his life. There was a small residue after paying all expenses, and the Dunedin people naturally enough asked that this might be expended in or towards the erection of a tombstone, but I could not do it as the law stood.

86. I presume you had at the time quite sufficient money in hand to have spent a moderate amount in doing so?—Yes. I am citing these cases in order to show the Commissioners how the Public Trustee's hands are tied behind his back, and he cannot move, and that the dissatisfaction which has existed, and does exist, is occasioned by the state of the law and not by any act of the Public Trustee, and does not properly belong to the Public Trustee. Now, as regards the transfer of trusts from trustees who from various causes are desirous of relinquishing their trusteeships, that is a class of business which is increasing in the office; but there is one very great drawback to it, and this drawback prevents many trusts from coming into the office which otherwise would come in. I refer to the cost of placing a trust in the office under those circumstances. This, I may remark, is entirely distinct from assuming the executorship of an estate. I refer to that class of estate which has been administered by private trustees for months or years. They for some reason wish to transfer their liability or get rid of it, and apply to have it taken over by the office. Their application goes in due course before the Public Trust Office Board, and in the majority of cases—almost invariably—the trusts are accepted. It then becomes the duty of the retiring trustees to obtain the usual order of Court under the Public Trust Office Act of 1876, section 3. It is the cost of obtaining such an order which militates against a very large expanse of this class of business. I do not wish to be understood for one moment as asserting that the charges made by the profession in these cases are at all too large; not for a moment; but I do say that when I receive a bill of costs amounting to £24 14s. 11d. from a firm which I know well as being a very highly respectable firm, I say that something should be done to render unnecessary such a large cost in the bringing into the office of any trust. The value of the trust in question was about £2,600, and the bill of costs for transferring that trust amounted to £24 14s. 11d. I do not, as I said before, assert that that is one farthing too much, but I do say that steps ought to be taken to render such a state of things unnecessary. Section 3 of the Public Trust Office Act of 1876 reads thus:—

> Any trustee or trustees may place in the Public Trust Office any property vested in such trustee or trustees, or within his or their lawful custody or control. But such property shall only be placed in the Public Trust Office with the consent of the Board, and after it shall have been shown to the satisfaction of a Judge—(1) That such of the *cestuis que* trust as are under no disability and are in New Zealand consent to an order under this Act; (2) That where the *cestuis que* trust are absent from New Zealand, or are under disability, it will be for the advantage of the property to be so placed in the Public Trust Office. The Judge may make such order as he thinks fit in respect of the matters herein provided for, and if he makes an order that the property shall be vested in the Public Trustee, then from and after the date of any such order the property therein mentioned shall vest in the Public Trustee, subject to the trusts attaching thereto.

Well, I would suggest for the consideration of the Commissioners whether they think that the consent or the order of a Judge is absolutely necessary, and whether trustees should not have the power, with the consent of the beneficiaries, to place by letter or by a simple deed the transfer

of the trust. It appears to me that the procedure is unnecessarily a very expensive proceeding, and I cannot see the desirability of it.

87. What you propose is that the necessity for an order of the Judge should be dispensed with?—Yes.

88. If it is presumed, of course, that the trust estate is in proper order with the trustees who desire to transfer it?—Yes.

89. Do you think the order of the Judge should be dispensed with, and that the transfer might be made a simple deed of transfer, without having to recount any statements or fresh plans of real property in connection with the trust? In other words, do you think that the transfer of the original trust by endorsation should be sufficient?—Simply an indorsement on the deeds. I would make this proviso: that the trustees should pass very strictly before the Public Trustee all their accounts. I have been asked on more than one occasion to take over trusts from former trustees, and relieve them of all their prior responsibility, but I have declined to do so. While on that subject I should like also to suggest that section 3 of "The Public Trust Office Act, 1876," which enables a trustee to transfer a trust, should be amended. Now, I have had applications made to me by the beneficiaries. They have said, "We are not satisfied with our trustees, and we want you to take over the trusteeship." My answer has been, "You must first of all get the consent of the trustees to resign, because there is no clause in the Act enabling beneficiaries to dismiss a trustee." I suggest that the law be amended to enable beneficiaries, where there is good cause, to place a trust in the Public Trust Office. There is much more difficulty about that, to my mind, than in the other, because a trustee may be doing his very best, and be the most honest man in the world, and yet not give satisfaction.

90. *Mr. Loughrey.*] You have discovered that in your office?—Indeed I have, to my cost. I do not speak confidently on that, but I would suggest for consideration whether the Commissioners would recommend that an amendment be made in that direction.

91. *The Chairman.*] Leaving it open to the Public Trust Office to accept transfers if the law gave the power to beneficiaries to make the transfers under certain conditions?—The property would be vested in the trustees. The first question to arise is, how can a beneficiary place that which is not in him in any one else? The law at present prevents the Public Trustee from acting under power of attorney. There must be a transfer of property to the Public Trustee before he can take any action—before he can administer. Hence, the Commissioners will perceive at a glance that a class of business is prohibited which would act advantageously both to the office and to the public. I have in mind the case of a gentleman, a resident of Wellington, who paid a visit to the Mother-country. He called upon me, and told me he desired to place his affairs in the Public Trustee's hands during his absence, which he contemplated to last about three years. I told him that, under the law as it stood, he would have to transfer the property to me upon some trust. He instructed his solicitors in Wellington to prepare the requisite deed. It was prepared. He brought it to the office, and requested that the trust might be accepted. In further communication with his solicitors, they informed him that the deed would require a stamp of above £20. He, of course, waited upon me, and said that under the circumstances it was quite impossible he could pay the solicitors' fees in the first place and the very heavy stamp duty in the second. The result was that the trust did not come into the office. Another case is that of Condie's trust. He sent a power of attorney from Scotland to enable me to rescue as much of his property as was possible from a defaulting trustee in New Zealand. I saw at once that I was unable to act under his power of attorney. I had a trust deed prepared in Wellington, which was sent to Scotland for his execution. The trust deed came out executed, and the trust was accepted. In the meantime I had no legal authority whatever for acting; but, in order that he should not be prejudiced, I did act, and was the means of saving a considerable amount of his property. I would suggest, then, that the law should be so amended as to permit the Public Trustee to manage estates upon a simple power of attorney. I have had to refuse business over and over again in consequence of the want of it. In the matter of investments on mortgage by the Public Trustee, the position to my mind is very hard so far as he is concerned. A case which I have before me—that of Stewart's trust, of Christchurch—will show the very unsafe position which the Public Trustee occupies as the head of a Government department. Stewart's trust was placed in the office in 1882. The deed of settlement, as it is called, was drawn in Christchurch. The sum of £600 was placed in the office. An application was made by a solicitor in Christchurch for a loan of £500 on a certain parcel of land at Sydenham. The solicitor, who was solicitor for the trust, applied for the loan, and as he was solicitor for the trust it was natural I should suppose he was looking after the affairs of the trust as well as those of his client. That is to say, I could not be supposed to know he would do anything which would have the effect of damaging a trust of which he was solicitor. The application for a loan came before the Board in the ordinary course, and the Board directed a valuation to be made. The solicitor was very anxious for the matter to be settled, and telegraphed for replies. In order that no greater delay than possible should take place, I telegraphed to my agent, "Security will be recommended to the Board if the valuation of competent valuers, approved by yourself and Mr. Lane [the agent then], show sufficient margin." The reply was, "We have seen the security offered and recommend £500, which applicant agrees to accept, three years at 8 per cent." The money was lent and remitted to the solicitor. In the course of time the mortgagor transferred to a third party, who failed to pay the interest. I was advised that I could not sue the transferee because there was no privity of contract between him and me. The mortgagor had left the colony, and there appeared to be nothing for it except to sell. I put the property up to auction, but it failed to elicit a favourable bid. In the meantime the beneficiary was desirous of obtaining the income which by this means had been stopped, and she took action against me to recover the amount which I had lent. The matter was placed before the Ministry of the day, and it was held that I was personally liable for the amount lent. The land was

ultimately sold for a sum under £400, and I was about to make arrangements for the payment of the balance when, on submitting a full statement of the case to the Government of the day, I was directed to place the deficiency on the estimates for the year, and allow Parliament to decide whether the colony should pay the deficiency or I should. Parliament voted the money, and hence the Public Trustee was relieved from this personal liability. I would suggest that, in fairness to the Public Trustee, unless it can be shown that he has wilfully or negligently wasted the estate, that personal liability should cease.

92. What did the office lose on that estate?—The office lost £120, or thereabouts.

FRIDAY, 10TH APRIL, 1891.

Mr. R. C. HAMERTON, Public Trustee.—Examination continued.

Witness: There is one matter I want to interpolate. It is a matter relating to the Audit Department; and I should like it to appear on record. It is in connection also with the law practitioners' bills of costs, which have been a fruitful source of conflict between the two departments. The case was a Napier case. The solicitor's bill of costs came in—a very small matter, of six guineas—and I referred it to the office Solicitor: "Do you consider these charges reasonable?" The office Solicitor, in effect, said that he thought the charges might be reduced by £1 4s. I then referred it to the solicitor concerned: "Will you agree to a reduction of £1 4s.?" The solicitor explained that his charges were reasonable, and suggested that "the account be taxed by the Registrar, as we understand that is the usual practice." I then referred the bill of costs to the Registrar of the Supreme Court, as was the usual course. The solicitor says, "The reference to the Registrar has been made without notice to us, and he cannot be aware of the facts of the case, and we therefore cannot accept the taxation." I should like to explain to the Commissioners the great difference there is between the Registrar's certificate and an ordinary taxation. The ordinary taxation is the usual course adopted in dealing with solicitors' bills of costs of any magnitude. There the solicitor on either side appears before the taxing-master and argues his case, and the Registrar comes to a conclusion. But the Registrar's certificate is merely a Governmental method to satisfy the department that the charges in that bill are reasonable. If the Registrar marks the bill as being reduced by a guinea or two guineas it is not binding upon the solicitor at all, because he has no method of putting his side of the case. That has been the occasion of much correspondence between the Audit and the Public Trust Office. Now, when the Napier solicitor had said this, I referred the matter to the office Solicitor: "Do you see any way out of this difficulty except by taxation, which involves comparatively great expense?" Now, I should like to read the memorandum which the office Solicitor made on that; it is as follows:—

Re JAMES MCNAMARA, Deceased. (Reply to Reference on 88/102.)

IF a custom is to commence of referring every bill of costs with a disputed item to taxation, then the expense to this office will in the aggregate be very serious, and form a continual sore with the legal profession. I can conceive of nothing more detrimental to the continued progress of this office than to have the legal profession as a whole embittered against it, which these continual carpings will have the effect of doing. The Audit Office should know that in every provincial district legal charges vary—Otago, for instance, being higher than Christchurch.

I have said before, and I now repeat it, there is no statute or regulation justifying these references, nor could a Registrar be blamed for declining to tax; and sooner or later the Audit must recede from the false position they take up. Another powerful consideration is that, unless the Public Trustee goes to an expense of £3 or £4 to obtain taxation and be represented by a solicitor (which gentleman will know very little of the actual facts), taxation cannot be had; and when from any cause taxation is *ex parte* it is little more than a form. I mean no reflection upon the Registrar thereby—it is common experience. Again, there is no common basis on which to assess what is a proper fee for this or that attendance at a Court or for an opinion. If a lawyer knows his bill is likely to be taxed he will frame it accordingly—and to tax is to ask the legal profession to increase their bills sent in. It only needs alterations in the language; a costs clerk understands it. The way out of this difficulty is to pay the bill, as it is plain less than a sixth will be taxed off, and taxation means paying £8 or £9 instead of £5. F. J. WILSON.

12th March, 1888.

For the consideration of the Hon. the Premier.

THE Audit has hitherto treated the accounts of the Trust Office as all other claims on public moneys. The rule has always been that all 'awyers' bills shall be taxed by a Registrar. If the Government considers that the regulation should be altered I have nothing to say against it. Mr. Hamerton and Mr. Wilson both are entirely wrong as to expense. Taxing does not cost a penny when done for the Government. It is *ex parte*, and a part of the Registrar's duty. My experience is, however, that it is not of very great practical use. We rarely find that the Registrars make any important deductions. J. E. F.

Hon. the Premier.

MR. FITZGERALD does not apparently discriminate between "taxation" which entails argument of solicitors before the taxing-master—*i.e.*, the Registrar—and which is a comparatively costly process, and the certificate of the Registrar, which costs nothing. The difficulty is that solicitors, as a rule, will not submit to a reduction of their charges—the present case is in point—simply at the will of the Registrar, but are inclined to insist on the more expensive method of taxation. The fact is that the requirement of the Audit is unnecessary, entails an immensity of useless labour, is extremely obnoxious to the profession, and entails loss upon the estates in respect of which the bills of costs are incurred.

21st March, 1888. R. C. HAMERTON.

That has been my argument all through. If the Auditor permitted me to arrange with solicitors, their bills of costs would have been lower than they have been, simply because they had the knowledge that the bill was to go before the taxing-master.

93. *The Chairman.*] Then, do I understand you to blame the Audit Department for any excess of legal costs you have had to pay?—I would not go so far as that. In many cases it has been so, no doubt, because the solicitors, in my experience, have been willing to meet me where there was a poor estate. I have brought with me this morning a recapitulation of the suggestions which I have made, and I should like to conclude my statement by placing that recapitulation before the Commission. The most important and desirable change is that relating to the payment of claims

against a deceased person's estate. At present delays frequently occur where the claims made nearly approximate the value of the assets, inasmuch as creditors possess the right to prefer claims at any time within twelve months of the date of death, and the administrator is not safe in parting with any of the funds in his hands lest further claims be lodged, and he finds himself liable to pay such extra claims out of his private purse. This may be rectified by enacting that the Public Trustee may, after duly advertising for claims, pay such claims at the expiration of two or three months after the death, and if any claims are lodged thereafter they shall be satisfied so far only as the funds of the estate will permit, it being of course understood that preferential claims may be paid at the earliest date possible consistent with the careful realisation of the estate, without waiting for the expiration of the two or three months above referred to. Closely connected with this, and of almost equal importance, is the delay and irritation caused by the existing control of the Audit Department. If the Public Trustee is to conduct and be responsible for the well-working of the office, he must in the future be much less trammelled in his administration than he has been in the past. The duties of the Audit Department should be strictly limited to the well-understood duties of an auditor—such, for instance, as are performed by the auditors of any of the large financial institutions of the colony—and the control, or right of interference (I do not use the word in any offensive sense) should entirely cease. In a word, when the Public Trustee, after full consideration of a claim, has decided to pay it, there should be no authority capable of reversing or delaying that decision. The Public Trustee is by the Public Trust Office Acts the officer responsible, and he alone must take the consequences of the exercise of his discretion in directing payment. I have no hesitation in saying that, if the law is altered in the directions indicated above, the main cause of adverse criticism of the office will vanish. I have stated that the Public Trustee is already authorised to administer an estate, consisting of personalty only, where it does not exceed £100 in value: I am of opinion that an order for administration or probate should not be necessary in any case where an estate, whether of realty or personalty, or both, does not exceed £500 in value. As to such, a notification in the *Gazette* that the Public Trustee has assumed administration or executorship, as the case may be, should have all the force of a Court order, and should be registrable against land or otherwise to make the Public Trustee's title. The saving to small estates by this provision would be much appreciated. The Public Trustee should have full power to expend either the income or the *corpus* of any estate, testate or intestate, not exceeding in value £500, in the maintenance, education, or welfare generally of deceased's children, without any necessity of making application to Court, any sums so expended to be allowed in account against the children on whose behalf such payments were made. A provision such as this would enable the Public Trustee to meet proper and deserving cases without the necessity for constant recourse for Court directions, would greatly facilitate the difficulties of administration, and tend in a large measure to popularise this office. When the Public Trustee has distributed an estate of any kind, and duly rendered statement of accounts, no action should lie against him for any breach of trust unless commenced within twelve months of distribution, fraud, of course, always excepted. A Judge of the Supreme Court, in case of alleged fraud, shall permit or refuse proceedings in his discretion. A provision of this nature is necessary to protect the office, and to limit the duration of its liability. In lunacy matters the Public Trustee should, without the necessity of obtaining the order of the Supreme Court, have full power of realising estates not exceeding £500 in value upon a certificate from the medical superintendent or manager of a public or private asylum, corresponding with the affidavit now required to be sworn by such medical superintendent or manager, that, in his opinion, the patient is not likely to recover or will probably not recover within the space of twelve months; and should have power to execute any conveyance or transfer of realty to a purchaser, in the name and on behalf of the patient, and to pay such sums for maintenance to the superintendent of any asylum as may be agreed upon, not exceeding 12s. per week when the estate is under £200, or 15s. if over £200 and under £500. He should also pay debts and charges to the same extent as in the case of estates of deceased persons, and possess the power of leasing. A Judge's order should not be necessary to transfer a trust into the office, the cost under present practice being heavy and prohibitory. A letter from the existing trustees setting forth their desire to be relieved, a statement of the property which they are administering and the trusts upon which they hold the property (enclosing the probate or trust deed under which they act), upon which letter should be indorsed the acceptance by resolution of the Board of the office—this document should be registrable against the land to make the Public Trustee's title. Stamping should not be necessary. If the beneficiaries over age express themselves in writing as satisfied that all income has been received by them, and it appears beyond question that the capital has not been trenched upon, detailed accounts should, if deemed advisable, be waived. The Public Trustee should be enabled to undertake agencies of any kind which the Board approves, under letter or power of attorney without stamp. Any beneficiary dissatisfied with his trustee should be enabled to place the trust in the office, whether or not the trustee consents, on satisfying a Judge of its desirability. All transmissions in favour of the Public Trustee, and all documents in his favour, should be registered without fee. All deferred-payment and perpetual-lease lands belonging to the estates of deceased persons under administration by the Public Trustee should be transferred to the Public Trustee or to a purchaser from him on a written request by the Public Trustee to the Secretary of the Crown Lands Department, without fee. The Public Trustee should be at liberty to appoint district agents where he may deem it necessary, such district agents to have had not less than twelve months' experience in the working and requirements of the office. The present system of agencies should cease as soon as the business in the respective localities permits of the appointment of a district agent. Power is greatly needed to enable the Public Trustee to sell all real estate in the office not controlled by will or trust, in estates of any kind under £500 in value. There should also be provision for making title inexpensively where the same is lost. Powers of management of lands of persons who have been absent for ten years (section 10 of "The

Public Trust Office Act, 1876") require amplification. At present the law is practically a dead letter. It might, however, be made of very great service to the State. Power of sale should be given to the Public Trustee, and all lands whose owners have been absent for five years without leaving a known agent should vest in the Public Trustee, whether occupied or not; and no title should accrue to the occupier by adverse possession as against the Public Trustee, whose title should be absolute by the registration of a certificate under his hand that, pursuant to the statute, he had assumed possession or ownership, and demanded to be registered proprietor. There should also be a power of lease in case that course should be deemed expedient.

Section 19 of "The Administration Act, 1879," should be amended so as to make it clear beyond question that, whether the class of estate therein referred to consist of realty or personalty, or both, it shall be paid or transferred to the widow if it do not exceed £100 in value after paying debts, duties, and funeral and testamentary expenses; and I am strongly of opinion that that limit should be greatly extended where a family is very young, and where the widow will be charged for many years with the duty of maintaining and educating her children, or some of them. If this be conceded, the hard lot of the widows and younger children of those colonists who die leaving very small estates will be rendered less irksome by permitting, without the expense of an order of Court, the small shares of the children to be used for their benefit during childhood instead of being kept for them until they arrive at maturity.

I am of opinion that "The Civil Service Reform Act, 1886," so far as it relates to appointments, should not apply to this office. It is very desirable that the Public Trustee should be able to appoint the class of men most useful for the successful carrying-on of the business of the office. I submit that the provisions referred to do not permit of a selection being made, unless, indeed, the gentlemen to be appointed may be termed "experts." I think the Public Trustee should possess the power of appointment of all the officers of his staff, seeing that he is practically responsible for the due working of his department.

It would be desirable to form a guarantee fund, consisting of the profits of the Expenses Account, and the amounts now periodically paid into Consolidated Fund, to meet losses such as that resulting from the action Hatfield *v.* Public Trustee. Provision should be made whereby the business requiring the action of the Board should be more rapidly attended to than is possible under existing circumstances. The Board meets once a week—on Wednesday afternoons. If, then, an important deed is received for execution, say, late on Wednesday, after the termination of a meeting, a delay of a week is entailed. It is true, in matters of great urgency, explained to the members, two of their number have been good enough to attend at my office to attest the sealing of an instrument and signature of the Public Trustee, its purport having been first fully explained to them; but the delays which occur and which are distasteful to the legal profession having business with the office might easily be obviated by a change in the law which should relegate this part of the Board's duties to the body next hereinafter referred to. The business of the office has increased so greatly, and in the near future may—by recommendations which I trust will be made by the Royal Commission now sitting, and resultant action of Parliament—be expected to increase at a still greater rate, that it appears to me the time has arrived for a change in its government, either by placing the department under three officers analogous to the Railway Commissioners, or by the appointment of a Deputy and Assistant Public Trustee. These two officers, with the Public Trustee, should perform all the duties of the office Board. To each of these three officers should be assigned the control of one or more branches into which the work of the office has been subdivided—viz., Wills and Trusts, Intestacies, Lunacies, Real Estates, Miscellaneous, West Coast Settlement Reserves (if they still remain in the office), and Native Reserves. One of the three should be a solicitor of long practice, and should undertake all legal work, and advise the office on all points required. All matters other than ordinary routine should be placed before these three officers for decision. They should meet daily for a sufficient part of the day for the discussion of current business, and should have full power to carry on the office in every detail. It should not be necessary for the Public Trustee to transfer shares of banks and companies into his own name as at present. When sold he should be able to make title to a purchaser by execution of transfer as administrator, and exhibition of *Gazette* notice of assumption of administration, or order, or probate, as the case might require. There should be no necessity to obtain a Judge's order to distribute the funds of an insolvent estate. It is at present a mere form, and the cost might well be permitted to augment the dividend of the creditors. Affidavits should be capable of being made before any solicitor, whether or not he may be on the staff of the department. This small matter would obviate some little expense to estates in swearing the affidavits necessary for Court purposes, and would otherwise prove of convenience. Policy-moneys now protected by law should be available for payment of debts where no relatives are known, and possibly also where there are no relatives residing in New Zealand. The Public Trustee should have power to reduce rents under lease for a period of, or periods not exceeding, five years in the whole, where they are clearly shown by the declaration of two competent valuers appointed by the Public Trustee to be excessive. Titles to any land coming under the administration of the Public Trustee which may be technically defective, but admissible under the Land Transfer Act, should be completed by the office Solicitor without charge to the estate. No fees should be charged by the Land Transfer Department. The Public Trustee should be enabled to apply to a Judge of the Supreme Court for advice and direction upon any question whatever which may arise in his administration, and should be held blameless if he act on such advice. It would give an immense impetus to the office if all receipts given by, and all transfers, conveyances, powers of attorney, letters or deeds of trust, renunciations, and all other documents in favour of, the office were exempt from stamp duty. Provision might be made in any Act to be passed, in order to save expense to clients, that a letter appointing the Public Trustee attorney shall give him all powers usually expressed in a power of attorney (setting out at

length the powers to be given), after the manner of the Land Transfer Act, where the short expressions "will paint," "will insure," have a statutory meaning. In the same manner a letter appointing the Public Trustee trustee should give him all the usual powers of a trustee over the property named in the letter, except such as should be specially negatived therein. Again, much confusion and expense would be obviated, and an immense boon to families would be insured, if it were enacted that there should be implied in every will of which the Public Trustee is appointed executor the usual powers of investment, leasing, maintenance of minors, and other usual provisions, unless specially negatived. Great hardship constantly arises because testators have not called to their aid the services of a professional man, and the family suffers in consequence. The above provisions would greatly assist in the successful administration of this class of estate. In conclusion, I would remark in reference to the general administration of the office that, were I to state that the Public Trustee had never made a mistake or had never committed an error of judgment, I should assert that which no sane man would believe or could hope for; but what I do assert fearlessly and distinctly is, that there has been displayed by the office since its establishment a most earnest desire to conserve and protect the interests of its clients to the best of its ability, a careful attention to all the multifarious duties which have devolved upon it in connection with such conservation and protection, and an unswerving honesty and uprightness of purpose in the carrying-out of those duties. If the Commissioners will take into consideration the very defective state of the law governing the office, the absence of freedom of action which has hitherto hampered it, the frequent groundless attacks directed against it, either by interested parties or by the victims of a law which at the time of its enactment did not contemplate the dimensions to which it has attained, and which has therefore become unsuitable—if the Commissioners will further consider the delays and great inconveniences to which the office has been subjected by the statutable powers of control hereinbefore referred to, they will, I apprehend, agree with me when I assert that the wonder is, not that great dissatisfaction exists as regards the working of the office, but that the people of the colony have not long ago insisted on such statutory amendments as should obviate the friction inevitably arising from the defective laws referred to—laws which I entertain a fervent hope that the labours of the Commissioners will cause to be largely amplified, and placed on a basis which will enable the office to breathe freely, to carry out its work untrammelled, and to prove to the colonists of New Zealand one of the most useful and popular of its many noble institutions. It was stated in the House that the Public Trustee should make known the requirements of the office to the Government. I produce draft Public Trust Office Bills, which will show that in every year since 1881, with the exception of 1886, 1887, and 1888, there have been Bills before the Ministry of the day with a view to amendment of the law. In 1885 and 1889 the Bills arrived at the stage of being printed for consideration of Ministers; but no Bill was ever introduced to Parliament. In 1886 there was a Public Trust Office Act passed; but it had no reference to the state of the law. It merely dealt with the constitution of the Board. The point I wish to bring out is, that the Public Trustee has not neglected this particular branch of his duty.

94. *Mr. Loughrey.*] That is, that he has drawn the attention of the Ministry of the day to the defective state of the present Acts?—Yes.

95. *The Chairman.*] Were those Bills to which you allude prepared by your own direction?—Yes.

96. And without the knowledge of the Minister?—No; with the knowledge of the Colonial Treasurer of the day.

97. Were they prepared by his direction?—Yes.

98. Notwithstanding which, nothing further was done?—Nothing.

99. Then, they were prepared by the direction of the Colonial Treasurer of the day on your suggestion?—That is so.

100. Were they prepared in your own office?—No. The earlier ones were prepared by the Solicitor-General and Controller and Auditor-General and the Public Trustee; the later ones by the Solicitor-General and the Public Trustee.

101. Were any of them prepared by outside solicitors?—Yes; one was drawn by Mr. Stafford in 1883, and from time to time it has been amended and rearranged by the Solicitor-General and the Public Trustee.

102. Then, the Bill of 1883 to which you allude, as originally prepared, never became law?—No.

103. Notwithstanding which you have had occasion, I presume by direction of your Minister, to have it amended with a view of its becoming the law, on several occasions?—That is so.

104. How many Boards of Advice or directories have you in connection with the Public Trust Office?—Two.

105. What are they?—The Public Trust Office Board proper consists of the Colonial Treasurer, the Native Minister, the Attorney-General (for whom the Solicitor-General acts), the Surveyor-General, the Property-tax Commissioner, the Government Insurance Commissioner, and the Public Trustee.

106. How often does that Board meet?—Once a week, every Wednesday afternoon.

107. Now, perhaps you will tell us the functions of the Board when its members do meet?—No trust or will can be accepted without the sanction of the Board. No deed can be executed without the presence of the Board and the attestation of two of its members.

108. That is, a quorum of the Board?—Yes.

109. Then, I understand that two besides yourself will constitute a quorum?—Yes. No investment can be made without the sanction of the Board. No lease or agreement for sale or mortgage by the Public Trustee, or for any other disposal of any landed property, can be made without the approval of the Board. I think those are their main functions.

110. I presume you keep minutes of the Board's proceedings?—Yes.

111. And they are carefully entered up?—Yes, by the office Solicitor, who is the Secretary to the Board.

112. But before you had an office Solicitor who was the Secretary?—The entries were then made by the Chief Clerk, Mr. De Castro.

113. Well, presuming that the Board is necessary for the working of your office, is a meeting once a week sufficient to facilitate the conduct of your business while it has to be controlled by a Board?—It is not sufficient. Delays are experienced in the execution of deeds and other documents, which cause irritation to the professional men with whom we have dealings.

114. Then, if the Board is to continue, how often would you suggest that it should meet?—Daily.

115. In the interests of the Public Trust Office business, which has become very large, do you submit that it is almost necessary the Board should meet daily?—Yes; if we are to avoid irritating delays and the risk of complaint it should meet daily.

116. I notice, in your statement made to the Commissioners you speak of a suggested alteration in the management of the Trust Office, by either the addition of a Deputy Trustee or two or three Commissioners with coequal powers. In the event of such a change taking place would a Board be necessary?—It would not then be necessary, because I would make the Commissioners or officers act as a permanent daily Board.

117. Will you please explain the constitution of the other Board to which you refer, and the objects of that Board?—The Native Reserves Board consists of the Public Trust Office Board proper and two Natives appointed by the Governor in Council. The only functions of the Native Reserves Board are the sanctioning of leases of any portion of the Native reserves vested in the Public Trustee by "The Native Reserves Act, 1882." The sanctioning of leases or letting of Native reserves—those are their functions.

118. Then, the only difference between that Board and your other Board is the addition of two Native members when the Native Reserves Board sits?—Yes; that is so.

119. That is to say, if it were not necessary to have two Native members on the Board when business in relation to the Native Reserves Act has to be considered, the ordinary Board meeting could deal with the business?—That is so.

120. Then, if the proposed change in the direction of management, as suggested by you in your statement, were to take place, there would be no necessity for that Board either?—None whatever.

121. And would the business of the Trust Office generally be facilitated without the interference of the two Boards referred to, and without the necessity of their meetings?—Unquestionably so.

122. Now, when you succeeded Mr. Woodward and became Public Trustee, how did you proceed when you took charge of the office—in relation to the working of this important Head Office? Perhaps you will understand me better if I put it in this way: When you succeeded Mr. Woodward and took charge of the Public Trust Office, did you look into the work and business that had been done by your predecessor, and see in what manner the work and business had been conducted?—As a general question, I did not. I did look into the method of conducting the particular estates which I was called upon to carry on; but, as a general proposition in respect of overhauling the system generally, I did not. It happened, when I took charge on the 8th July, 1880, that the yearly balance was being carried on. Mr. Woodward himself came down to the office on many evenings, and I recollect very well on one occasion it was 2 in the morning before we separated. He himself made out the balance for the year in which I took charge. The Chief Clerk was ill, and it devolved upon Mr. Woodward, myself, and the cadet to bring out the statement for Parliament, and Mr. Woodward himself did the greater part of that work.

123. Well, for instance, did you think it necessary to go through the books that had been used by Mr. Woodward, in order to see the system of book-keeping that he had commenced in the office, with the view of considering whether a change in the system was necessary, and, if so, what change?—I did not, because I had understood, and still understand, that the system of book-keeping which has now obtained in the Public Trust Office was settled by Mr. Woodward, who was a very good accountant, and the Controller and Auditor-General.

124. But are you aware that since you took the control not only have many new books but many series of books been opened in your office?—Yes, I am aware of it.

125. Have these all been opened with your knowledge and by your direction?—I should like to know what specific books you refer to. The Assets and Claims books were opened by my specific direction. As regards subsidiary account-books, I cannot speak from memory without some idea of the books you refer to.

126. Well, in Mr. Woodward's time, I think, his system was simply in keeping an individual ledger and an ordinary cash-book. Since that time I notice that several series of books—cash-books, ledgers, &c.—have been opened. Some cash-books are called "general cash-books." Do you know the use or the necessity of keeping a general cash-book?—Yes; I think I can explain that. Under the old system of one cash-book, and up to the year 1884, I think, the Audit Department used to keep a duplicate set of books in their own office. The cash-book was required to be sent to them daily, in order to be entered up in their books. As business increased the inconvenience occasioned by sending this cash-book up to the Audit daily was so great that it forced me to open further cash-books in order that the inconvenience might be obviated, seeing that the officers of the department might be engaged on one cash-book while the other was away. With respect to the cash-books at present in use—there are no less than seven—they were initiated when the subdivision of labour was completed, in 1887, whereby each Ledger-keeper had his own cash-book and ledger, and the seventh was called the "general cash-book," into which the totals of the other six were daily transferred. As I explained before, the Audit requirements for the cash-book to be sent to them daily have ceased, and I am of opinion that the number of cash-books can now be reduced with advantage.

127. How long is it since the Audit requirements to have the cash-book sent up to the Audit offices, three-quarters of a mile from your office, daily, ceased?—I believe it was in 1886, but I am not sure without reference to the date.

128. I understood you to say that one of your reasons for keeping the general cash-book was the necessity of having to send up the cash-book daily to the Auditor-General?—The reason was the necessity of sending it up daily to the Audit Department.

129. When did you commence the system of keeping a general cash-book?—It must have been when there was more than one cash-book, because the only use of the general cash-book was to record the totals of the other cash-books.

130. You passed your entries into the ledger from the ordinary cash-books?—Yes.

131. Then, are the cash-books always added up and balanced daily?—There is no necessity to add up the ordinary cash-books at all, because the totals go into the general cash-book, and that is the book which tells us the balance.

132. But, surely, in order to get the totals it must be necessary to add up the cash-books?—It must be necessary to add them up daily, but not to carry on the totals.

133. Is it not always necessary in any well-regulated office to balance the cash-book daily?—Yes; but our general cash-book answers to the cash-book of an ordinary office.

134. Supposing your ordinary cash-books were balanced daily, would there be any necessity for the general cash-book?—Yes; because we must focus into one general cash-book, which records the balance of the whole office. One cash-book deals with a particular branch only.

135. But supposing your whole day's work—debit and credit entries—goes through one set of cash-books, why cannot they record everything in the shape of cash that passes through the office?—They do.

136. Then, I ask again, why the necessity of a general cash-book if the ordinary daily cash-books are balanced?—Because we must have the whole cash of the office focussed. The Intestate cash-book, for instance, shows the amount of cash received for that particular branch.

137. What objection is there to put in all transactions of the various estates and trusts through one set of cash-books?—None; that is done at present.

138. Supposing, then, that this series of cash-books is balanced every day, you would get the balance of the day's work, and why cannot your posting be done from those cash-books to the ledger?—It is done.

139. Why, then, the necessity of the general cash-book?—To focus all into one. We have six branches. The total only of the cash received each day is entered into the general cash-book: Intestates No. 1, Intestates No. 2, Wills and Trusts 1 and 2, Real, and Lunatic, Miscellaneous. The total of all the cash received is then known at a glance, and we can arrive at the bank balance and our true position from that general cash-book, but cannot from any of the others.

140. Have you not the ordinary daily cash-book in your ledger?—Yes.

141. Should not the totals from that daily cash-book go into the ledger daily?—Yes.

142. Where do the cash-book entries go from?—From the cash-books.

143. Does not that, then, focus the cash-books into the ledger account?—It ought to.

144. If your Accountant chooses to keep his books in any fanciful way peculiar to himself, and tells you it is the right course, are you in a position to say it is not?—I am not sufficient of an accountant to dictate to a man who has had a life of accountant's work, whether his method is a better one than mine. That is to say, I trust the Accountant implicitly, and he knows better than I do.

145. But, supposing the Accountant of your office, whom you trust implicitly, had a very fanciful yet slovenly mode of keeping books—I do not say he has—but supposing he had, and an unnecessarily laborious and various mode of keeping books, would you be able to direct him that he was doing wrong?—I think I should be able to direct him.

146. In Mr. Woodward's time the work was very light. I learnt from you there was a cadet and Chief Clerk assisting him?—Yes.

147. Have you looked carefully through his books?—Yes.

148. Have you observed that the balances were always brought down and ruled off?—Always.

149. They seemed to have been fairly well kept?—Very well kept indeed.

150. How long is it since your Accountant joined your office?—He joined in October, 1880, three months after myself.

151. Then, I presume that he is responsible to you for the mode of keeping the books as they appear at present?—That is so.

152. Have you been in the habit of looking through the books?—Very seldom.

153. Did you ever find any account-books in your predecessor's time that had not been properly ruled off?—No.

154. Have you noticed that many of the ledgers now in the office, and for some years past, have not had the summations made in the transactions—that is, the summations necessary to check the balances?—No, I have not noticed that.

155. You know the object of double-entry book-keeping?—I do.

156. You know the object of having a debtor-and-creditor column for entering in the transactions?—I do.

157. I notice, in your system of book-keeping—whether it obtained before you came or afterwards you will be able to say—that the ordinary plan of debtor-and-creditor column of transactions has been reversed. That is to say, you have in your ledgers, in some cases, four columns. What the first column is for I do not know, but the other three columns are supposed to be for the debtor transactions, creditor transactions, and the balance. In your books they have been purposely reversed. First comes the creditor transaction, then the debit, then the balance. Can you explain why that system was adopted?—I think I am right in saying that it was adopted

from the initiation of the office, and it did not appear to me to be desirable to alter a plan on which Mr. Woodward founded his system of book-keeping.

158. Before you joined this service had you ever any experience in book-keeping?—Yes; I was a double-entry clerk to a merchant for some short time before I joined the service in this colony.

159. What had you been accustomed to before you joined the public service?—I was farming as a youth; then a soldier for years in the Taranaki war. It was at the conclusion of the Taranaki war that I joined this merchant, and when I had been in this merchant's service about twelve months I was appointed to the Sub-treasury at New Plymouth. There the system of accounts was not double-entry; it was single-entry.

160. Have you ever seen a set of commercial books where the ordinary custom has been departed from, and the transactions reversed?—No.

161. Can you point out where its advantages are, in convenience or anything else?—I cannot.

162. I noticed that the same system obtained in your balance-sheets—that is, credit transactions came before debtor transactions?—Yes.

163. Do you not think that is misleading?—No; I should not call it misleading, but it is contrary to the usual practice of merchants.

164. And I have been unable to discover that it is of any use beyond being misleading, unless you can show me that it is the contrary?—I cannot give you any reason for the innovation; but I found it, and have continued it.

165. Would it not be as well if in future the usual custom was followed, that any expert, or person having a knowledge of books, would be able to see at once what the entries in them mean?—I think it would be desirable to conform to the usual practice.

166. Are you aware that in your ledgers, or in a great many of them now in use, there are four columns—that is, a money-column apart from the three usual money-columns?—Yes.

167. What is the object in having that fourth column—which I notice is ruled in blue lines, not in red lines as the others are? So as to make a distinctive mark, it is in blue. What is that column for?—The only reason that I can assign is, that it is meant to contain items the total of which shall be carried into one of the two next columns. I have no knowledge of how it originated.

168. Do I understand, if that is the use of the blue money-column, that both debit and credit transactions are first put into it?—I take it so.

169. Or is it simply for one?—It would apply to both, I should say.

170. Is not that rather misleading when you have a special set of columns for debit entries, and a special set of columns for credit entries, to form another column?—It would appear so to me; but, if I may suggest, the Accountant will be able to give you a much better explanation. They were initiated before I joined, but it is true I sanctioned the continuance of the system.

171. It appears to me that the four columns in the ledger were not commenced until recently?—I am not aware.

172. I have looked carefully through all of your ledgers and other books, and I have noticed the fourth column in your ledgers, of blue lines, has only come into use during the last few years: perhaps you are not aware of that?—I am not aware.

173. I do not seem to have satisfied you that the general cash-book is an unnecessary book in the office, presuming that the daily cash-books were regularly added up, and the balances ruled off day by day, and through that carried directly into your Cash Account and other accounts in the ledger. I believe the law says that the Controller and Auditor-General shall sign the cash-book. I do not think the law contemplates anything but one cash-book. When I speak of one cash-book, I do not wish to confine you to one actual book: it may be a series. Your business may be sufficiently large that you require more than one book during the day—to divide your cash-books, as your ledgers, alphabetically. You might have sufficient business during the day to require three cash-books, dividing the alphabet into three parts. Supposing you find your business sufficiently large to require more than actually one book, can you not use two or three books in the same series, dividing the alphabet?—Or, which is the same thing, dividing the books according to the branches of the office.

174. That appears to be your system, but are you aware that is far more expensive and likely to entail more labour, inasmuch as you require more cash-books in that form than if you used cash-books in one series and divided the alphabet?—Yes; I think it must be conceded it is more expensive.

175. Therefore, is there any objection under the latter system to putting all your daily entries through one series of cash-books?—That system, no doubt, would work well, but it is much clearer, to my mind, to divide the cash-books into branches, and let two or more branches use the same cash-book.

176. Supposing that you were to keep a set of cash-books and a set of individual ledgers, and I were to come to you and want information about an account, where would you go to look for it?—I should call the Ledger-keeper having charge of the branch.

177. Then I take it, and properly so, that your ledgers should contain the record of the entries?—No doubt.

178. Therefore the cash-book is in a manner a mere journal of the debits and credits of the day going through?—Yes.

179. Why, then, would it not be more convenient to put your entries through the cash-book, dividing them, if necessary, into different portions of the alphabet, carrying your totals, after the cash-book had been ruled off daily, into your general or what you are pleased to call "Check" Ledger?—There is no reason why that should not be done.

180. If that system were adopted, cannot you see the general cash-book is really superfluous?

—There, again, we are brought into contact with the Audit. Would the Audit sign three cash-books? They must sign for the total received during the day.

181. In this little rough diagram there is what you call your "Check Ledger," which you ake your balances from?—That is right.

182. Then, here are your cash-books, and here is what you call a general cash-book. The key-stone and true basis of your book-keeping is really your ledgers. If you want information, you go to your ledgers for information of different accounts, and all entries coming through the cash-book must go to the general ledger. If these ordinary daily cash-books are ruled off daily, and show the totals, why cannot they go direct to the ledgers—because, after all, this general cash-book is nothing but a repetition *in globo* of your totals, and the general cash-book must be unnecessary work?—That is so, but how should we arrive at the bank balance where we have three cash-books instead of one?

183. You focus into the ledger?—Yes.

184. Are you aware that in a great many of the accounts in the ledgers during the last few years the totals have not been made?—I was not aware of it.

185. Do I understand you to say that it is not your custom daily, weekly, or monthly to look through your books?—It is not my custom to do so.

186. Or even to look through the ledgers?—It has not been my custom. My custom has been, having such thorough faith in the Accountant, to leave that branch of the establishment almost entirely to his supervision.

187. What would you say if you saw an important set of books with pencil memoranda and balances ruled through and altered, and summations in pencil, or incorrectly made, folio after folio, not through one ledger, but many ledgers? Would you consider that a proper style of book-keeping?—No.

188. Would you approve of it?—Certainly not.

189. Would you be surprised if I showed it to you?—I believe you at once.

190. Do you require in the case of all estates that come into your ledgers that the accounts should be designated and domiciled? That is to say, if John Brown's estate comes into your ledger, do you require that John Brown's calling and place of abode should be stated in the ledger?—No; I do not think his calling, but his place of abode.

191. You do not think it is necessary to designate your accounts?—No; because our system of numbering obviates that, inasmuch as each estate receives a number.

192. But would it not help also to ear-mark the estates by designating them?—I do not think so, because the records show the designation.

193. I have found several names alike in your ledger. If one happened to be a tailor and another a blacksmith, the designation of either and of both would have helped me in my investigation?—No doubt, an outside authority, but inside we know them by the number.

194. But the object, I take it, is to have the books so kept that any one who has occasion to look into your books should understand them as well as possible?—Yes, it is desirable.

195. You think that you do make a rule of having accounts domiciled?—Yes.

196. Are you aware there are a great many accounts in your ledgers that are not domiciled or even designated?—I was not aware.

197. Well, there are, and if you wish I shall be able to show them to you.

198. You saw the ledger M to Z, Estates in Office and several accounts, and also the Real Estates Ledger commencing December, 1884. You saw those several accounts. Do you think they were in a complete state—kept as they ought to have been?—From the book-keeper point of view, I would say they were kept not as they ought to be; but as far as the accuracy of them is concerned, I suppose there is no contention.

199. But as far as the summations of the transactions are concerned, they appear on the face of them wrong?—That is so.

200. We will look at this Check Ledger, commencing 1st January, 1886. [Check Ledger and other ledgers examined.] I think I have shown you sufficient in these three ledgers to clearly show you that really the work has been neglected—not kept in a proper manner. Do you think that these books are kept in a regular and proper manner?—No.

200A. Had you seen these books yourself in that state, would you have tolerated it?—Unquestionably not.

201. Then, you were not aware that the books of the office—the ledgers—were in that unfinished state?—I was not.

202. Had you never any complaints from the Audit Department about the incomplete state of the books?—No.

203. Did you, and do you, rely much on the Audit Department seeing that the books are properly kept?—Well, I cannot say I relied on the Audit Department to see that the books are properly finished off, but I do rely on the Audit Department to see that the balances and the entries are right. But I cannot think it is their duty to superintend the ruling-off of a book, or artistic arrangement, and so on.

204. Do you think it is not important to have balances brought down, and books ruled off, and summations properly made?—I think it is very important.

205. If you were auditing books, would you attempt to audit a ledger in an unfinished state?—Well, I take it I should either have to refuse to audit, or request that it should be finished.

206. And, notwithstanding the unfinished state of a great many of the books in the office, the Audit Department has never requested you to have them put into a complete state?—It has never requested me—never complained to me.

207. Then the Audit Department has been satisfied with the mode and style of your book-keeping?—Yes, so far as I know.

208. It is no part of the functions of your Board of Directors to look into the books of the office?—None at all.

209. They are a mere Board of Advice?—They are not a Board of Advice.

210. What would you call them?—They are more than an Investment Board, because I am unable to execute any instrument without their sanction, so that, although they are not a Board of Advice, they have more duties than a Board of Investment would have. I can scarcely define the Board. No trust can be introduced without their sanction. Their duties are laid down by statute. They are more than a Board of Investment, and they are not a Board of Advice.

211. Then you do not know what to call them?—They have statutory duties.

212. A statutory yet weekly Board on certain occasions?—Yes, and for specific duties. They have no administrative duty whatever under the Public Trust Office Act.

213. They have nothing to do with the working of the office nor with the mode of book-keeping?—Nothing whatever.

SATURDAY, 11TH APRIL, 1891.

Mr. R. C. HAMERTON'S examination continued.

214. *The Chairman.*] Mr. Hamerton, will you please look at this ledger, the first entry in which is on the 24th December, 1886? I will not take you through the whole of this book, but we will go through many folios so as to draw your attention to the unfinished state of the ledger. You see, in your last balance, on the 31st December last, the totals are added up and the account ruled off; but if you look at the totals the balance appears nothing, while the total transactions show a balance. None of the totals are made, nor any summations, but you also see that those totals that do appear are simply in pencil, and not very clear at that?—That is so.

215. If you look through many more of the folios yourself you will see how the accounts are kept. Turn to folios 97 and 98. Do you know that pencil memoranda in a ledger are not allowed in a well-regulated office?—The pencil memoranda should be taken out.

216. There are occasions in reference to any account in your ledger when it may be necessary to put memoranda in the ledger, as being the most likely place to prevent their being overlooked. I presume that, where it is necessary, you ought to have such memoranda in ink?—Well, I take it such memoranda could only be temporary, and might be rubbed out at the end of the period.

217. The memoranda I find in some ledgers are of more than a temporary character. Where it is necessary to make memoranda it should be in ink. This ledger, as also the one before us yesterday, although open and in use for some years, there seems really no necessity for. Is that not so?—The idea was to separate the classes of estate, each class of estate having its own ledger.

218. Did you ever think it was your duty from time to time and frequently to look through the books of the office?—I have not thought it was necessary in the case of the ledgers. The cash-books have weekly come before me.

219. But you never thought it was necessary to look weekly, or occasionally, through the ledgers?—No, for the reason that the Accountant branch generally was under a man in whom I had very great trust, and have very great trust.

220. Had you looked through the ledgers would you have allowed them to be in the state they are?—I would not.

221. Now, can you point out to me a single account in No. 1 Estates in Office Ledger that has been properly summed up and ruled off?—My answer to that is, that unless I go through the ledger page by page I cannot say. I am not conversant with the state of the ledgers.

222. Well, that I may satisfy you, let us together go through this ledger in order that you may be able to fairly answer that question. In our examination it will be necessary to be precise and definite. Will you kindly look through the ledger and show me one account that has been properly ruled off and balanced?—Yes. Here is one at folio 80, and others at folios 84, 88, 108, 142, 145, 198, 202, 208, 253, 254, 280, 284, 309, 310, 312, 315, 316, 318, 329, 336, 363, 367, 376, 379, 381, 398, 458, 480, 483, 488, 492, 493, 498, and 500.

223. There are 502 folios in that ledger. You have been carefully through it. How many accounts is that you have pointed out?—Thirty-five.

224. Have you noticed that these thirty-five which you have found to have been ruled off are small accounts?—I did not particularly notice.

225. Now, is there any of them taking up more than half a folio?—I should say yes, but I really did not notice it.

226. If, then, you will turn to them I think you will find they chiefly comprise a few entries?—The account at folio 80 is a small one; at 84, a folio and a quarter; 88, a folio and three lines; 108, about a third of a folio; 142, a quarter of a folio; 145, about the same; 198, a folio and a half; 202, about a third of a folio; 208, about a quarter of a folio; 253, about two-thirds of a folio; 254, about three-quarters; 280, about a quarter; 284, a full folio (this is part of a very long account—Ngatitoa trust); 309, part of the same account, about a full folio; 310, same account, full folio; 312, same account, full folio; 315, same account, full folio; 316, same account, full folio; 318, a folio and a quarter; 329, about a third of a folio; 336, a quarter folio; 363, half a folio; 367, quarter of a folio; 376, quarter of a folio; 379, six lines; 381, a third of a folio; 398, one folio and three-quarters; 458, a third of a folio; 480, one folio and a quarter; 483, half a folio; 488, seven lines; 492, one folio and seven lines; 493, half a folio; 498, three-quarters of a folio; 500, a folio and a half.

227. Now, I suppose there are a few hundred accounts in that ledger?—Yes.

228. Can you point to several and any one large and important accounts that have been properly ruled off?—Shall I go through it again?

229. Yes, take folio 125. Is that a large account?—It is a very large account.

230. How many folios does it go through?—Three and a half folios in this ledger.
231. Is that ruled off?—It is not.
232. There are no balances brought down?—No.
233. Should those pencil memoranda be there?—No.
234. In this account you see a red-ink memorandum, "Balance corrected." Above that there is another, "Balance corrected for error in extension." And there is another ruled out of order by re-entry below. Do you know the meaning of those memoranda?—I do not.
235. Then, in this account, folio 126, some of the balances are in the usual form in black ink, and a good number are in red ink. What is the meaning of that?—The usual meaning of a red-ink balance is that it is a debtor balance, and I apprehend there that it has been overdrawn.
236. Then, I understand your custom to be that where a debtor balance occurs at any time in your books it is shown in red ink?—That is so.
237. So that the Ledger-keeper must change his pen and ink whenever the balance changes from debit to credit in order to carry out the last balance?—That must be so.
238. Turn to folio 223. There is an account there which will be familiar to you, as it belongs to Wellington. It is a large account. Look through that, and tell me how you think it has been kept?—Well, the writing is perfection, but my own impression is, there is a want of finish about it.
239. What do you call "finish"? Would you call that a cleanly-kept or even a carefully-kept account?—If I may except the pencil figures and the absence of ruling, I should call it carefully kept.
240. You have not yet gone through all the accounts in this ledger. Go to the account at folio 223. Do you see all these smearings?—The smearings cannot be helped, as our ledgers are overhauled for parliamentary returns, and subjected to usage which private ledgers are not subjected to.
241. Now, looking at the summations, if I were to say that these accounts have been kept in a slovenly manner, do you think it would be correct?—No; I would not term it "slovenly manner." It is an incomplete manner, because the rulings and summations ought to be there.
242. Would you term it a very incomplete account?—No; I should not use the superlative.
243. However, it is incomplete, as it wants the summations, and the balances are not carried out?—Yes.
244. Look at folio 267 and tell me whether you notice in folio 268 the pencil memoranda. Do you think those memoranda ought to be there in pencil?—No.
245. There are some red-ink memoranda at folio 267. Can you tell me whether, when the balance is transferred to the new ledger, these memoranda also are transferred with the balance to the new ledger?—No; I cannot say that. When I said just now that our ledgers were knocked about in a manner which no private merchant would permit, of course I must be understood to mean that the ledgers are knocked about through constant reference to them consequent on questions which require to be answered for the Government or Parliament, and in every manner, which no private merchant is called upon to disclose—that is to say, that these ledgers are necessarily in a worse state than a private merchant's ledgers are.
246. Why should that interfere with the proper and correct mode of keeping them?—That does not, of course.
247. Parliamentary returns have nothing to do with the proper mode of keeping your ledgers?—Nothing at all. I was merely referring to the state of the ledger where it is smeared over.
248. Does not the smearing and pencilling occur in the process and place of keeping the ledger?—Yes.
249. Look at folio 304. That is a large account. There you see again pencil memoranda. Would you say that that account is kept carefully? Will you look at folio 306 of that account, and also look at the red-ink alterations and the transactions as they have been crossed through and through. Would you say that account was even decently kept?—No, I should not.
250. Would you not say that account was very slovenly kept?—I should call that slovenly kept.
251. Would you have tolerated that account to have been kept in that form and state if you had seen it before?—I should not.
252. Now look at folio 300. It is ruled off for your last balance. The balance is marked off as carried to new ledger, 416. Do you observe that the balances are not brought down there?—I do.
253. Do you observe that summations are not made?—I do.
254. So that the balances cannot be checked by the ledger itself?—That is so.
255. Turn to folio 357. Is that a large account?—Yes; a very long account.
256. Are there any summations in that?—No.
257. Would you say that account is approaching to carefulness in the way it is kept?—As regards the summations and ruling-off, no.
258. Do you think it would be received in evidence in a Court of law?—I do.
259. In that incomplete state, without the summations?—Yes.
260. That is not my experience. How would you say this account at folio 360 was kept?—The balance is carried out, and there is a summation in pencil.
261. Do you not observe that the summations in pencil are incorrect?—No, it is correct.
262. Had you seen that account, would you have allowed it to be kept in that way?—No.
263. Here is an important ledger—the Native Reserves and West Coast Settlement Reserves Ledger No. 1—which commenced in January, 1883. Just have a look through that ledger and see how that is kept. Will you tell me where the first balance, or any of the balances commencing in that ledger, are brought from, by looking at that ledger?—It cannot be done at a glance, as it ought to be, but it is absolutely correct in figures.
264. That is a very large account, is it not?—Yes.
265. One of the largest accounts in that ledger?—Yes.

266. By looking at that ledger can I discover where the balances come from?—You could not without the assistance of pencil.

267. Ought not the balance of the last ledger in which that account was kept to be the first entry in that ledger?—Yes.

268. Look through the first ten folios of that ledger, and tell me how that account is kept?—I notice several mistakes which have been corrected.

269. Do you notice any summations in ink on any of the folios?—Yes.

270. Are any of them correct?—I say the summations are absolutely correct.

271. Then turn to folio 5, showing a balance of £846—the debtor summations £273, and the creditor summations £718. How are we to prove the balance?—You cannot without going back.

272. You see the same incorrectness on folio 6—in fact, on the whole of the folios up to folio 10. Do you notice on folio 10 that the summations which have been brought up only the other day have been ruled through as incorrect, which they are?—Yes, I do.

273. Take the next account, folio 13. That is a large account?—Yes.

274. There is no indication where the balance is brought from there?—That is so.

275. And are the summations properly made and carried forward in that account?—No, they are not. They are here in pencil; you cannot depend upon them.

276. Now run your eye through that account and tell me what you find?—There is the same fault throughout.

277. See folio 28. My object in asking you these questions so precisely is to try and educate you at this stage into the real state of your ledgers. How is the balance arrived at in folio 28? Can you tell what it comes from or what it comes out of?—I presume it must be through a former ledger, but there is no indication.

278. You notice then, at the foot of the first folio of this account (27), the balance brought down is apparently a debtor balance, as it appears in the debtor column; and yet it appears to me that your unique *red-ink* system has been departed from, and the balance is not in red ink, nor is there a D or C to show whether it is in debit or credit; or else, appearing in black ink, it is a credit balance?—It is in the wrong column.

279. And has been carried up as a debtor balance wrongly, whereas it is a credit balance. It appears to me that the balance is a debtor balance, and has been carried up as a debtor balance; but when last ruled off the balance appeared to be a credit balance, and there has been no transaction to alter it that I can see. I want your explanation. You see, when the account is ruled off in your annual balance on the 31st December, if you take the summations to guide you, they appear to confuse one more. I am not saying your balance is wrong, or that your ledger balances are wrong; only I wish to call your attention to this state of things. You will easily see that to a novice like myself it is confusing when one has to look into such a state of accounts?—I should like to call the Ledger-keeper. I cannot explain it.

280. Take folio 29—an important account—the Greymouth account?—That is one of the most important accounts in the Native Reserves Department we have in the office.

281. Look through that, and say whether it is kept and finished off under any rules of the service or under any proper system of ledger-keeping. You can go from folio 29 to folio 46—that is a long track of book-keeping to look over—and see whether the account is kept as it ought to be. I ask whether in any place or folio the summations would guide you as to the correctness of the balance?—It is defective in the same way as the others.

282. Taking the end of your last financial year, the balance you show here is £31 11s. 9d. The total summations would show a balance of £253 19s. 2d. I also draw your attention here to this extra blue-marked column. Are you aware whether this column is used for either debits or credits, or for both from time to time?—I cannot speak certainly about it.

283. I have discovered it is used sometimes for debits and sometimes for credits. What is the good of the column, looking at it as it is kept? Here is a long list of entries put into this blue money-column, occupying thirty lines, in small amounts. They tot up to £700 3s. 9d. They are carried out into the debit transaction column. Would it not have been as easy, without that blue money-column, to have had these entered at once into the debit transaction column?—The total is necessary to get at the balance.

284. True, but if you enter them into the proper transaction column you work the balance out in the same way, because you can take a slip of paper, and you sum the total up on the slip of paper and then deduct or add the total to the balance. Where, then, is the necessity for that blue column?—I do not see any great use for it.

285. Do you not think it is rather confusing than otherwise?—I do not think it is necessarily confusing, but I think it could be done without.

286. Considering the column is used either for debits or credits, is it not apt to be confusing? Supposing this blue column is used for either debits or credits for the purpose of carrying out grand totals, then is it not likely that the total may be carried into the wrong transaction column. I have come across instances during my examination where it has been so, and afterwards corrected?—My reply is, that it appears to me the nature of the entries made would guide the Ledger-keepers.

287. Supposing they were carried at once to the proper column, if this blue column were not in your ledger you would still have the debtor or creditor transaction column?—Yes.

288. Then, what is the use of departing from the usual and well-known custom of carrying the entries direct either into the one or the other?—I cannot see any great use for it.

289. Well, look over folios 29 to 46—nearly twenty folios. Is that account kept as you would like it?—No; it is not finished as I would like it.

290. Look at folio 63. Is that account finished off as you would like it?—No; it has the same fault as the others.

291. Look at folios 72 and 74. Are they finished off as you would like them?—No; there is the same fault.

292. Folios 85 to 90?—The same fault.
293. Look at folio 141. How is that kept?—The same fault.
294. Folio 195?—The same fault.
295. Now, turn to folio 309. Is that a large account?—It is.
296. Do you notice many pencil figures standing through the whole of that account, and memoranda?—There are pencil figures and pencil memoranda.
297. Would you have allowed those had you known it? The memorandum is rather important, "No further distribution of these rents," &c.—[No answer.]
298. Should that memorandum not be in ink, being important?—Yes.
299. Would you have allowed that account to be kept in that incomplete state had you known it?—No.
300. Turn to folio 372. At folio 373 there are what is termed "grant accounts," and they seem to be designated or known by numbers?—Instead of putting in the beneficiaries, we put in the name of the grant. The grant, as it is issued from the Crown Lands Department, is numbered, and we call the account by the name of the grant.
301. Would each account refer to more than one Native?—Yes; to many Natives. There would be a hapu.
302. Look at 372 and 373. How are these accounts kept?—The same fault.
303. No. 391—is that the same?—Yes.
304. Can you not discover several errors and pencillings there?—Yes; they are scored out.
305. Would you have allowed that had you known it?—It appears to me this is in strict accordance with bank rules—that is, where you make a mistake show it.
306. Now look at folio 395. Would "slovenly" be too severe a term to apply to that account?—Well, I should say it is not neat.
307. Turn to folio 446. Look at the red-ink rulings and pencillings in that account. Would you call that approaching to decent book-keeping?—No.
308. Would you have tolerated that?—No, I should not.
309. There are a great many more ledgers in the office, but I do not think I shall take up your time unless it is your wish that we should go through them together. I think I have shown you in the several ledgers I have brought under your notice the general style in which they have been kept in the office since the business came under your control; but if you are not satisfied that that is so I am now ready to go through the other ledgers with you?—I am satisfied. I see exactly where they have done wrong.
310. Then, in short, if you had had any knowledge that your ledgers were being kept in the incomplete style they were, would you have allowed it?—I should have had them brought in to me periodically, and examined for myself, and I should not have allowed the keeping of the ledgers in this way.
311. Who has the ordering of the books in your office? Are all the books for the office first sanctioned by you?—Yes. The method is this: The Accountant, who is at the head of this branch, tells me he wants certain books, and he suggests any alteration in the books that is necessary. I inquire into it, and sanction it. But the ordering of the books is by my direction.
312. I notice that a great number of your cash-books and many of your ledgers are expensively got up. The corners are bound with brass, and all have canvas covers. Do you find that necessary?—That was merely for uniformity's sake. I found that system when I came into the office.
313. Do you know what the extra cost is per ledger and cash-book through having these additional brass-bound corners and canvas covers?—I have not ascertained.
314. Has it occurred to you that the brass corners and canvas covers are rather in opposition to each other from the time they first come in contact?—I found the system, and I carried it on for uniformity's sake.
315. If I were to suggest that the difference in cost for this extra work in your ledgers would come to something like £1 per ledger would you think it extravagant?—I do think it extravagant.
316. Looking at the rapidity with which you may get through a cash-book, with the increase of work in your office, do you not think any ordinary cash-book, without brass corners or canvas covers, is all that is necessary for your purpose?—It appears to me that our books require very strong binding, because they have a great amount of use.
317. But the strength, I apprehend, is necessary at the back?—Yes; and therefore not at the corners.
318. And, if you notice, you will find the brass corners have objected to confinement and have knocked daylight through the canvas in a short time?—Yes.
319. And therefore for the sake of economy the canvas covers might well be dispensed with?—The canvas still protects the back of the book. I think it might be dispensed with, however.
320. You said there were six ledgers in use?—Yes, in current use.
321. And seven cash-books?—Yes.
322. Will you be surprised if I tell you that I have been through many more ledgers than six which are in current use in the office?—The only way I can account for it is that some of the old accounts have been brought forward.
323. I call a ledger in use if it contains any accounts that are not actually closed?—Yes; that is my meaning.
324. If that is your meaning, do you still think there are only six ledgers in use?—I take it the Accountant has required that, as to old ledgers containing old accounts, these accounts shall go on as long as there is room in the old ledgers—that is to say, he has economically gone to work.
325. I mean, every class of ledger you have?—So far as I know, there are two Intestacies,

two Wills and Trusts, one Real, one Lunacy, and then Miscellaneous, and then there is the West Coast Settlement Reserves and Native Reserves. There are eight in use.

326. Then, there are subsidiary ledgers?—Yes.

327. These ledgers are in use, too?—Yes; the Accountant calls them sub. ledgers.

328. Will you be surprised if I tell you that you have twenty-two ledgers in use in your office?—I should be surprised.

329. This is a list of the ledgers I have gone through: Estates in Office, No. 1, individual; A to L, No. 1, of the same series; A to L again, No. 1, subsidiary; M to Z, No. 1, individual; M to Z, No. 1, subsidiary; Intestate, No. 1, individual ledger; A to L, No. 1, individual ledger; M to Z, No. 1, individual; M to Z, No. 1, subsidiary; Intestate Estates, No. 1, individual; A to L, No. 1, individual; M to Z, No. 1, individual; No. 1, subsidiary; Real Estates, No. 1, individual; Lunatic Estates, No. 1, individual; "Civil Service Reform Act, 1886," No. 1, subsidiary; No. 2, subsidiary; Check Ledger, No. 4; Native and West Coast Settlement Reserves, No. 1, individual; Miscellaneous, No. 3, No. 4, and No. 5; Returned Cheque Deposit Account, No. 1, subsidiary; Expenses Account Imprest Account, No. 1, subsidiary; West Coast Settlement Reserves Advance Account, subsidiary; Auckland Hospital Reserves Sinking Fund, subsidiary. I have been carefully through the whole of these books—twenty-two ledgers—which you have in current use, inasmuch as each of them contains, if not much used, some account that is not closed or dead—what we term live balances. Do you not think all those ledgers are in some manner confusing? How could you be expected to look at all those ledgers every day or every week, with the great amount of work you have to attend to?—It would be absolutely impossible. I feel great diffidence in offering any opinion in matters of account-keeping, because I do not consider myself an accountant, and I have, since Mr. Moginie's appointment, required results rather than supervising current work.

330. Do you mean to say that you were not in a position to judge whether your present Accountant was a qualified accountant or not? I understood you to say you were not in a position to judge of accounts?—I consider I am not an accountant.

331. Very well: are you in a position to judge whether your Accountant or any accountant placed over the work of your office is qualified for the work?—Yes; I think I am qualified to say that.

332. Well, after seeing the books in their present state and condition, if you supposed that your books were kept in a proper way, after now going through those several ledgers are you still of the same opinion that they have been kept in a proper way?—No; they have not been finished off well, as a person accustomed to accounts ought to finish them off; but, as to the accuracy of the thing, I would stake my existence upon them.

333. How are you to prove the inaccuracy if on any particular day you wish to make a balance, and you find the books in that state, with the summations incomplete, and you have to be guided by the summations in order to indicate what is presumably a correct balance?—Instead of pointing it out at a glance, I should have to go through some figures to do it.

334. Do not suppose I am for a moment insinuating that your Accountant does not understand his work; but, presuming you have an Accountant who chooses to keep all kinds of unnecessary books, and he or any subordinate officer chose to falsify your books, how would you, judging from what your custom has been, expect to have prevented it?—By means of the Audit Department.

335. Now, seriously, looking at those ledgers you have been through with me, do you think that they were books containing important accounts that should have been passed by the Audit?—Well, I am unable to blame the Audit Department for the state of the books, for in my opinion the Ledger-keepers are responsible for their books, and they should have finished them in a book-keeper-like manner.

336. Well, I am asking, more for information for the Commissioners in framing their report, what you conceive to be the Audit Department's duty. You complain very much of the interference of the Audit Department in your work: what do you conceive to be, so far as your office is concerned, the Audit Department's proper duty?—The duty of the Audit Department, so far as I can see, is to make sure that every entry in all our books are accurate, to see that we pay no claim where there is no balance, or not sufficient balance, and to check certainly the annual accounts for Parliament, and every public account that goes out. Perhaps I had better make myself a little more clear. They have to see that every entry is accurate, and I should say that they ought to see that all our commissions are properly charged, and they should check the account which is prepared for Parliament annually, and see that our balance-sheet is correct.

337. Do you know anything yourself about auditing accounts?—Very little.

338. You never had to conduct an audit?—No.

339. Then, do I understand you that if errors were in your books from careless or wilfully-bad book-keeping, would you expect the Audit Department to discover these errors?—Oh, certainly!

340. So, in point of fact, you have relied in most respects upon the Audit Department overlooking the style and mode of your book-keeping?—Scarcely the style and mode, but the accuracy of the entries.

341. Well, after what you have seen to-day, and the absolute want of summations and want of completeness you may see throughout your ledgers and cash-books, which are the most important books in your office, are you surprised that your attention was not called to the fact by the Audit?—I am very much surprised now that my attention has not been called to it; but I should have expected the Accountant to call my attention to it rather than the Audit, unless it were done through the Auditor-General. I have no power to give Audit officers instructions, and I do not do it.

342. Now, putting aside the Audit Department for a while, what mode have you adopted since your connection with the office as its head of checking the proper entries in your books, of detecting wrong entries, or of checking the correct mode of making the entries, and the correct mode of keeping the books in your office? In short, what mode, if any, have you adopted for this purpose?—I per-

sonally have adopted no mode. I found a system of accounts in vogue when I was appointed to the office. That method, I believe, was settled upon after due deliberation by the late Public Trustee, who was himself a very good accountant, and the Controller-General. I accepted that method without question. I applied for and obtained the appointment of a clerk in the Treasury, who was very highly spoken of, and who was appointed Accountant in the office. The Audit Department have, of course, daily supervised the entries in the financial part of the office, but personally I have relied entirely on the Audit Department and the Accountant.

343. Then, had it not been necessary for the Audit Department to have overlooked your accounts and book-keeping, would you have paid more attention to the working of these accounts in the office?—Entirely so, because the responsibility would have been then on me. It is, as a matter of law, on me at present; but, seeing that the Audit officer is in the office half the day, I have a right, as I submit, to rely very largely on the Audit Department.

344. But, supposing, with your multifarious and onerous duties in your own office, outside the Accountant's office, you should not have had time to give that attention to the book-keeping part of the office, what steps would you have taken?—I must have had skilled assistance, because it would have been absolutely impossible for any one himself to have managed the two branches.

345. Now, is it not a fact, Mr. Hamerton, that you from the very first have relied entirely on your book-keeping staff and your Accountant in respect of that portion of the Public Trust Office?—Yes, it is—assisted by the Audit Department.

346. Then, did it never occur to you to look into the practical working of the Accountant's and book-keeping department?—It did not, because I must admit that the Accountant knows much more about book-keeping than I do; and from his training, from his service of very many years, always about accounts, it was natural to suppose he must know much more that I did about books.

347. Then, if the Accountant has used any unnecessary books—in fact, has practised a system of over-book-keeping—you would not, under those circumstances, have been in a position likely to detect it?—No; I do not think so.

348. So that really it rested with the Accountant to follow the bent of his imagination and to pursue any system or style of book-keeping which he led you to believe was the most convenient for working the whole business of the office?—That is so.

349. I notice in your style of book-keeping—and I think it is by the requirements of the law—that you have one account called "Expenses Account." To that account all your profits go, and all the expenses of the office are charged against it?—Yes.

350. Is it not usual in an expenses or expenditure account of any office that charges alone should go to that account—that it should contain no credit balance unless they were actual refunds that had between balance and balance been charged to that account?—I do not know that I thoroughly understand the question. The Public Trust Office Expenses Account is a statutory account.

351. Is it not usual in all firms' expenses, or expenditure account, as it is sometimes termed, to confine the entries in that account to debit charges only as to the salaries, working expenses of the office, law charges, expenses of fuel, gas, and so forth?—I believe that is so.

352. Well, looking at the way you keep your Expenses Account, how do you show your actual charges of the office for the year?—You cannot do it without great difficulty.

353. And it is never done?—It is not done.

354. So that your balance-sheet is not a true statement of the working-expenses of the office?—It is a true statement, but it contains other items.

355. Does it not contain a number of credit items?—Yes.

356. Supposing your Expenses Account was confined to debit charges—that, instead of putting credits, in the shape of commissions, and interest, and profits received by your office, to the credit of that account, you put those to separate accounts; and supposing they were in one part of your ledger, and you had your Expenses Account in another part of the ledger, containing actual charges, exclusive of salaries, of the working of the office, then would it not be more desirable to have a system showing exactly these debit charges? Looking at the whole credits of this office that go in the end to the credit of Expenses Account, it is impossible under the present mode, unless you take the trouble of picking out the many items of charges, to show the true expenses of the office for the period between balance and balance?—That is so.

357. Have you ever represented to the Colonial Treasurer at any time the increase of work in this office, consequent on the increase of business?—Yes.

358. Have you ever made any recommendation as to altering the present mode of keeping the accounts, so far even as I have just referred to?—No.

359. Or any alteration in the arrangements of the office to facilitate the better working of the Public Trust Office?—Oh, yes! I have made recommendations upon matters unconnected with the accounts, but have not made recommendations connected with the accounts.

360. What were those recommendations?—Some time ago I recommended that there should be three superior officers—the Public Trustee, Deputy, and Assistant, in order that the business of the office might be expedited and delays obviated. Again, I recommended the appointment of a solicitor in 1886.

361. Tell us what your Solicitor does outside of his professional duties in regard to your office duties?—I consult with him on matters of administration where there is more than ordinary difficulty; and since this Commission has been sitting I have handed over files of papers to him to answer what letters are necessary, as I have not had the time to do so.

362. What is his knowledge of general business?—I think he is credited with a knowledge, and I believe rightly so, of business and business aptitude.

363. What commercial knowledge does he possess?—He was managing clerk for a firm of solicitors in Dunedin for many years.

364. What insight did that give him into matters commercial, of which a large portion of your business seems to consist?—I do not know, I am sure, where he got his knowledge, but I believe he has considerable business aptitude.

365. Tell us what he does specially in a professional way for you? Does he save you from the necessity of employing outside professional advice?—Not altogether.

366. Does he to any extent?—Oh, yes! to a considerable extent.

367. Do you keep any account or record showing to what extent his services in a professional way have been of value to the office?—No; except on the individual estate papers.

368. How long would that take to get at?—It would involve the turning-up of all records since October, 1886.

369. You have never, since you have had the Solicitor in your office, kept an account to show to what extent he has saved the office from going outside for professional advice?—I have never kept special account.

370. Can you give any idea?—All the opinions for which I used to employ a solicitor are now given by the Solicitor in the office; the preparation of affidavits, powers of attorney where wanted for England, and many other legal matters of that kind.

371. Do you think it is desirable, looking at it in a general way, to have a solicitor attached to your office as a part of its staff?—My opinion is, that it is necessary.

372. Why?—For this reason: When I required opinions, there was great delay. I had to wait one day, two days, three days, perhaps more. Now I can obtain an opinion in five minutes.

373. Is an opinion of that kind acquired within five minutes worth the money?—Well, it entirely depends. Some opinions take days; others may be obtained in a very short time. What I say is, that there is a very great saving of delay by having a solicitor on the establishment. All the applications for orders in Court and petitions to Court, lunacy applications, &c., are attended to by Mr. Wilson.

374. Has it never occurred to you that the fact of having a solicitor on your office staff is rather apt to engender a bitter and jealous feeling against the office with the legal profession, from which you might hope to gather a large amount of good and paying business?—That is the only objection.

375. Is it not a very strong objection?—It is a very strong objection.

376. You say it is convenient to have a solicitor on the premises?—Yes.

377. That convenience, I presume, is marked by degree—that is, as to the difference of time it would take to send to a solicitor in any part of your city?—Yes; and on the amount of leisure which at a precise time he may have.

378. Has it not occurred to you that a solicitor tied to and employed on a commercial staff is very apt to get, I may say, out of touch as to what is going on in his profession unless he is in active practice, and that his services therefore in a professional light may not prove to be of that value which you suppose?—No, it has not occurred to me; and a solicitor in such a position would take good care, and does take good care, I believe, to bring himself up to the times by reading.

379. I am merely putting these questions, as doubts on the subject occur to me, for your consideration. I wish to say this: that I, from personal knowledge, have a very high opinion of the gentleman who is with you, as I had much to do with him in early days, when he was managing law-clerk to a large firm, in matters concerning his profession. But let us also look at the appointment under an economical as well as in a useful light. Is it a saving to the working of the office?—In a sense it is, because it is a very great saving to the estates administered.

380. What salary do you pay your solicitor?—Five hundred pounds a year.

381. And he gets no fees otherwise?—No fees whatever.

382. Are you not aware that an office like this could, by asking, get the choice of solicitors' firms in this city to do the whole of that business, so far as consultations and minor matters are concerned, at a fixed sum of certainly not more than £100 a year, on the understanding that where securities and other business had to be prepared and conducted, that business of that kind should go in the way of their firm? I know of the arrangements I have seen made with business houses and solicitors' firms in that way. What is your opinion?—I have not considered that aspect of the case, because I have always endeavoured to put as little expense upon estates as possible.

383. In that respect I quite believe you. The Commissioners have no doubt that that has been your object. But I want you to consider the matter of the appointment of the solicitor in that way, and that is why I ask you whether the business of this office—the ordinary consultations and so forth—should not be done by an actively-engaged practising firm—one of the best firms of your city—if you could get that business done on something like the terms we have just discussed, the solicitors taking other business in the usual way which does not directly concern the office, provided that all business was done as reasonably as it would be done by any solicitors' firm. Would that not be a better arrangement, and cheaper?—It would be cheaper, I believe.

384. Well, if it would be cheaper, would you not have the advantage of getting the advice (I am not alluding to any particular firm) of a firm who would be actively engaged in the midst of the profession; and you would be, as it were, *au courant* with the feeling of the whole profession in the interest of the Public Trust and the profession?—That would be a great thing to gain, no doubt. May I say that I will consider that.

MONDAY, 13TH APRIL, 1891.

Mr. R. C. HAMERTON, Public Trustee, further examined.

385. *The Chairman.*] Mr. Hamerton, I think you left off on Saturday in reference to the appointment of the office Solicitor and the Solicitor's duties in the office, and you said you would consider that point as to whether it is desirable to continue a solicitor on the staff. I do not want

to press you for an answer to that to-day, but you will have an opportunity later on of informing the Commission as to your views upon the subject. And now that leads me to this question: How was he appointed? Had you recommended the appointment originally? What was the occasion of the appointment of a solicitor in the first instance on the staff of the Public Trust Office? Had you recommended such an appointment?—I had recommended it when Sir Julius Vogel was Colonial Treasurer. Mr. Alexander Bathgate, of Dunedin, was first recommended by me, and it was approved. Sir Robert Stout was then Premier, and the matter was referred to him. He had approved of Mr. Bathgate's appointment on my recommendation, but Mr. Bathgate declined the position for the salary. Sir Robert Stout then suggested two names, one of which was Mr. Wilson. I made a special journey to Clyde to see Mr. Wilson, made inquiries, was satisfied, recommended his appointment, and he was appointed.

386. When Mr. Wilson was appointed he was in active practice at Clyde, I understand?—Yes; and had been for many years.

387. Well, now, about appointments to your staff generally. You yourself have these appointments made?—Yes. I recommend them, and the Colonial Treasurer approves.

388. Where are the officers chosen from?—Several of the officers have been taken from the Property-tax Department, which department had very large experience in a great number of men. Those who were appointed were strongly recommended by the officers of the Property-tax Department.

389. Do I understand you, then, that in the event of your requiring new officers or an increase on your staff you must look to the Civil Service to select them from?—Yes; unless I take them as cadets.

390. Then, you have the power of taking cadets from outside the Civil Service?—Yes; but the appointment of cadets is very much restricted by the Civil Service Reform Act of 1886; and the practice is this: If I am in want of a cadet I write to the Under-Secretary stating my wants. He then refers to a gazetted list containing the names of those who have been successful in passing the Junior or Senior Civil Service Examination. He informs me that the name next on the list is some boy in Auckland, Dunedin, or anywhere else. I then write to this boy and offer him the appointment of cadet, naming the salary to be paid. If the boy accepts, and the Minister approves, he comes to the office. If he does not accept, the name next on the list is then furnished to me, and I write to that boy; so that I have not the remotest notion of the qualifications of the boy until he is in the office.

391. In other words, any accessions to your staff must come from the Civil Service in some form?—Yes; that is so.

392. If you want a qualified accountant or a qualified book-keeper, you must apply through the Civil Service for one to be found for you?—That is so. In other words, I could not appoint an outsider to the important position of accountant or book-keeper in the office.

393. Are good accountants or book-keepers plentiful in the Government service?—By no means. The very nature of their work does not qualify them as good accountants.

394. Does not, I understand you to mean, give them that practical training which your office requires?—That is so.

395. You were appointed, I think, by Act of Parliament?—Under an Act of Parliament. Not, of course, individually. The Public Trustee is appointed by virtue of "The Public Trust Office Act, 1872."

396. Then, I take it, you hold your office subject to the will of Parliament?—Yes, during good behaviour.

397. Now, what do you consider your duties are as the head of the Public Trust Office? Will you give us your ideas as fully as possible? The work is so general, so various, so multifarious in its character, that we should like you to tell the Commission what you consider your duties are as head of the Public Trust Office, because it is well that these should be defined?—It would take a long time to define them.

398. I will put the question in another way. Do you consider yourself, in the position you hold, responsible for everything that takes place in connection with the Public Trust Office?—I must hold myself responsible. There is no doubt that I am responsible.

399. Do you think the Public Trustee is able to overtake and cope with all the responsibilities in connection with the Public Trust Office under its present arrangements?—I am very strongly of opinion that the responsibility devolving upon the Public Trustee is greater than any single man should be asked to bear.

400. Do you think that the work and business, and the responsibilities which they entail, in connection with the conduct of the Public Trust Office are even at present more than one man can cope with?—I do.

401. Have you ever represented that to the Government?—I represented it to the Colonial Treasurer in 1885 or 1886, where I represented that there should be a deputy and assistant; but as I said in that memorandum that legislative authority would be required, I would in the meantime ask for the appointment of a solicitor. That was the occasion which led to the offer being made to Mr. Bathgate, and to the subsequent appointment of Mr. Wilson. I also recommended to the late Treasurer that the office should be placed in commission—placed under three officers analogous in their constitution to that of the Railway Commissioners—and a Bill was prepared to carry out that idea, with other recommendations that I made, in 1890.

402. Was that Bill approved by the Government?—No, I cannot say it was approved by the Government: it was approved by the Treasurer of the day.

403. Have you got a copy of that Bill?—Yes.

404. Has any other Bill been prepared since?—Not since that Bill.

405. Will you be able to let the Commissioners have a copy of that Bill?—Yes.

406. Then, you are alive to the fact that you are responsible for everything that takes place in the office in connection with the business of the office?—Unquestionably so.

407. Can you find time to give that proper supervision to the book-keeping of the office that should be given to it, looking at your other duties?—No, sir, I cannot. Perhaps it would not be wrong for me to state here that ever since I have been appointed Public Trustee the labour on myself has been extreme, excessive, and it would be perfectly out of the question my attempting to supervise more than I do at present.

408. Then, will you kindly state how your time is occupied?—Every letter which comes into the office, after being recorded, goes to the Ledger-keepers. They make their entries in their books, and give me such information on the face of the record as will enable me to grasp the thing without undue reference to former papers. With the exception of a few formal matters, every letter received comes before me for direction what action is to be taken, and it is in the giving of those directions and considering what action should be taken that my time is taken up.

409. I suppose you are engaged very closely a great many hours every day?—I think it would be safe in me to say that there is never ten minutes of any day that is not very closely given to the working of the office from 9 to 5, and very often later.

410. Have you been able to overtake the work devolving upon you, as you have been practising it, during those working-hours, or have you found it necessary to work in the evenings?—Often—very frequently indeed. I have been obliged either to take work home or to return to the office.

411. Have you had much night-work?—Before Mr. Wilson was appointed it was constant, but since his appointment he has taken what I may term the legal business entirely out of my hands, and I have been relieved to a very large extent.

412. But in order to overtake the work you have still to work during the evenings?—Yes.

413. Do you think it would be desirable, if your time permitted, to occasionally visit different parts of the colony where the Public Trust Office is doing, or is likely to do, business?—It is very desirable it should be so; but there is one very great difficulty on that head, and that is, I am advised a meeting of the Board cannot take place without my presence. Now, on three or four occasions when I have been absent from Wellington it has happened that deeds of a more or less important nature have come in for execution from various solicitors. In consequence of my presence being necessary at every Board meeting these deeds, of necessity, have had to be held over until my return, and dissatisfaction has been engendered in consequence of that delay. Naturally, therefore, my visits to places outside of Wellington are made as short as possible, and I have not found myself enabled to spend the time at distant parts of New Zealand which it is very desirable the head of such a department as this should spend there.

414. You have told us that your time is very fully occupied during office-hours, between 9 and 5. Now, supposing you had not the hindrance of the Board or Boards to which you have before alluded, would you then have been able to have paid those visits, looking at the duties that you have recounted to us which you have to attend to here at the Head Office?—I think I should have been enabled to arrange that the Solicitor and the Chief Clerk should have performed such duties—almost all my duties. There are some they could not do. But I could have arranged with them to carry on the office during more protracted visits than I have been enabled to make. What I mean is this: that I think I should have been enabled, with the assistance of the Solicitor and Chief Clerk, to have been away from Wellington for longer periods than I have been.

415. The business of the Public Trust Office you find increasing almost daily?—That is so.

416. Have you occasions daily to be interviewed by people?—Very largely so.

417. Then, under those circumstances, I presume it is desirable, on the other hand, apart from your visiting the country, that you should be about as much as possible in your office?—Yes, it is so.

418. So that, while it is desirable that periodical visits should be paid by the head of the Public Trust Office to different parts of the colony, it is also desirable that the head of the office should be continually about?—No doubt.

419. Was that running in your mind when you made the suggestions you did to the Treasurer in reference to appointing a Commission or Deputy?—Well, the main idea I had in my head then was the saving of delay caused by the weekly meeting of the Board; and, further, the benefit of consultation which three men would have in directing the affairs of the office.

420. Three men would be a large number for an establishment like this, with co-ordinate powers. Would two not answer?—Two would no doubt answer; but in my recommendation I had the idea of one of those three carrying on the legal business of the office, and the other two managing the financial and commercial branches of the institution.

421. Then you say that under present circumstances it is impossible for you to give that daily attention, or weekly attention, which is necessary to the books and general working of the office?—That is so.

422. In looking through the cash-books, I notice that you stamp your initials and name, as occasions may require, on the folios?—Yes.

423. That—I mean your signature—I apprehend, is required by the Act—that you should sign your name?—That is so.

424. What does the Act say?—Section 34 of "The Public Trust Office Act, 1872," says,—

The Public Trustee shall keep a cash account-book, in which shall be entered each day all receipts into and payments out of the Public Trustee's Account, in the order in which they severally occur, and at the close of business on each day the Public Trustee shall sign the said book, and send it to the Commissioners of Audit. And the said Commissioners shall forthwith compare the said book with the bank pass-book, and if any discrepancy appear which is not explained to their satisfaction they shall forthwith report thereon to the Colonial Treasurer.

425. Of course, I see there is nothing in that Act which requires you, before signing the book, to see that the cash-book is ruled off, the summations made, and the balances brought down?—There is nothing.

426. Therefore, if the mere form of keeping a cash-book is gone through and entered on both sides, debit and credit, whether completed or not, the requirements of that section of the Act merely asks you to sign at the bottom of the folio?—That is so.

427. Have you always signed these cash-books in that form?—I have always stamped them, not signed them.

428. What is the stamp?—An indiarubber stamp with my name.

429. I notice the Audit Department uses a similar process of going through the form of signing?—Not in the cash-book. Mr. FitzGerald signs with his own hand.

430. But do the officers of the Audit Department sign or use a stamp?—They use a stamp, but not in the cash-book. They use a stamp on the requisitions and vouchers.

431. Do you think the form of stamping a compliance with the Act, instead of writing your signature?—Scarcely.

432. Would your banker pay a cheque on that form of stamping your name in lieu of signature?—I can answer that question by stating the practice. A requisition is made out containing a dozen or many more claims to be paid. What we call the bank order is signed under the hand of myself and the Controller and Auditor-General. That requisition may require action by the bank in twenty or thirty places, and is accompanied by an order on the bank at each of these places, to be signed by the manager in Wellington. The bank order is signed by myself and the Auditor-General, and these directions to the local banks are stamped by me only, and cheques are paid under those circumstances.

433. But, as the Act says distinctly that the cash-book shall be signed, you do not think the form that you have been so long practising, of stamping, is a compliance with that Act?—Not a literal compliance.

434. It would not be accepted in a Court of law?—I am not quite sure of that.

435. Well, seeing that the Act does not require you to see that the cash-book is properly added up and balanced before you attach your signature, what is the object or use of your being asked to do that?—None whatever.

436. Is not the whole thing an absolute farce?—It is.

437. How often are your cash-books written up and balanced?—Well, I think I may say daily—that is to say, the general cash-book is totalled up and balanced daily.

438. I mean, are you in a position to say that you can take your cash-books to-morrow morning, and that you will find the work of to-day all written up, and balanced, and ruled off?—No; I am not in a position to say so, because the matter does not come before me.

439. Do you presume to think that they are written up every day? That is to say: your office closes at 5; could you at 6 o'clock, or later on during to-day, find the work of to-day written up?—I think it should be, but I cannot say it is so.

440. If I were to say to you that I have found cash-books several days behind in being written up, would you think that likely?—I should not think it likely; and if it did occur I should say it was a breach of the law.

441. How often are your ledgers written up?—In looking over the cash-books on Saturday I see that the entries in the ledger have been made. If not, I require to know the reason.

441A. Do you look to the ledger and see that the entry is in the ledger?—No.

442. You merely take a figurative mark in a column which is supposed to indicate that these entries have been carried elsewhere, presumably to the ledgers?—Yes.

443. I think I understood you to say that your ledgers were so numerous and increasing, and your cash-books too, that many of the Ledger-keepers had each a cash-book to himself which he had to keep?—That is the present system, that each Ledger-keeper has his own cash-book.

444. I might preface this question by giving my opinion that you, I thoroughly believe, have had a very honest body of officials in your office, who have desired to do their best. But has it never occurred to you that it is rather a weakness in the system of book-keeping, allowing the Ledger-keeper to post the cash-book?—No; it has not occurred to me, because no entry can be made on the debit side of the cash-book unless the Accountant has signed a receipt for the money. The Accountant signs the receipts for all moneys received.

445. But instances of signatures being put on receipts purporting to be the signatures of other individuals have occurred in certain places before now?—Yes.

446. If the Ledger-keeper were disposed to falsify his ledger, which can, or ought only to, contain entries that have gone through the cash-book, if he keeps the cash-book also will it not be much more easy for him to do so than if the cash-book were kept by one officer and the ledger by another?—I do not think so, under our present system, because the Ledger-keepers do not give receipts for cash.

447. It is not necessary, in order to get money and to make away with money. Receipts are very easily manufactured. In your experience of life, you have known instances where the greatest care has been taken, and, notwithstanding the necessity of receipts, there have been mystifications in books. Supposing your cash-books were kept by one officer or two officers, whose duties it was to keep the cash-books, and your ledgers by one, two, or three officers whose duties it was to keep the ledgers, before there could be any mystification or falsification in the books there would have to be collusion between the cash-book-keepers and the ledger-keepers?—Yes.

448. But under your present system the Ledger-keepers who keep their own cash-books have the thing in their own hands?—Yes, they have the entries in their own hands, but have nothing to do with the cash.

449. You seem to think that if you have got the cash under lock and key the office is perfectly safe from any fraud. Now, I wanted to show you that such things have taken place in large houses in all parts of the world, where the actual cash has been under several keys, but the books have been so mystified that, if they have not got the money directly, they have indirectly, and liabilities have come upon the office that had to be recognised?—Yes.

450. I notice the Audit Department have signed books here where the summations have not been made?—I have not noticed it. The Auditor-General signs the general cash-book.

451. Can you tell me what ledgers your balance-sheet is taken from?—It is taken from all the ledgers.

452. I have got a list made out here of twenty-two ledgers?—Including, I suppose, subsidiary ledgers; but the balance-sheet must be taken from the class ledgers.

453. By class ledgers you mean the individual ledgers?—Yes; ledgers containing individual accounts.

454. What is the object of your Check Ledger?—The Check Ledger is supposed to show us that the entries in the individual ledgers are correct.

455. How is the Check Ledger supposed to show you that?—The totals of the individual ledgers are carried into the Check Ledger.

456. Under what headings?—I can give you some of them: Intestacies, A to L and M to Z; Wills and Trusts, A to L and M to Z; Real Estates; Lunatic Estates; Miscellaneous; and the West Coast Settlement Reserves and the Native Reserves.

457. Are those totals carried from the individual ledgers under an equal number of headings into the Check Ledger?—I am afraid I am speaking on a subject I do not thoroughly understand. The totals are carried from the cash-book into the Check Ledger, and the items composing these totals are carried into the individual ledgers from the cash-book, so that the items in the individual ledgers should equal the totals carried into the Check Ledger.

458. Have you as many accounts in your Check Ledger as you have in your individual ledgers?—Oh, dear! no.

459. Under what headings do you take entries into the Check Ledger?—Intestacies A to L, Intestacies M to Z, Wills and Trusts A to L and M to Z, Real Estates, Lunatic Estates, West Coast Settlement Reserves, Native Reserves, Miscellaneous.

460. How do you use the cash-book in connection with the Check Ledger?—We carry the totals of the classes into the Check Ledger from the cash-book.

461. And what are the entries made from the cash-book into the individual ledgers?—The items comprising those totals.

462. Then, what do you do with your Cash Account as regards the Check Ledger?—[No answer.]

462A. If you do not know of your own knowledge, and lead me to infer that I must get all that information from the Accountant or other officers, of course I can understand it?—I would much rather the Commissioners would ask the Accountant, because he is thoroughly well versed in these matters, and I am not.

463. Would you prefer that in further important matters in connection with the books of the office the Commissioners should address themselves to the Accountant and the staff?—I would so prefer it.

464. Because it is better to be plain. It is no use worrying you about the books if you do not understand them?—It is a branch I have given entirely over to the Accountant and the Audit Department.

465. You have got a set of ledgers, small in their kind, "Petty Cash and Imprest." Do you know of that series of ledgers?—No; those are under the Accountant.

466. You do not know their object, or anything about them?—No.

467. Did you ever see this little book, "Bank Lodgments"—the size of a bank pass-book?—Well, it is in the Accountant's handwriting.

468. Have you looked through this book? This is a lodgment-book—the beginning of another series of lodgments in the bank. Do you approve of it being scratched through with red ink, as if upon a book of no use?—I take it it is a simple memorandum-book to assist the Accountant.

469. According to your own business knowledge, if it is necessary in an important office like this to keep a book of memoranda, or for any other purpose, should it not be a book that is kept in a proper form, so that it can be preserved for all time for reference?—No doubt.

470. Could you make anything out or understand what it means by referring to that book?—I could not. I never saw it before.

471. If you had, you would not have allowed it?—I may say I am entirely ignorant of its purpose.

472. If a book is figured with important amounts, then crossed out and re-crossed-out, it is not what you could take and say, "That is my evidence." In short, how can it be evidence in a Court of law when it is all crossed out as if the entries were errors?—It all depends what the crossing-out means.

473. If a book is worth keeping for the necessities of the office, it should be kept in only one proper form?—True.

474. Then it is no use my taking you through this other set of ledgers?—No.

475. Nor the Returned-cheque Ledger?—No.

476. Did you know there was a Returned-cheque Ledger?—I did not.

477. You do not know the ramifications and uses of a great number of ledgers and other books now in use in your office?—Of many of them I do not.

478. You told me that the system of having books brass-bound and canvas-covered was to make them uniform?—That is so.

479. I notice you have not introduced the canvas covers upon the terriers?—No; it was not an institution of the department under Mr. Woodward.

480. Then it was not thought necessary to protect them with canvas covers?—No. They are very much smaller books, to begin with, and are not so often used.

481. Is it not the function of a terrier-book, besides giving the particulars of a property, to give

the plan?—No; I should say not. Our property-book under the Native Reserves Act does contain the plan; and, by the way, our terriers under the West Coast Settlement Reserves Act also contain the plan.

482. It is generally understood in England and Scotland, where it may be necessary to keep a book called a "terrier," that it shall contain not only the description of the property, but the plan?—We have not found the necessity of it.

483. However, I suppose, without such a mystifying name, a mere record-book of properties would answer all the purposes which this book you call "terrier" does?—A rent-book would answer the same purpose. That is to say, if the terrier were called a rent-book it would suffice.

484. When you make your annual balance on the 31st December, how do you treat your agents for any moneys in their hands? When you strike your annual balance here at the Head Office, what do you do in respect of the moneys in their hands? Do you show it in any part of your balance outstanding?—They are supposed to have all their cash banked on the last day of the year, and we take cognizance of that.

485. Supposing any of the agents have money in hand which is held over from the last day of the year, can you discover it?—We should discover it by the next rent or other returns, and by the cash-book of the succeeding month.

486. Is it not necessary that the agents should make a balance of their accounts on the 31st December such as you do, and send you a copy of that balance?—If they obey orders there is no necessity for it, because all the money will be in the bank, and there will be no return to make.

487. I see you have opened a branch at Christchurch, to which one of your own officers has been appointed. When you balance how will you treat Christchurch branch?—He must obey that order, and have everything in the bank.

488. Will he have no liabilities there?—None. Agents can have no liabilities.

489. Will he have no cash in the bank?—Yes; it will be in our balance.

490. How will you show that cash in hand in the Christchurch branch on the 31st December? Say, for example, that we have just closed the 31st December; Christchurch has closed its balance on that day, and has £1,560 to its credit at the bank. How do you show that in your balance at the Head Office?—The money is paid into the Public Trustee's Account at Wellington.

491. Do I understand you to say that Christchurch or any other branch would have nothing in hand on your balance that would be shown separately on your balance-sheet?—If he obeys instructions the money is paid daily into the Public Trustee's Account at Wellington. So that agents have never a farthing to their credit.

492. How do they commence the 1st January—bare?—Bare. The agents have no power of disbursement, except this agent at Christchurch.

493. The others, then, are mere ordinary agencies?—Yes.

494. I want to get at your idea of how you are going to manage Christchurch branch and any other branches that you may open?—The district agent at Christchurch will pay in all moneys, exactly the same as all other agents, to the credit of the Public Trustee's Account in Wellington. The district agent at Christchurch will have, on the 31st December or on any other day, some moneys belonging to his Imprest Account. This Imprest Account will be operated upon by him. He will only have a balance of his Imprest Account on any day.

495. On the 31st December we will presume he had a balance to his Imprest Account. Well, how do you deal with that in your balance? Do you show Christchurch debtor to your office?—No; it is shown under the head "Imprests."

496. Then it does not show in what part of the colony these imprest balances may exist?—The published account does not.

497. I want to see how your usual balance-sheet could be improved upon so as to show the public at a glance where your moneys are and how disposed of. But if you take a credit balance for imprest for any agent, and it is mixed up with other imprests in your balance-sheet, we and the public are in the dark?—That is so.

498. Do you not think it would be an improvement if the mode of book-keeping in that respect were altered?—I do. It is only fair to say I have not had a year's experience with Christchurch.

499. What you have stated now is what is running in your mind as to the plan that would be adopted?—Yes.

500. You told me you could not say whether the balance could be made out from the Check Ledger, or which ledgers it could be made out from?—I should not like to give an answer, as I might be wrong.

501. Can you tell me the use of the Assets and Claims Ledgers as clearly and as fully as possible—that is another new series of peculiar ledgers that have been opened in your present Accountant's time?—The Assets and Claims books were inaugurated in order that the Ledger-keepers might have at a glance, by opening these books, a record of the properties belonging to an estate, and on the right hand the claims preferred against the estate. The obvious benefit which has accrued is, that the Ledger-keepers shall not be frequently turning up the letters which have been received, and expending time in turning over the leaves of these records, in order to find out what a page in their Assets and Claims book can show them; and in the preparation of numerous returns for the House we have found a very great advantage in that system. A return which is now being prepared for the Commissioners has been ready for some time as far back as 1881; but previous to that, from 1881 to 1873, we have to turn up every single record bearing on those estates to find out from the sheets in each record the information we want.

502. You have money-columns in these books, ruled as ledgers?—Yes.

503. Are they kept on the debit-and-credit principle, or are they considered as mere memoranda?—They are considered as mere memoranda.

504. Then, do the entries in those ledgers, Assets and Claims, and the amounts, go through your individual ledgers?—No.

505. I think they must?—They may go through, but are not marked off in the same way.

506. Has the Assets and Claims Ledger any use in the direction of balancing the accounts in your office?—Not a bit. It merely contains memoranda for information.

507. Have you looked through these books?—Yes.

508. Have you noticed how they have been kept?—I have.

509. Would not a register, even without money-columns, of the business of the day, in alphabetical order, serve all the purposes of that book?—No; the register you suggest would not bring the property into a ledgerised fashion—that is to say, we could not tell how much property a man had.

510. Would not the ledger tell?—No; the ledgers do not tell the property unrealised; the ledgers tell the property realised.

511. Would not a register of the particulars of the property, showing what was unrealised, disclose all that was necessary?—I do not think so. For instance, on one page we would have, Smith, say, a fixed-deposit receipt, some shares, and probably something else. Then, a week, ten days, or a month after, you will have the same Smith, with some cattle, horses, &c.

512. Cannot all that be written in an ordinary register?—Yes; but you would not have it under your eye at once.

513. What is the use of those money-columns when there is no debiting or crediting?—It does not profess to be a ledger.

514. But it is ruled as a ledger, and in the form of a ledger?—No; we call it Assets and Claims, merely for the purpose of having on one side properties in the estate, and on the other the claims against it.

515. I still want to know whether an ordinary plain register would not give the same information, and be less puzzling to understand, if written up with these particulars from day to day?—The form of a journal would be less convenient to us than the form of a ledger.

516. Why?—Because we want, under the name of an estate, what the property of that estate is.

517. Could you not get it in a journal?—No; because you would have your entries in a dozen places instead of one. If a journal entry, your entries may be in a dozen different places; if a ledger entry, they must be in one page. And if I understand you rightly, entry day by day, you would have entries in many places, whereas this gives the entries in one place.

518. *Mr. Macdonald.*] Are we to understand that this book shows the story of an estate so far as its assets and claims are concerned?—As are reported.

519. Do I understand that you could turn up and tell the position of an estate at any time?—No; it is simply memoranda of property reported to the office at various times. It professes, also, to give how much of the property has been realised.

520. There is a series of headings all through this book which do not appear to be filled in. What is the object of putting the headings unless they are filled in?—None whatever: but apparently the Ledger-keepers have not found the information which it was thought desirable to have before them to be necessary.

521. So that the details of the book, as printed, are not carried into effect?—No. This was an experiment. There was no such thing as this before 1881, and it was pencilled out, and it appeared to me very desirable that the Ledger-keeper should have this book. I think Mr. Moginie was the author of it, but I am not quite sure.

522. Clearly, I think the original idea that you should have the page of an estate indexed is very necessary. It is necessary to know the particulars for which these headings have been printed; but none of these things are here. It is the exception all through to find either the index folioed, or the death of the persons, or any information of that kind. It is the exception rather than the rule to have the headings filled in; so that you might dispense with that and go to the original papers. This seems to be intended for something more than that. We will take two or three estates at random. You say the practice has been to fill in the Assets and Claims book the whole of the assets in each estate that comes into the office?—That is supposed to be done.

523. Take page 142, Estate No. 2,343. It professes here to consist of certain life policies to the amount of £800; debts due, £12 16s.; jewellery, £5; realty, £120; stock, £200. Now, if you refer to the papers of the estate, the examination of the papers does not show that this is accurate?—This is the Ledger-keeper's work, and he will give you the exact reason for the difference. That particular Ledger-keeper is an extremely cautious and particular man.

524. I understand you do not know anything of the details of the books?—No; these are books kept by the Ledger-keeper, and I never see them unless I have occasion to call for them.

525. Since we have been sitting here a complaint has reached us from one of the creditors with respect to the administration of this estate. On an investigation of the estate it appears that, instead of £12 16s. debts due to the estate, there was £951 altogether, according to the statement made by your own agent, and the details of which are here, with a statement that they are not very valuable?—They are publican's debts.

526. There appears to be one of them for £200 or more. You appear to have had considerable trouble about this estate?—A great deal.

527. Will you tell the Commissioners why no effort was made to collect that £951?—It involves going through the papers, but I shall do so with pleasure.

528. One of the complaints against the department by the creditors is, that no effort has been made to collect that £951, and there appears to have been no effort, judging by the papers, to collect it. Why did not the department hand over the debts to the creditors?—No doubt the department would have done so if requested. It is wrong to suppose that no effort was made, because the orders of agents are to collect. So it need not appear on the papers.

529. As a matter of fact, you did not receive the money?—No.

530. You received £12 16s. in the month of March as an account due by certain people. Therefore, that was not a book-debt in the ordinary sense. On the 14th of the month the man had died, and on the 28th you had £12 16s. sent down without any request; that could not be considered to be a result of the collection of book-debts. No effort appears to have been made at all, judging by the papers, to collect that £951, and, for all practical purposes, the estate has never had a penny of the money. It is a very peculiar position that, notwithstanding so large an amount of book-debts, not a penny has been recovered?—They are publican's debts, and my experience is that debts of this nature are not very valuable. [Further examination in this matter postponed, to give witness an opportunity of looking it up.]

531. In going through this Assets Ledger—and I am looking upon it as containing true records of the estates that come in—we notice that almost in every page of it there are a series of obliterations. Now, take folio 120, mortgage. There are the figures "£700," "£900," and "£303 10s." What is the object of rubbing out these figures and inserting other figures?—I am afraid I am rather at a loss, because these are books I never see. I do not know anything personally about them. I am satisfied the Ledger-keeper will explain them.

532. Looking at the summation as it stands, if you add up £300, £200, £1,500, £3,100, and £4,200, do you think it is possible, taking that particular estate because it is typical of the whole of the estates with few exceptions,—I say, is it possible to arrive at a correct idea what the assets of the estate were on the day the estate came into the Public Trust Office?—I have no doubt the Ledger-keepers will explain that these are memoranda simply to guide them in estimating the property of an estate.

532A. And yet, on the face of it, from the printing and headings, it is a great deal more than that?—I am quite satisfied the Ledger-keepers will explain it to the Commission.

533. You cannot give us any information upon it?—No.

534. *The Chairman.*] Then you intend that Assets and Claims book to be in reality a kind of jottings-book?—Yes.

535. Which any ordinary jottings-journal, or register, or diary would supply?—Yes.

536. Is it not a pity, having seen the book, that the officials should have incurred the expense of such a lot of headings which do not appear to be used?—Yes; I think that expense might have been saved. Not that it is very great.

537. *Mr. Macdonald.*] Is it not a pity that an attempt should be made to keep it as a complete record, when, in fact, it is nothing of the kind? The clerk rules out one investment and puts in a new one, and yet when you come to examine the book it is valueless as to the investments in the estate?—It is mere memoranda to guide the Ledger-keeper.

538. It cannot guide him, because it is inaccurate?—These are books kept by the Ledger-keepers entirely, and I do not see them except when I want results.

539. Here is a case in point—investments by the Public Trust Office. Here come a series of investments ranging from £550 up to £1,100, and down again to £300, all ruled through as if they had never existed, and replaced by mortgages. That is clearly intended to be an indication to you of how the assets in the estate are invested. Is it not so?—Apparently so. I cannot say, because I do not know.

540. How many men are employed keeping this?—There is one to each Ledger-keeper, and one Ledger-keeper to each branch. I except that of Wills and Trusts, which has two.

541. There is no use asking you any questions respecting these books, as you are unacquainted with them personally, and there is no use wasting your time?—I know nothing about them, personally.

542. *Mr. Loughrey.*] Do the papers give the complete history of the transactions of an estate?—They give a complete history as regards the estate other than the entries in the ledgers, cash-book, and so on.

543. *Mr. Macdonald.*] You remember some particulars about the estate of Frank Walpole Evans. There is no reference in this Assets book to an asset that appears there, being an assignment by some man named Pringle to Evans, which assignment was afterwards transferred to a bank, and, the bank having a claim against Evans, such claim was satisfied out of Evans's life policy?—By order of the Court.

544. There is no record of your ever having a transfer of the interest in this man's estate. You appear never to have taken any steps?—The Court determined that we had no interest in those life policies.

545. The one the Court handed over to the widow, and the other the bank and Staples and Co. swallowed?—Yes.

546. The bank held two securities—an assignment of a man's interest to Evans of a valuable interest in the Mother-country. The bank's claim having been fully satisfied out of the life policies, that other interest ought to have reverted to you; but the Public Trust Office appears to have completely forgotten it. Not only is it not entered here, but it is forgotten altogether, just as that £951 was missed. The creditors of this man's estate are very irate, and on the face of it it appears justly irate, at nothing coming to them when there appears on the face of the papers to have been valuable assets?—[No answer.]

547. You told me some time ago that all trust funds are invested in deficiency bills?—Yes.

548. Is that the invariable rule?—Yes; where not invested on mortgage.

549. What amount of money do you keep on deposit in the bank?—No given amount. It ranges from £1,000 to £18,000. When the money in the bank amounts to £10,000, £12,000, or £14,000, provided I have no engagements for loans to meet, I ask the Board to permit the investment in deficiency bills, and that is done.

550. What interest does the bank allow on all money accumulating in their hands?—Three per cent., according to Treasury arrangements.

551. Do you not think it would be a wise plan to have a limit at the bank? Why allow it to run as far as £18,000?—It happens that sometimes we have applications for large sums on mortgage. These negotiations sometimes take time. Valuers have to be appointed, and we are generally very careful about these valuations. I allow the balance in hand to run up larger when there is an application pending than at other times. For instance, at the present moment there is an application for a loan of £35,000. The balance in the bank is somewhere about £10,000 or £11,000 (I am now speaking without book). The negotiations may take three weeks or six weeks. In the meantime I shall let the balance accumulate as much as it can without attempting to invest in deficiency bills, in order that, if the application comes to anything, I shall have to sell so much less of the deficiency bills.

552. Is there no expense attending the investing or selling deficiency bills?—None; absolutely without charge of any kind.

560. Every thousand left in the bank uninvested means a loss to the department of 2 per cent.?—Yes.

561. Why not, the moment you have a thousand lying there, invest in deficiency bills?—I do not know what the calls on the balance may be.

562. Can you always rely on getting deficiency bills or other Government bonds when you want them?—There was never any difficulty except on one occasion, when the Treasury simply said they did not want the money, and that was the time when this balance of £18,000 ran up. At the end of December I know I shall have large payments to make. There is our quarterly or half-yearly payment to the Post Office for our free postage. We pay them £150 a year. It may happen, and does happen, that within a given time I shall have a large payment to make on account of intestate estates. Thus it does not do to invest too closely, or I shall have to melt again.

563. When you are melting without expense it is not of much moment to you?—Our procedure is this with regard to deficiency bills: I say to the Accountant, "Write to the Treasury and ask if they are prepared to take £8,000 or £10,000." The Treasurer writes back to say they will or they will not. I then have to take it before the Board, without whom I can invest nothing, and get their sanction to investing it. That sanction being obtained, the cheque is made out to the Treasury, and they make arrangements to deposit in the Audit safe deficiency bills.

564. What do you mean by "depositing in the Audit safe"?—There is a law that securities of that nature shall be deposited in the Audit safe, which can only be opened by three keys, or the holders of them—the Colonial Treasurer, the Colonial Secretary, and the Audit Department. Those are the holders of the three keys, and without a member from each of these departments being present nothing can be obtained from or put into the Audit safe. It is for extra caution.

565. Was that practice always observed?—Yes, and it leads to a very great delay sometimes.

566. Supposing you wanted twenty thousand pounds' worth of deficiency bills out, and one of these officers happened to be away from Wellington?—The Colonial Treasurer and the Colonial Secretary never attend the safe, but one of their respective officers. There is a representative from each department.

567. And I suppose the representative keeps the key?—Most likely; I do not know.

568. You have no key of it yourself?—No. I was one of the holders. It was very inconvenient when the office was removed from the Public Buildings, and I asked that it should be altered, and it was altered by the Public Revenues Act.

569. It is a cumbrous process to have anything to do with deficiency bills?—Yes, in the sense of three being present before anything can be changed or done.

570. How often, as a matter of fact, do you operate in deficiency bills?—We have not one operation a month.

571. What is the amount invested in deficiency bills now?—Somewhere about £150,000, but I cannot say offhand the exact amount.

572. Why could not that be invested in mortgage, and bring in a larger revenue to the people interested?—The deficiency bills are for the most part held on general account—that is to say, on accounts otherwise than under will or trust—intestacy moneys; the Land Assurance Fund receipts under sections of Acts of Parliament, miscellaneous generally, but unconnected with wills or trusts. We have moneys in deficiency bills under will and trust, but it is where the beneficiaries have asked that the money may be invested in Government securities, preferring the smaller rate, with the State guarantee, to the larger rate without the guarantee.

573. *The Chairman.*] Then, so far as you can judge, you only invest those moneys in deficiency bills that are not likely to be applied for for the purpose of lending out on mortgage?—Yes; and where a large amount is applied for on mortgage we melt the deficiency bill, if we have not a cash balance, in order to invest on mortgage.

574. Can you get the cash for the deficiency bill whenever you wish to convert it?—We have never found any difficulty. At the present moment I am negotiating the sale of part of a deficiency bill to the Government Insurance Department.

575. Can you not get it from the Treasury?—We never have had any difficulty. I do not know that we have asked the Treasury, or been in a position to want it.

576. What is the shortest term of a deficiency bill you have?—I think they are supposed to be paid off on the 31st March, the last day of the financial year: they are annual bills.

577. Have you a good strong-room in connection with the Public Trust Office?—It is a good one, but far too small.

578. Well, supposing you had a good sound strong-room, sufficient for your accommodation, is there any reason that the Trust Office should not be the custodian of its own securities, where the different keys are separately kept, say, by the Public Trustee and three of the chief officers of the Trust Office?—I see no reason why that should not be.

579. So that any audit could always check them on your premises, and you could get at them any day you required. Would it not be more convenient for the working of the office?—Yes.

580. *Mr. Macdonald.*] Do you not think it would be possible to make better arrangements than to get only 3 per cent. from the bank? If you were unconnected with Government, could you not make a better bargain for all moneys you had lying idle?—I do not know. It is supposed to be a great concession to get 3 per cent. on the current balance.

581. Supposing an estate comes in to-day of £1,000, do you instantly allow that estate 5 per cent. interest from the day it comes into your office?—Yes—a trust estate, different from wills and intestacies. Moneys coming in under will are required in nineteen cases out of twenty to pay debts; so we are bound to keep a balance to meet liabilities. A trust estate is different. It comes in, say £1,000, to be invested, and therefore we invest it at once at 5 per cent.

582. Supposing £1,000 came in by deposit-receipt, maturing the day after it came into your hands, you get the £1,000, but would not receive any interest for that?—Yes. We dare not invest it up to the hilt.

583. Then, the department is reaping 3 per cent. from that until reinvested?—Yes.

584. Do you not think that is rather unfair to the people utilising the Public Trust Office?—Well, it has always appeared to me that we have been very liberal indeed in allowing trust estates 5 per cent. from the moment the trusts come in.

585. That may be, that a trust estate may be getting an advantage from you, but that is not so important to the great bulk of people utilising the Public Trust Office as it is that money coming in under will shall produce a good rate of interest—say 5 per cent.—for the widow and legatees. If you are prepared to give 5 per cent. to a trust estate in which the parties are living, should you not allow 5 per cent. for the benefit of the widow and orphans under a will?—It is understood that moneys coming in under will are to be invested as soon as possible after it is ascertained what amount is available for that purpose.

586. How long do you advertise for claims?—Six weeks.

587. And then you are always liable for twelve months?—Yes, always.

588. Practically speaking, you are tied up for twelve months?—As a matter of law we are, but as a matter of practice we are not.

589. As a typical case, supposing £1,000 comes into the office under a life policy for a widow and children, how long is it before that can be invested?—Preferential claims will have to be paid.

590. What do you call preferential claims?—Funeral and testamentary.

591. What do you mean by "testamentary"?—All expenses of proving the will, advertising, legal charges after death, not before death. I should say that estate would be invested in less than half an hour, but it might take six months.

592. In other words, instead of its producing 5 per cent. the moment it came into the office—£50 a year—it would be for six months without any interest. The estate would lose £25?—It might do, but circumstances alter cases.

593. In the meantime you would have been receiving 3 per cent. from the bank?—Yes.

594. In other words, for six months you would have been earning 3 per cent. instead of the beneficiaries getting 5 per cent.?—No; that is not so, for this reason: We have an Order in Council which requires us to allow on all floating balances 4 per cent. per annum to the persons whose estates are in the office. So that the real loss is 1 per cent.

595. Then, you are incorrect in your first statement?—I supplement it now by the Order in Council.

596. Do I understand you to say that every estate gets 4 per cent.?—For every full calendar quarter. If the money comes in in February, it will not be credited with interest until June, at 4 per cent.

597. In that case, if it came in on the 2nd January, it would be three months before it would bear interest?—Yes.

598. Do you not think it would conduce to the popularity of the department, and would be a greater fairness to legatees, if the department allowed a rate of interest, whether 3, 4, or 5 per cent., from the day the money came into your hands, the same as ordinary merchants would do?—Yes, instead of the calendar quarter.

599. Again, is it right the Public Trustee should be working these estates at a loss to his department? You are losing 1 per cent. I am assuming, of course, that the balance in the bank is at interest. The department is losing 1 per cent.?—But, on the other hand, if we were invested up to the hilt we should be gaining 1 per cent., because we should be getting 5 per cent. and allowing 4 per cent.

600. *The Chairman.*] Then, do I understand you that the Public Trust Office allows interest on all moneys that come into its hands?—On all floating balances from the beginning of a quarter—the succeeding quarter.

601. *Mr. Macdonald.*] Supposing that £1,000 came in to you on the 4th January, that is a broken quarter—you would not begin to allow interest until the 1st day of April, under wills?—No.

602. So that, practically speaking, the department would gain three months', less four days, use of that money for nothing?—That is so.

603. *The Chairman.*] I want to deal with a smaller balance than £1,000. For all small credit balances that come into your office, for every sum of money, large or small, from the day it comes in, does the office allow interest?—In all estates other than trust estates the office allows 4 per cent. on floating balances, on sums not under £50.

604. You do not allow interest on sums under £50 in any cases?—There is a class of Maori estates where we do allow interest on every complete pound.

605. Then the Maoris are treated exceptionally favourably?—That is so.

606. Is there any justification for that?—I cannot justify it.

607. How do you calculate your interest that you allow on balances? What is your system of calculating interest?—There I must plead ignorance. It is part of the Accountant's branch.

608. You do not know whether interest is calculated daily, weekly, monthly, or quarterly?—It is calculated quarterly.

609. Are you aware that the proper system of calculating interest in a large office, whether charged or allowed on an account in your office, would be by calculating the interest daily under the decimal system?—I believe that system is in vogue in the banks.

610. Are you aware it is in vogue in large commercial houses that do large financial transactions, and in all large loan companies?—Yes, it is so.

611. But you are not aware that the decimal system is practised in your office?—I am not aware. It is under the Accountant, and I have left him a free hand.

612. Have you formed in your mind a system which you would adopt in opening the several branches which you purpose opening? You have opened one at Christchurch: was it, or is it, your intention to open further branches, sending officers from this department to the centres where they may be opened?—That is my desire.

613. You opened the Christchurch branch quite recently?—Yes.

614. When you opened the Christchurch branch, were you aware the Commission was likely to sit?—Yes.

615. Would it not have been as well to have waited until after the report of the Commission had been made before making that change, or was there any urgency in the matter?—There was urgency.

616. In consequence of the urgency you made the change?—Yes.

617. And you appointed Mr. Hamilton from your office at a salary of £250 and a commission of ¾ per cent. on receipts, and a guinea for every will and trust brought into the office, and you then authorised Mr. Hamilton, your Branch Manager, to appoint a cadet at the extravagant and munificent pay of 10s. a week?—Yes.

618. You do not think that was extravagant?—I do not.

619. I notice by your letter of instructions that you expect Mr. Hamilton to spend some time travelling from one end of his district to another with a view of getting new business?—Yes.

620. And whom would he leave in charge in his absence?—The only person he could leave in charge would be this cadet, without power to act, of course.

621. Do you not expect there would be moneys continually passing into that office if you expect to do any business?—No doubt.

622. Do you think it is right to place a cadet in that position of temptation on the magnificent salary of 10s. a week, and, I suppose, the privilege of *finding* himself?—He would be a boy living at home with his parents.

623. Is it fair to yourself, or to the office at Christchurch, or to the cadet, that he should be placed in that position?—In talking this matter over with Mr. Hamilton I suggested that he should get the assistance, when absent, of some Government officer in the same buildings, and I apprehend that in the receipt of money he would make some arrangement by which this Government official would bank it for him.

624. Even if Mr. Hamilton could make such arrangements with some other Government officer, is it desirable that the services of an officer employed in matters foreign to your department should be invoked for nothing?—It would be desirable to have it otherwise, no doubt.

625. Do you think, for an officer in the responsible position of Mr. Hamilton, £250 a year is a sufficient remuneration?—No; I think he is not sufficiently paid.

626. How can he manage to exert himself on such terms, when he is prevented, I understand, from doing anything else?—That is true.

627. I presume he is a good officer?—Yes. Do you mean to say the expense necessary to enable him to get about will be a hardship to him?

628. Well, looking at the ordinary expenses that will require him to mix with people who are likely to bring business to the office; for it seems to me that the matter has not been considered in its true bearing?—Of course I had to consider the amount of commission paid at Christchurch and Timaru; and, in order to make sure that my recommendation would meet with approval, I had to show that the expense of the district agency would not very largely exceed those of the agents hitherto.

629. Was this matter of commission agreed to and approved of by the Minister?—Yes.

630. Do you think it is a proper system, paying officers on your regular staff by commission?—I do think so. I know many differ from me. My impression is, if you give a man a certain amount of commission on the receipts he will endeavour to make the receipts as heavy as he can in order to obtain larger remuneration. If a man knows he receives a certain fixed salary, and that it will not be increased, he has not, to my mind, a sufficient inducement to bend all his energies to obtain this business.

631. Has it not occurred to you that payment by commission may be apt to make an officer a little too zealous—that he may even go too far in his desire to earn the commission?—Yes, no doubt.

632. And if you adopt the system of payment by commission in your service, where is it to cease?—The system in the agencies ever since the office was established has been to pay them only by commission.

633. But the agents are not part of your staff, and regular officers in your service. The agencies may be held by Tom, Dick, or Harry, who are not connected with the service, and receive no fixed salary. Then, I ask you do you not think the system a vicious one?—I cannot say I think so. I may instance the Curator of Intestate Estates in Melbourne, who is an officer analogous to the Public Trustee here. His duties, so far as I am able to learn—and I have the

very best authority for what I say—are not one-third as onerous as those of the Public Trustee; his business is not one-third; he has no duties outside of the care of the estates of deceased persons: and his annual salary and commission for 1889, I think, was no less than £1,500.

634. Is he paid a salary besides?—I think his salary is about £300, and his commission amounts to about £1,200 a year.

635. What disbursements does he make on account of the office?—I am not aware.

636. Is that officer Mr. Weigall?—Yes.

637. Do you not think, if you made the selection of a proper officer to act as your branch-manager for the Public Trust Office in any particular part of the colony you could rely on that officer doing his duty if he were paid a suitable salary?—I feel sure I could rely upon this particular officer at Christchurch under any circumstances; but I was anxious, seeing we have not the hold in Canterbury we ought to have, that he should put forth all his energies, and I wished to see him better paid than I could hope to pay him under any other system.

638. *Mr. Macdonald.*] Does not that interfere with his classification in the Service? Is it not a drawback to accept an agency? Supposing his salary to be £250, and he made £250 on commission, he does not stand in the classification of a £500-a-year man? How are you going to get over that difficulty?—Certain classification-papers were sent to me a short time ago to enter various officers. I entered Mr. Hamilton under the heading "£250," but put a footnote to the effect that this gentleman was expected to receive by commission £60 or £70 a year, but that if there was any difficulty in his classification as an officer drawing £320 I should recommend the Minister to allow him a salary of £320 in lieu of the £250 and commission, because I recognised that it must not militate against an officer in the department if he is paid by a salary and commission.

639. *The Chairman.*] Do you not think the appointment of a branch-manager in any important locality is a very important, responsible, and onerous position?—I do, and it will be very much more so in the near future.

640. Do you not think that, unless the business of the office can afford to pay a suitable officer or officers for the conduct of any particular branch, it is better not to open any branches?—The appointment of Mr. Hamilton was an endeavour on my part to create a much larger business in Canterbury. I believe that that result will be brought about. I do not wish to say a word against the agents, but it cannot be expected that they will put the same amount of energy into their work when they have many other things to do. Indeed, the main portion of their business is outside the Public Trust Office, and it cannot be expected that they have the time, if they had the will, to exert themselves as a man sent from the office would.

641. *Mr. Macdonald.*] How can a man exert himself who is tied by the heels to remain in the office the whole day long? He can know no one except when they come to the office?—He is supposed to travel about.

642. How can he travel about on a salary of £250 and a free railway-pass?—His travelling-expenses are paid.

643. A man has to provide himself with cab to the railway-station for himself and his portmanteau, pay gratuities to hotel-servants, and possibly 2s. 6d. out of his salary each day. He cannot afford to exercise the smallest measure of hospitality?—No.

644. In other words, he is reduced to an ordinary clerk's wages? He must take part of his salary in order to travel?—I suppose so.

645. *The Chairman.*] Here is Mr. Hamilton on £250 a year. He goes, say, to Ashburton. He has occasion to stop all day, perhaps all night. He has been interviewed by a person who is willing to put a large amount of business in the office. In order to get thoroughly at the nature of the business, he may have to ask this person to spend the evening with him and take dinner with him; and he may have more than one case of that kind. Any extra expense he has to incur in that way he must bear himself under the terms of his engagement?—Yes.

646. How can the country, or you as its representative in this particular institution, expect to increase the business of the Public Trust Office on the footing upon which you have started Christchurch branch, and as the public might hope such business ought to be increased?—We want very much more liberality.

647. I think you do?—Yes.

648. *Mr. Loughrey.*] How long have you had the notion that it was advisable to supersede agents by your own officers?—Three or four years.

649. Have you recommended such a course to the Minister?—Yes, on more than one occasion.

650. *The Chairman.*] Why was it not taken up earlier?—I recommended the present Chief Clerk, Mr. De Castro, to be appointed agent at Auckland when Mr. Macfarlane was killed; but my recommendation was not acted upon, and the present agent was appointed by Sir Julius Vogel.

651. *Mr. Loughrey.*] Have you ever brought prominently under notice of the Minister that staff-officers should have charge of these districts instead of the agents you have now?—I brought it under the notice of Ministers then by memorandum.

652. *The Chairman.*] On the question of advances made on mortgage of moneys which you have the management of, in the event of your having occasion to realise a security, should it happen that the security does not return the money lent upon it, would the colony be liable in that case?—The colony is not liable for investments made out of an estate on mortgage by the Trust Office.

653. Then, who would bear the loss?—The estate. That is, assuming, of course, that I have done my duty and not displayed any negligence, fraud, or anything of that kind.

654. From your experience do you think it would be advantageous to the business of the Trust Office if the colony guaranteed the security of investments by loans upon your office, making a small guarantee commission-charge?—I think it would be to the interests of the business of the office.

655. Looking at the great accumulation of the Land Assurance Fund over a few years upon a very small payment of ½d. in the pound according to value, do you think that ¼ or even ⅛ per cent. guarantee would not soon provide a large guarantee fund sufficient for the colony to take that risk, looking at the volume of business you would then, under new circumstances, do?—I think it would provide sufficiently.

656. Supposing the colony undertook, on those conditions, to guarantee the securities manipulated by this office, would that not increase the volume of your business very much?—Unquestionably it would.

657. Then, according to the large volume of business done, so might the guarantee commission be made very small?—Yes.

658. After all, on your present arrangement, what steps do you take before lending money of that class, so far as the security is concerned, to test the value of the security offered?—We obtain the property-tax valuation and obtain the valuation of a valuer appointed by the office. In large sums—say, of £10,000—we require two separate valuations. If the valuations are deemed satisfactory by the Board, the amount is lent.

659. And, according to the valuations, how much money is lent?—One-half.

670. So that, in fact, you have a margin of one-half *plus* value to the money you lend?—Yes.

671. So that the risk ought not to be great?—The risk ought to be very small.

672. Have you ever had losses in estates under your system?—Yes. A return of them will be placed before the Commissioners. Speaking from memory, I should say we have had four or five.

673. *Mr. Macdonald.*] What does the total come to?—Very small—considerably under £1,500, which the estates will have to bear.

674. Do you not think that those losses, though few in number, and the amount not exceeding £1,500, will be damaging to the business of the Trust Office?—I do.

675. Unless the colony makes some arrangement towards guaranteeing that class of business?—I do think so.

676. Under what arrangement have you fixed this half margin?—I think we took it from the statutory provision in the Government Insurance Department. But my authority is the Order in Council—I mean the Order in Council fixing regulations and the scale of charges in 1889.

677. What was the practice before that?—The practice was the same; but when I was appointed in 1880 it was the case that the Board sometimes lent up to a little under two-thirds. We had then no regulation, but afterwards the regulation was promulgated that a half margin should obtain.

678. It was your practice even before the regulation to make it a half?—Yes.

679. There are a great many instances in which that appears to have been departed from in loans by the office. Are you aware of that?—I know there are instances.

680. We will just take a few of them. Here is a mortgage for £400 upon this return. The mortgagor's value is £635; the private valuer makes it the same; the property-tax valuation is £412. Now, the peculiar part of that is, that that mortgage seems to be still existing, although it expired in 1886. And yet the office has lent within £12 of the property-tax valuation?—I recollect the case very well indeed. It is a case in which you require to see the papers. The mortgagor's was a special case, in order that she might get a roof over her head. The children will take the property. I shall explain on another occasion.

681. Here is one, £62 10s. lent; the property-tax valuation is £50?—That is an asset, not an investment. It came into the office with the estate.

682. When you discover that a mortgage asset which has come into your office is of less value than the property-tax return, and the due date of the mortgage is expired, do you not take steps to call in the mortgage?—Yes; but if it is an asset, I may have to realise to pay debts.

683. This mortgage of £62 10s. became due on the 30th June, 1888. It is still in existence in the office, and yet the property is only worth, according to the property-tax valuation, £50. Why has not that mortgage been called in?—There, again, I will have to get the papers.

684. Here is another property: £334 11s. is lent; the property-tax valuation is £300. That is one of those that came into the office?—That was money lent by former trustees.

685. Here is another—£500 payable at six months' notice; the property-tax valuation is £476. Here is another—£350; the property-tax valuation is £420. You might give us some answer why these have not been called in. Have you taken any action on these?—I cannot go into the question without the papers.

686. I have gone through this return, and have marked in every case those that seem to require explanation, and therefore I shall be glad to have some explanation respecting them. There is that particularly large one to which your attention was called before—£10,000. That is a case in which it is quite clear the rule of the office has been departed from, because the money was lent on the 19th May, 1890, and the private valuation was £18,016, and the property-tax valuation £15,179. The mortgagor's valuation, which is stated as £23,836, is a little inaccurate, because the mortgagor's original valuation was nothing like that. It was raised in order to make it look better, according to the papers. His first valuation was considerably less than £23,000. Have you any explanation to offer except the one that appears on the papers, that this money was offered elsewhere?—It was reported to us as a very good thing, and that he had got an offer of £10,000.

687. I should like to know why, when you have an Order in Council which expressly prohibits you from lending more than half the value of property, it is possible to depart from that?—In strict accordance with law, I suppose it ought not to be done; but the Board exercised their own discretion.

688. Have the Board any right to vary the exact rules laid down for them by Order in Council? Have they the discretionary power which they have exercised in this case?—Answering from a legal point of view, I should say No, they have not the legal power.

689. Then the Board exceeded its power?—Yes.

690. Is your office Solicitor ever consulted as to these matters?—No; not in matters as between the Board and myself. He was not consulted in this matter.

691. There are some very startling positions in this return, which deserve your attention, because the values of the Property-tax Department are very widely different from that which is assumed by the borrowers themselves?—We take no notice at all of the borrower's valuation.

692. They are very different even from the private valuers' notions?—It must be borne in mind that since the property-tax valuation has been given it is quite likely that buildings of some kind have been erected; so that it is scarcely fair to take the property-tax valuation entirely without further inquiry.

693. Not if you take it for this year. If the mortgage was granted some years ago, and the property-tax valuation is made at a period subsequent to that, the probability is that the property-tax valuation would be greater. Here is another case, in which £3,865 is lent, and the property-tax valuation is £3,677?—I should require the papers before giving an explanation.

694. *The Chairman.*] Are you aware it is the general impression throughout the country that the colony is responsible for any losses made on mortgage business done by the Trust Office? The general feeling amongst the public who do not know better is that the colony is responsible?—I was not aware of it. I have advertised very differently. I have not advertised to give that impression.

695. Looking at the increasing business done, and which can be done in the future, have you ever thought whether, in case an independent officer were appointed and on the staff of the Trust Office to solely give his attention to valuations and inspections of property with which the Trust Office is connected, such an appointment would be of service in connection with the interests of the Trust Office?—I have considered that, and it has been very carefully considered by the Board of the Government Insurance Office as far as that business is concerned. I have come to the conclusion that the employment of local valuers would be more safe to the department lending the money, and would give greater satisfaction to all concerned. Then, if we had, say, an Auckland man appointed as valuer, and in the course of his duty he was sent away to Invercargill, we could not hope that his valuations would be as good as those of a local valuer, better acquainted with the value of property there. An Invercargill valuer would better understand the values in his own district.

696. Do you not think there are always local influences, more or less, that may or may not sway the valuations of the local man?—No doubt. We are between two difficulties—that difficulty on one hand and the ignorance of the man on the other.

697. Take the instance of an Auckland man valuing property at Invercargill: if he had general experience would he not be gaining in the course of his duty every day experience towards enabling him to make an independent valuation?—No doubt; but hitherto the business in this particular direction has not warranted the appointment of a valuer on the office staff.

698. *Mr. Macdonald.*] Would it not have been almost better to have had one man employed in each local district, and recognised as your valuer, rather than have strayed from flower to flower?—Yes.

699. The practice now is to select from a certain number of individuals in each district?—Yes. I do not know that any greater gain would accrue than has done.

700. You are charged with the administration of Native reserves?—Yes.

701. You have got Native reserves in the City of Wellington?—Yes.

702. Have you ever gone into the question of the proper administration of the Native reserves granted for religious and charitable purposes (*Vide* report of the Commissioner of Native Reserves presented in 1871 to Parliament)?—That does not come in under the Native Reserves Act of 1882.

703. You will see that certain of the reserves there were granted for certain religious and charitable purposes; and I shall be glad if you will tell the Commissioners whether it does not come within the scope of your responsibilities to examine into the administration of these reserves?—I shall take a note of the question, and report.

TUESDAY, 14TH APRIL, 1891.

Mr. R. C. HAMERTON, Public Trustee, further examined.

Witness, at their request, handed to the Commissioners a copy of the Public Trust Office Bill, 1885, and also a copy of the Public Trust Office Bill, 1890. He desired also to read the following memoranda, and to put them in evidence:—

Memorandum for the Hon. the Premier relative to a Change in the Government of the Office.

The large increase in the business of the Public Trust Office, and the conviction that the time has arrived for an alteration in its constitution as at present existing, induce me to approach you with a recommendation, which I venture to submit, with a view of adequately providing for the vastly-increased and largely-increasing duties.

Under the present law the Public Trustee is the sole director and responsible head of the office. Every question must be dealt with by him in some shape or form, and only comparatively recently no record was permitted to be filed without his direction; and in the earlier days of the present Trustee's administration no action or correspondence was taken or written without his instruction

The constant and increasing pressure of work has necessitated, from time to time, alterations in the method of office routine, and gradually more and more of the work has been placed upon the shoulders of the Chief Clerk, Accountant, Sub-accountant, and Ledger-keepers; whilst the Solicitor, the last addition to the staff, undertakes the supervision of the internal legal work of the office, advises me upon all points of law, and materially assists in consultation.

Notwithstanding this, the work to me continues much too onerous; and, with such a continuous and never-ending strain, it may perhaps be found that there are sometimes questions of importance which do not receive the close attention which their gravity demands, and which, under the plan about to be proposed, will, I hope, be insured.

The Board of the office is appointed by statute, and its duty consists in (1) controlling the investments of the office, (2) sealing all deeds, (3) approving the admission of all wills and trusts prior to the Public Trustee entering upon their administration. It meets weekly, every Wednesday afternoon, and the average duration of its meetings is, perhaps, an hour and a half.

It not infrequently happens that deeds arrive from remote parts of the colony on the Thursday or Friday, with a request for speedy execution—a request which under present arrangements cannot be complied with, as the officers comprising the Board have manifold and important claims upon their time, and are unable to devote more attention to the business of this office than the weekly meeting compels. Hence the office suffers greatly, and the charge of procrastination and dilatoriness is freely levelled at it.

I am very strongly of opinion that the time has come when, with the exception of the control of investments, every other duty should be relegated to a permanent daily Board, analogous to a directory, consisting of three principal officers to be called Public Trustees, of whom two shall be a quorum, one of whom should be called the Chief Trustee; and their constitution should follow as near as may be that of the Railway Commissioners.

Each of these Trustees should take a co-ordinate part, to be arranged by them, in the management and guidance of the office, including all that is now done by the office Solicitor, and consulting with each other continually on all matters other than ordinary routine.

Under present circumstances, by reason of the existing office statutes, for me to leave Wellington is to virtually paralyse business until my return. Under the proposal now made provision would be possible for the despatch of one of the Trustees when required, to investigate any complicated matter or important estate. Again, to inspect and report upon the securities upon which moneys have been advanced, and trust estates. This aspect of the matter is becoming of the highest importance, and, for the various reasons I have advanced, I would urge upon the Government the paramount necessity of proposing suitable legislation upon the earliest possible occasion, for which purpose I attach hereto a Bill which has been prepared in this behalf, and trust that there may be no delay in its introduction into Parliament.

A radical alteration is also needed in the present system of auditing the books and accounts of the office. The duties of the Audit Department should be confined to checking claims and ascertaining that the estates against which the claims are made are in funds. It should be clearly understood that the Trustees, and not the Audit, are responsible for all payments made out of the funds of the various estates, as it is of the greatest importance that the office should be enabled to liquidate claims with greater promptitude than is possible under present conditions—viz., the inquiry by the Audit before payment. My contention is that, as the Trustees will be liable in law for all moneys they pay out of an estate, the interference of the Audit is both unnecessary and mischievous in so far as it tends to delay payments to creditors.

Another point which I venture to submit is the anomalous position occupied by the Public Trustee as regards his personal liability. The case now occupying the attention of the Supreme Court shows that the Public Trustee was sued both in his public and private capacities. He is the only officer of the Government who is so liable; and this strange state of things follows: that, whilst the country annually benefits by the profits made by the labours of himself and his staff—and rightly so—to the extent of £3,000 or £4,000, in the case of loss by a mistake or error of judgment on his part he could—in law—be made to pay it, and his family be turned into the streets homeless and penniless. I do not for one moment assert that the Government has in the past held me strictly to this liability—quite the reverse; all that I am desirous of pointing out is that as a question of law it might be so, and that it would be proper to amend the law so as to put him on the same footing as other heads of departments, or that his salary be placed at a sum adequate to the measure of his responsibility.

11th July, 1890. R. C. Hamerton.

704. *Mr. Macdonald.*] Did you receive any answer to that?—No. This memorandum was placed on it to-day: "Mr. A. Willis, Secretary to Cabinet, said that he found this paper in the Premier's office, and handed it to the Public Trustee there, but has no recollection of the date on which he did so. He distinctly remembered having seen the paper before.—J. C. Small, 14th April, 1891."

705. *Mr. Loughrey.*] Did you send that to the Premier or to the Colonial Treasurer?—I addressed it to the Premier.

706. Before the discussion in the House?—Yes.

707. *Mr. Macdonald.*] Mr. Hamerton, we will now resume the examination of the Mortgage Register. In mortgage 91/256 we have an advance of £70 on a property-tax valuation of £150?—Yes. The property-tax valuation at the time of the mortgage was £425.

708. And now it is reduced to £150?—Yes. I have been trying to sell the security for months, and have not been successful so far.

709. *Mr. Loughrey.*] How do you account for its depreciation?—All the lands in the Town of Tauranga have undergone a tremendous depreciation.

710. *Mr. Macdonald.*] Then, look at 91/481. Have you noticed the fact that the property-tax value is £10,289, and the advance is £8,000? Has there been a great depreciation of the security?—Of course, I am unable to answer for the property-tax valuation; but this money was lent on a valuation of two valuers. One valuation was £16,280, and the other was £14,177.

711. Did you have your attention called to the property-tax valuation at the time?—Yes; but the property-tax valuation is unreliable, inasmuch as improvements are made, buildings erected,

fences, and many other improvements which throw the property-tax valuation entirely out. We rely on our own valuers.

712. Has the interest been kept up promptly?—Yes, it has been kept up well.

713. Look at mortgage 91/44. This is a mortgage for £1,825, and the private valuation is £2,725. There is something curious about that?—There is something out of the common about it. It was a mortgage by ———, of Auckland. The mortgagor could not pay, and, with permission, cut up the place and sold it. Part of it was sold to B——. The arrangement with him was that two-thirds might remain on mortgage. B—— purchased, and mortgaged for the two-thirds to the Public Trustee. B—— in turn could not carry on, and he sold to others. That is a special thing, and the interest is paid up.

714. Here we have mortgage 91/389, an advance of £1,700, on which the property-tax valuation appears to be £1,400. Is there any explanation of that?—Yes. It is in the Tauranga district, and the property was valued at £4,240 at the time. It is now £1,400.

715. I notice the due date of that mortgage has expired?—Yes.

716. Why cannot you get it in?—The man cannot pay. I went over the whole of his property when I was in Tauranga. It is a very nice farm, but there is no chance of realising it; and it appears to me wiser to let the mortgagor remain on it, paying interest, than to sell it.

717. *Mr. Loughrey.*] Has rural property fallen in value there as well as town property?—Yes.

718. *Mr. Macdonald.*] How many acres does that represent?—Four hundred and twenty-four acres. It was valued by my private valuer at £4,640.

719. Here is another one—90/1776?—That is in Gisborne. The value at the time was £1,715, private value. The property-tax value was £752, apparently; but there the circumstances were that improvements had been made to a considerable extent between the property-tax valuation and the loan.

720. There is an advance here in the Wellington Provincial District of £725—mortgage 88/1222—upon which the private valuation is only £1,025?—Yes, that is so. This is a special matter. The mortgagor's affairs are in the office. She built a house on some land belonging to herself, and she had not quite money enough to complete that and do other things which she wanted to do. She applied for a loan. The valuation was duly made, and it went before the Board in due course; and, seeing that the interest of mortgagor's money was receivable by me and payable by me, it appeared to the Board that under the peculiar circumstances of the case, seeing the Public Trustee was absolutely certain of his interest, the loan was to benefit a client of the office, and that no evil result could possibly flow, the loan should be granted, and the Board agreed to make the advance, although the amount was in excess of the rule.

721. Your regulation was broken for special reasons?—Yes; that was so.

722. Then we come to an advance of £700, mortgage 89/1671, in which the property-tax valuation stands at £625?—This is a case where we sent out Mr. B—— to where the property is situate. He valued it at £1,255; £700 was lent. Although the Board sanctioned the £700, it was not paid in full until a further improvement was effected on the property.

723. But your private valuator only values the whole at £1,255?—A cottage has been erected on the property since the loan was granted, which brings the value up to £1,365.

724. You have no explanation why the property-tax values it at £625?—That was probably the value at the time the valuation was made. Houses have since been erected.

725. Here is mortgage 91/495, on which £200 appears to have been advanced on the property-tax valuation of £290?—This was a security which, although it exists now, will not exist in the course of a week; it is going to be paid off.

726. There is a security here, 90/222, on which £900 has been advanced by the department; the property-tax valuation is £720?—£1,829 15s. was the private valuer's valuation. That was made in 1890. The total improvements on this land consist of £100 for a house and £50 for a cottage in the valuation itself: the land, £1,296; buildings, £383 15s.: total, £1,679 15s. £150 is set down for improvements.

727. The property-tax valuation is only £720. As a matter within my own knowledge, these improvements were in existence at the time the valuation was made—there has been no change in the security; yet there is a difference between the private valuation and the Government valuation of £1,100; the Government valuation being £720, or £180 less than the department advanced on the property?—It is a question of veracity between the property-tax valuer and my private valuer.

728. Is it not a question of judgment, not veracity?—Yes; perhaps "judgment" is the better term to use.

729. In the one case your valuer, according to this, has valued the land and given a special value to it as being fit for the erection of villa residences, whereas it should have been valued as a milk-run. Do you not think, when you see that the property-tax valuation is £180 less than the amount you are advancing, that you might make further inquiries into the matter?—My experience has led me to believe that the property-tax values are generally under the market values.

730. Quite right they should be so; but the difference between these two values is so great as to justify an inquiry. I would suggest to you that you should investigate that security, because I do not think an investigation of the facts will bear out the value on which the mortgagor got the money, and you should get the Property-tax Department to put you in communication with the valuer of that particular property, with a view of arriving at a more correct estimate. Here is another property, 91/3837. There is an advance of £180. There is no private valuation apparently, but the property-tax valuation is £275?—The widow wanted particularly to keep this land. It was a special case, outside an ordinary investment, for the protection of the widow.

731. We have here a wide discrepancy as to another mortgage, 91/67. There is an advance of £750, and the property-tax value is £1,010?—Apparently the Board lent £750; but the property-tax valuation then was £1,500. The property-tax valuation now appears to be £1,010.

732. In the Marlborough Provincial District there is a mortgage, 91/263, £1,900, with a property-tax valuation of £1,985?—£3,836 was the valuation of my private valuer.

733. The property seems to have depreciated since then?—Yes.

734. It seems curious that the property-tax valuation is just half your private valuation?—And the agent's opinion is £4,000. We lent £1,900. They asked for £2,000, and we lent £1,900 in order to keep within the margin of our private valuator's report.

735. You do not know any reason why the property-tax valuation is so widely different?—We sent this matter specially to the Crown Lands Department because we were dissatisfied. We had the whole thing raked up. We had the Property-tax Department getting their man over there to explain how it was. It appears to me the Board was justified in taking three men's word against one's. These matters depend entirely on the valuers. If the valuers deceive us we are deceived.

736. There are a large number of loans outside the category of ordinary investments in your office—loans already existing, some of which appear to want a great deal of inquiry, the values set against them, as shown in the property-tax returns, being in many cases lower than the money lent by former trustees. And I also notice that a number of these mortgages have matured, but no effort appears to have been made to call them in, as far as one can judge from the papers. Here is a mortgage expiring in 1880, which comes in to you for £1,100. There is another expiring in 1889. £850 was lent, and the property-tax valuation is £700. Here is another expiring in 1886, £165, on which the property-tax valuation is £70. Here is a mortgage expiring in 1885 of £1,000, on which the property-tax valuation is only £1,000; another expiring in 1890, £325, on which the property-tax valuation is only £300; and a whole series of them all through. What steps do you take in reference to these mortgages?—We make all inquiries, and it depends entirely on the nature of the estate and the requirements of the estate whether we sell or temporise. If the estate is in debt we must realise, whether we lose or not. On the other hand, if by nursing we can protect the estate we temporise, and endeavour as soon as time permits to realise with advantage.

737. There is a great deal of nursing required in some of these?—A great deal; and I think it will be seen that the investments of the office are in a very different state from investments made by private trustees.

738. Is the department not liable to be blamed for allowing a mortgage which expired five or six years ago to run on without getting some reduction of the principal, when the department is aware from the property-tax returns that the value has considerably lessened, and that the value is even less than the amount lent on the property?—There is a mortgage (91/1162) upon which £350 was lent. It expired in 1882, and the value of it under the property-tax is now £200. The former trustees had advanced too much. The former trustees were solicitors in Wellington. Whenever a new property-tax valuation is made we obtain from the Property-tax Office the values of all our mortgage securities. So that it puts me on the *qui vive* every third year. In these two particular cases I called upon the mortgagors to reduce the loan. I was advised that if I attempted to sell I would sacrifice the property. I called upon them to reduce by £5 per quarter—it was very small. That has been kept up, and at the present time the securities, though trifling, are good, although they were bad when they came into the office. That we have done in many cases. It never would do to sacrifice a mortgage by putting too much pressure on the mortgagor.

WEDNESDAY, 15TH APRIL, 1891.

MR. R. C. HAMERTON, Public Trustee, further examined.

739. *Mr. Loughrey.*] Mr. Hamerton, in looking through the documents I discovered that there were a good many complaints as to delay in paying the residue to the beneficiaries. I suppose that has been the principal ground of complaint in the office?—The payment of residue claims is the principal ground of complaint.

740. And I notice also in going through the papers that there is considerable delay—that is, an estate gets into the office at an early date, and it is some years before it gets out again. What is the cause of that delay?—Subject to your examination, I am surprised to hear it.

741. Can you discover amongst the papers the case of John Jones, a lunatic? There were complaints by the Rev. Heavingham Roost, stating that the children were destitute?—I cannot reply, unfortunately, because that was before my day.

742. *The Chairman.*] Did you never think it necessary or advisable to look into the work of the office that had been carried on before your time?—Only as regards the cases that came before me. As I have before explained to the Commissioners, I was appointed Public Trustee in conjunction with the whole work of the Stamps and Land and Deeds Registration, and I can assure you that for weeks and months I worked about sixteen hours a day to keep the work down at all.

743. Then, you had not time?—It was absolutely impossible for me to inquire into cases that did not come before me.

744. *Mr. Loughrey.*] And the case of John Jones did not come under your notice at all?—It did not.

745. The next case I have on my list is that of Luby, a lunatic. His friends provide the maintenance for him, I believe?—His mother and some property of his own in Ireland provide the maintenance for him.

746. He had property in New Zealand?—Yes.

747. Some of it was under lease when the man became lunatic?—No; I leased it.

748. And afterwards what became of the property?—I sold it.

749. On what conditions?—An offer was made; but apparently the purchase-money bears a very low rate of interest.

750. I want the history as to why it was sold so as to give such a small return?—I did not

lease it; it was sold. On the 11th March Mr. Goodbehere, a land and commission agent at Feilding, wrote submitting an offer to lease with a purchasing-clause.

751. *Mr. Macdonald.*] If you refer to the papers you will find that you wrote to Mr. Goodbehere in October, 1888, offering the property for £600?—I considered it should fetch £600. Then, on the16th March I wrote to Mr. Goodbehere suggesting a sale at £705, £50 cash being paid down, and similar amounts at reasonable intervals.

752. On the 13th October, 1888, you wrote to Mr. Goodbehere stating you thought the property ought to bring £600?—Yes.

753. And several other parties were after it at the time?—Yes.

754. Why, then, on the 15th February, 1889, did you serve notice on the Property-tax Department objecting to the valuation of £600, when a few months before you wanted £600 for the property?—The reason was, that it was higher than the former property-tax valuation, which was £550.

755. Does it not look peculiar for one Government department to want £600 for a property, and to object to another Government department valuing it at £600?—It is quite one thing to want £600, and another thing to get it.

756. We notice through many valuations made for you that the mortgagors have systematically undervalued their property for the property-tax. Supposing a man wants, for example, £5,000, his property-tax valuation will be £7,500 or £8,000; but he values it in sending in for a loan at £10,000 or £12,000?—Yes.

757. You find fault with that as a moral proceeding?—Yes.

758. Yet, in October, 1888, you quoted £600 as being a fair price for the property?—I wanted to sell it for £600.

759. In February, four months afterwards, you object to the Property-tax Department valuing it at the very rate you wanted for the property. Are you not tarred with the same brush as the mortgagors you are objecting to?—I must do my best for every client and every estate.

760. *Mr. Loughrey.*] You sold the property?—Yes, for £705—£50 down.

761. And what about the balance?—I wrote on the 26th March to Mr. Goodbehere that "if your client will covenant to pay off £25 per annum for seven years, which, with deposit, will amount to £225, and after the seven years will pay 7 per cent. on the unpaid balance, I will accept his offer as contained in your letter of the 23rd."

762. Did the purchaser accept those terms?—No, he did not. The purchaser agreed to the following terms: "Price to be £705, of which £50 to be paid down; balance to remain on mortgage for ten years; interest for the first five years to be 2¾ per cent., for the next two years 3½ per cent., and for the last three years 7 per cent.; £100 at the end of seven years, and the balance at the end of the term; at least fifty acres of bush to be felled, burnt, and laid down in permanent pasture, and 75 chains of permanent fencing to be erected, during the first two years of the term."

763. Did you think it more advantageous to sell on those terms than to lease it?—I did think so.

764. What rent had you expected from the place when you intended to lease it?—It was a bush section, and the rent would have been very small indeed. There were 235 acres, and the rental would be equal to 1s. 6d. per acre for the first five years and 2s. per acre for the next five years. That, it will be found, equals a percentage of 2¾ per cent. and 3½ per cent. respectively.

765. *Mr. Macdonald.*] You had several other inquiries besides that of Mr. Goodbehere?—Yes.

766. Might you not have done better by putting it up to public auction in the district?—It must not be forgotten that this particular property was in the hands of the Palmerston North agent for many months, and he did his best to obtain a purchaser or lessee.

767. Do you think, as a principle, it is not wise when you have several applications to submit the property to public auction in the district to which it belongs, instead of selling privately?—As a rule, I think it is so.

768. *The Chairman.*] Would you not say absolutely, as a rule, that all property coming into this office ought to be sold and realised by auction?—Not all; there are some properties that absolutely would not pay the costs.

769. What are the costs?—Advertising, auctioneers' fees, &c. I am speaking now of properties far remote from any town, and which are held by the office under section 20 of "The Public Trust Office Amendment Act, 1873."

770. But, supposing those properties, whether small realties or small personalties, that separately would not pay expenses, were all put together periodically into an auction-room, the whole expense would be divisible among the several small estates. Would it not then be better to sell by auction?—No doubt. If the law is so altered, I quite agree.

771. Do you not think it vicious to allow the Trustee to deal with property privately, realty or personalty?—Yes; but I should like to say my difficulty has been that where an estate has no funds I have been powerless to do anything with it at all.

772. *Mr. Macdonald.*] Mrs. Luby, the mother of the lunatic, in her letter addressed to you on the 12th December, 1888, stated that she had written to Dr. Alexander expressing her willingness, on application from him, to allow an extra cost for the maintenance of her son, and you wrote to Dr. Alexander refusing to allow the extra maintenance cost agreed to by the mother. Will you please explain the reasons for that action?—The maintenance has been paid at £80 a year. In this letter Mrs. Luby "hopes the Public Trustee got her letter, requesting him to pay £2 a week, which is what Dr. Alexander said was the usual charge. This is to include all expenses, she thinks, but, if not, perhaps the Public Trustee can add something additional, if necessary; but she would always like to know exactly what is paid for all expenses relating to her son, J. R. Luby." Dr. Alexander says, under date 3rd April, 1889, "Mrs. Luby, in writing last October, was willing to pay our regular charge of £2 for Mr. Luby, and said she had written to you to that effect. As her

consent came in the currency of the past quarter, we propose, with your approval, to make the additional charge for the present quarter, ending 13th April." My reply was dated the 11th April: "In reply to that portion of your letter of the 3rd instant intimating your intention, with my approval, of increasing the charge for the maintenance of the above-named patient, I have to inform you that the agreement for maintenance was made with me as administrator of the estate, and I see no reason why its terms should be varied." That is to say, that a compact into which I had entered with Dr. Alexander should not necessarily be varied because a third person had an idea that a greater remuneration should be given.

773. *Mr. Loughrey.*] If, then, the mother of the patient considered it would be an advantage to her son to have further comforts in this establishment by paying a higher price, you would have objected?—No. First of all it must be shown that further comforts would have been granted to the patient, and, with all deference, I am in a better position to understand what should be paid than Mrs. Luby can possibly be.

774. *Mr. Macdonald.*] What is the regular charge in that asylum?—For outside persons I believe £2 a week; but between Dr. Alexander and myself it was understood that he should not charge the full amount to the Public Trustee as administrator of lunatic patients.

775. But, clearly, Mr. Hamerton, if the regular charge is £2, and the lunatic's friends and estate itself can bear that charge of £2, if a lower figure than that is insisted upon, is not the patient apt to suffer in many little ways? Is he not placed more in the position of a pauper patient than he ought to be?—I do not think so.

776. Do you not think that letter of yours to Dr. Alexander was an extremely curt letter? If you desired to know what was going to be given for the extra money, which was only the regular charge, would it not have been more courteous to inquire from Dr. Alexander what he proposed doing in the way of additional comforts, before telling him, "There is my contract: sign the contract"?—It does not strike me as being at all curt. It was not intended to be curt, at any rate.

777. *Mr. Loughrey.*] What is the income resulting from Luby's estate as administered by you?—I cannot tell without looking at the ledger. There are ample funds for his maintenance, with his estate and his mother's £20 per annum.

778. *Mr. Macdonald.*] There is no question of want of funds? If the cost was £3 a week, it would be paid?—Yes.

779. As a matter of principle, do you think that patients are likely to get quite as much consideration from such an institution as that when they are paying a great deal less than the regular rate—20 per cent. less? Does it not stand as a matter of ordinary common-sense that if they were paying the full rates they would have a chance of getting all the advantages the institution might afford, whereas by paying a lesser rate they might be docked of many little things it will not pay to give them?—If you will allow me to refer downstairs, I think I shall be able to show that £80 does not cover all the cost of Luby's maintenance. We authorise Dr. Alexander to get him many things outside the £80.

780. That is not the point. The point is, that you are compelling Dr. Alexander, in consequence of some general arrangement with yourself, to take 20 per cent. less than the regular thing, when the patient's nearest relative has affirmed her anxiety to pay the full rate, and specially desires that every comfort should be given to her son; and especially when there are ample funds for it. Do you not think it would be wise to review that position in the interest of such patients as are able to pay and whose friends are very anxious that the full figure should be paid?—I have always deemed it my duty to make the best arrangement for every estate which has come under my charge, and I have not considered myself at liberty to go to any extravagance in such administration. It appears to me still that the arrangement which was honourably entered into should be carried out. If I found that Mr. Luby was not receiving the attention which I deemed proper, I should take steps either to have the state of things altered, or to remove him from the asylum altogether.

781. Is any inspection made by you?—Not by me; but the Inspector-General of Aslyums makes an inspection, and the report of his inspection is sent to me under his hand.

782. What is the last report you have received from him respecting Luby's case?—I have not got it here, but I can produce it.

783. How many patients are there of yours at private asylums?—Two.

784. Who is the other one?—Mackay, from Palmerston North.

785. His estate is valuable?—Yes.

786. He is in the same asylum as Luby?—Yes.

787. What do you allow for him?—The same amount,

788. You say you have a report from the Inspector of Asylums in reference to these two patients?—Yes.

789. Why is that report not attached to the papers?—I expect the report has been sent Home to Luby's mother. It is printed; I can get plenty more.

790. *Mr. Loughrey.*] Should not such documents as that be attached to the records to make the reference complete?—Yes; I think it will be found so.

791. You have periodical reports from the Inspector of Asylums?—Yes.

792. Do you not attach such reports as you receive them? You told us when we first commenced to sit here that you had your papers so placed as they came in that they were in proper order?—Yes; and I also said, I think, that it will be found these periodical papers have been sent Home to Mrs. Luby.

793. *Mr. Macdonald.*] How often do you receive periodical reports?—Once a year.

794. And the agent of the Trust Office never makes a visit himself personally to look at the condition of these two patients?—No; that would be an interference, to my mind, with the duties

of the Inspector-General; or, rather, the report of the agent would be worthless as against the report of the Inspector-General.

795. Worthless in what sense?—As to the patients' mental condition.

796. Is not your agent practically your committee on your behalf? If you were in Dunedin, would you not be justified, as the patient's committee, in visiting the asylum?—Yes.

797. Does not that hold good with your representative?—Yes; but he has not been so instructed.

798. Do not you think it would be wise to instruct him to visit the asylum occasionally, because a layman's opinion may be of value in seeing how the patient is getting on?—It would be advisable.

799. It does not appear from the correspondence whether you ever wrote to Mrs. Luby, telling her you declined to agree to the increase of remuneration?—I do not think I did.

800. Then the position she is in at this moment is, that she is under the impression that the £100 a year is being paid?—There is no reason for her to think so, because I have not informed her it is so.

801. When she has written to Dr. Alexander and expressed her willingness to pay the money, and written to you telling you so, naturally she would conclude that would be done?—I would prefer looking through the papers before answering the question.

802. As a general principle, do you think it wise or prudent, even with every desire to carry out the department economically, to save £20 a year on the maintenance of a patient, seeing that the estate is able to bear the increased cost, and seeing that the general principle holds good that when a man suffers from mental affliction his path in life ought to be made as easy as possible? When he has abundant means do you not think every effort should be made to render his path in life as agreeable as possible?—No doubt.

803. Is it a case in which the economical administration of the office ought to be brought into operation?—An administrator, as you are aware, is always between two fires. If he spends money he is chargeable with extravagance. If he does not he is charged with parsimony. It is between these two fires that I have attempted to steer. I may have erred in this case; I do not think so.

804. In this case, of course, there can be no charge of excessive liberality in the matter, because you have been instructed by those most interested in the lunatic's welfare to incur extra expenditure, and you decline to do it?—True.

805. Therefore, if there is any parsimony, the onus of such parsimony lies with yourself?—Supposing I had ten patients—and Dr. Alexander would be very much delighted to get these ten at £50 a year, and would do his duty by them in providing all their necessary wants—it surely will not be argued that I should give £100.

806. Then, do you tell us that the head of a large lunatic asylum can afford to take ten patients at £50, as well as he can take ten at £100 each?—No; but he could well afford to take the patients which he may have from the Public Trust Office at a lower rate than he would take outside patients.

807. Here you have only two patients?—So far.

808. *Mr. Loughrey.*] If near relatives were to make arrangements with Dr. Alexander to pay the increased rate, would you object to such near relatives paying such increased rate?—Not at all.

809. That is Mrs. Luby's case?—She did not say she would remit. She said she had no objection to the £2 per week being paid. I cannot prevent her sending £200 if she chooses.

810. If she sent it through you with a request, what then?—Then it would be attended to.

811. Can you tell from the papers what you are paying for Mackay?—The same rate as the other—£80 a year.

812. Will you please turn to the estate of W. Kelsall. I see you obtained administration in 1879. At what time did you wind up this estate and pay the beneficiaries? What was the amount of the estate?—I cannot tell you; it is not settled yet. We are holding on, for the beneficiaries are not twenty-one.

813. On the 25th March, 1881, you received a letter from Mrs. Kelsall asking you for a settlement?—I shall be able to tell you later on why this settlement has not taken place.

814. On the 7th September, 1881, Miss Kelsall wrote in a similar strain, asking for a settlement too?—Yes; but she was not of age, and therefore could not get a settlement.

815. On the 2nd April, 1883, Mrs. Kelsall writes again?—She wrote in her new name—Mrs. Wilson.

816. On the 12th April, 1890, there is a letter from W. A. Kelsall?—Yes. He tells me he is of age, and would be obliged for his share of the estate.

817. Did he receive it?—Yes, at once. I could not pay until he was twenty-one. As to the widow, at the family's request we kept the house unsold for a long time. The family got married and dispersed, and then I was asked to sell. That accounts for a very large amount of the delay.

818. Look now at the estate of W. A. Persten. There was a letter from William Kerr on the 17th July, 1885. Will you tell us how it was that Mr. Kerr came to write such a letter?—I cannot possibly keep in my mind everything there is in these papers.

819. I want to get from you a history of this case, and the difficulties in which Mr. Kerr found himself, owing to the negligence of the Public Trustee. There is no doubt this was a gross case of negligence?—I am in this immense difficulty: that, while I am perfectly certain that I can satisfy the minds of the Commission in ninety-nine cases out of a hundred, I cannot do it without having considerable time to go through the papers. It happened, in the first place, long before I was appointed Public Trustee; and, in the second place, if it had happened in my time, it would be impossible to keep thousands of cases in my mind. Kerr wrote an undated letter from Hastings,

Hawke's Bay, to the Public Trustee, in which he said: "Dear Sir,—I have now respectfully to apply to you for payment of £11 5s., under the following circumstances: I am the owner of Allotments 14 and 15, Block IX., Whangarei, Auckland, which were conveyed by Dr. Persten, who subsequently died intestate, and whose estate you obtained an order to administer on the 13th August, 1878. Under that order you sold thirty-two allotments for £162 to a Mr. Vines, and in the conveyance were erroneously included the above-mentioned allotments, of which I am owner. The fact that this conveyance has been registered against these allotments so seriously prejudices my title as to render the allotments unmarketable; and, in order to remove that prejudice, I had to pay to Dr. Vines, for deed of confirmation, the sum of £11 5s., the amount paid by him to you in respect of the two allotments in question, which he is entitled to be repaid, and which he assigned to me on my paying him that sum. The conveyance made by you of my allotments was done by mistake, in ignorance as to a matter of fact. You took no estate in them, and could therefore give none. Vines, as already stated, is entitled to a refund of the purchase-money. This debt he has assigned to me. I shall therefore be glad to receive a cheque for this amount in the course of a fortnight.—Yours faithfully, WILLIAM KERR."

820. So that the Public Trustee had sold two sections belonging to Kerr without any authority from him?—Apparently a mistake had been made.

821. Now, will you let us have the reply of the Trustee to Kerr's letter?—"1st July, 1885.—In reply to your letter, I have to inform you that this estate has long since been wound up, and that I have no funds with which to pay your claim.—R. C. HAMERTON, Public Trustee."

822. What was done in this matter to put Mr. Kerr right?—He wrote on the 17th July, 1885, threatening an action. Then I referred it to the Assistant Law Officer to be good enough to advise what action should be taken. That was on the 22nd. The Assistant Law Officer advises, "If there are no assets, and the claim is a stale one, I do not see what else can be done than allow Mr. Kerr to proceed with his application." The receipt of that letter from Mr. Kerr was simply acknowledged.

823. And nothing has been done to indemnify Mr. Kerr for the loss that he has sustained owing to the mistake of the Public Trustee?—Nothing has been done.

[The witness here explained that he should like a little time for preparation in order to answer further questions, and the Commissioners agreed to postpone the further examination of the Public Trustee until a future day.]

Mr. JOHN CHAMBERS MOGINIE examined.

824. *The Chairman.*] Mr. Moginie, the Commissioners propose to commence your examination to-day in relation to whatever you may have to say on the duties and work performed by you; but, before proceeding, if you desire to make any statement yourself in the first instance, the Commissioners will be glad to hear you before putting their questions?—Well, I do not know that I have any statement to make unless you indicate the direction it should take.

825. Then, what is your position?—I am Accountant in the Public Trust Office.

826. How long have you been in the service of the Public Trust Office?—Since October, 1880.

827. Did you come into the office as Accountant?—Yes.

828. Will you state what had been your experiences to fit you for your present position before you joined the Public Trust Office?—Well, I was a little over three years in the Treasury, and prior to that I was nine years, or very nearly, in the service in Auckland—first in the provincial service, and then, when the provinces were abolished I was kept on, my services being continuous since the 6th December, 1868.

829. So that you have been in the public service altogether, how long?—A little over twenty-two years.

830. If you were retiring now from the public service would you get any consideration?—I should be entitled to my compensation.

831. No pension?—I hardly know what my position is with regard to that. Sir Frederick Whitaker, when Resident Minister in Auckland, transferred me to Wellington. He said that if I agreed to come to Wellington he would secure me full rights under the Civil Service Act, and on fuller consideration I accepted that proposal, and came to Wellington. He said I should have full rights, and that, I believe, entitled an old provincial officer to a pension; but how that has been affected by subsequent legislation I do not know.

832. Do you know whether the promise of Sir Frederick Whitaker was fulfilled or recorded, and whether these rights have been secured to you?—I do not know.

833. You never thought it necessary to inquire?—No; I took his word, and came to Wellington. Within the last few years my doubts have been excited by what I have seen. It seems to me that my rights would vest on his promise, and that nothing has been done to take those rights away.

834. However, it is hardly relevant to the inquiry, perhaps, at this stage. What were you doing before you joined the public service?—Immediately before that I was engaged in the South Sea trade.

835. In business for yourself?—No; supercargo for a firm at Tahiti.

836. Then, where did you get your first knowledge of book-keeping?—In a counting-house in London.

837. A mercantile firm?—Yes.

838. How many years were you there?—Four or five years; then I came to New Zealand, and, after sundry experiences, went into the service of Messrs. Lewis Brothers, merchants, in Auckland. I was there for some twelve months or two years; and I may say that after I joined the Provincial Government service Messrs. Owen and Graham, large warehousemen in Auckland, offered me the post of book-keeper in their establishment.

839. Then, have you acquired any extra knowledge in the way of book-keeping since you joined the public service?—I have met a class of book-keeping I had never seen before. In the provincial service we had one-sided books—no debtor or creditor at all. Of course, in the Colonial Treasury there is another system of book-keeping there.

840. Is it a system of single entry or double entry?—I do not know that I can speak of the Treasury system as a whole. Of course I know the branch in connection with which I was placed.

841. What system do you think it is?—Well, I think it is one that is not in accordance with any mercantile system; it is quite distinct. It may be in accordance with Government systems, but that I have had no experience of before.

842. Had you any opportunity of laying down a system when you were in the Treasury?—No.

843. Then you held a subordinate position there?—I was transferred from Auckland into the Treasury, and I suppose I did not take any real section of the scheme of book-keeping in the Treasury. I was employed on returns, and drawing out statistical tables, and that kind of thing. I had no special department. Anything or many of the things that were required they gave me to do. If a comparative statement was wanted, or anything of that sort, it was given to me to do.

844. When you joined the Public Trust Office in your present position as Accountant, what did you consider were your duties?—My duties, as laid down by the Public Trustee, were to have charge of the books, to see that all receipts and payments were properly made, and all the work in connection with that, and I was to assist in the general work of the office at the same time if required. Of course I had no discretion to alter the system at all. The system was one which I was told was drawn up by Mr. Woodward and the Auditor-General, and I had to continue the same system; but, finding it was not altogether what was wanted, I suggested certain things to ingraft on to the system to make it more complete, and some of those were adopted by the Trustee.

845. Then, did you consider you had full charge and control of the books and the clerical work of the office?—I had full charge of the books, but not of the clerical work. The Chief Clerk had general supervision over every one else in the office outside the Trustee. Under him, I had charge of the books, and had to assist, if required, in the clerical branch.

846. Who is the Chief Clerk?—Mr. De Castro.

847. Did Mr. De Castro ever interfere in the clerical work of the office, or the mode of keeping the books?—No; I do not know that he did, any more than by stating that was the way they used to do it. I did not consider I had any right to break away from the system and introduce another; in fact, I had not.

848. Well, supposing any errors occurred in the mode of keeping the books at any time, or that the books were not properly kept at any time, would you consider that you were responsible for that?—Well, it is just this: I should be nominally responsible, but of course the work is very heavy, and I could not be supposed to supervise everything. Although supposed to be responsible for the whole work, my time for supervision was so limited I could not possibly supervise every one closely. The staff of the Public Trust Office when I joined it consisted of the Public Trustee, the Chief Clerk, and a cadet. When I joined it the cadet was dispensed with, and the idea was that the office was overmanned, I believe. I soon found out that if we were to keep proper records the office, instead of being overmanned, was undermanned. For instance, they had no terriers showing the rentals receivable throughout the colony, only in Wellington. Well, one of the things I suggested was, that the agents throughout the colony should be instructed to send in returns of all realty they were looking after, with the particulars of tenancies, dates to which rents were paid, and to open terriers so that proper records might be kept. Having started those terriers, it became necessary for some one to do the work, and that naturally increased the work of the office. It pressed very heavily on me, and additional assistance was got from time to time—not so much as was required. I worked very hard. I was fighting against the impression that the office was overmanned. It was necessary to work on to 6 o'clock, and then to work after tea, and to take work home after 10 at night. There are many things I feel were not done as neatly, nicely, and properly as they should be, owing to excess of work.

849. Then you are responsible for introducing that historical book known as the "terrier"?—Yes, and also the book known as the "Assets and Claims" book. In those days there was no record of assets and claims, except files of papers. You cannot readily refer to files of papers. In those days if you wanted to know whether an asset was realised you had to search the papers through. I suggested the Assets and Claims book, and when an estate was reported all the assets were recorded, and any claims or likely claims were recorded in that book too; so that on referring to the book you had a view of the estate, and could tell whether the estate was realised or not. There was additional work in keeping that book. Then I introduced the receipt- and acknowledgment-books to carry all the moneys paid into the office. They had nothing of that sort before. They used to make out receipts on pieces of foolscap paper, and hand them out. Entries were made from these pieces of paper. These slips of paper were kept until the time came for entering up the cash-book.

850. Then, you introduced the rough cash-book?—Yes; that was subsequently. As soon as I came into the office I suggested that we should get these receipt- and acknowledgment-books to carry all moneys—the receipts, for all moneys paid into the Head Office; and the acknowledgment-books, for all moneys paid in to the credit of the Trustee at the Bank of New Zealand. As long as those books were not divided, I used to note the lodgments into the bank on the backs of the blocks. After the acknowledgment- and receipt-books were split up into classes, it was then I started keeping a little rough book to show how the lodgments in the bank were made up by the entries in the blocks. From that we got the rough sort of cash-book which is still in use. I am still using up some of the old memorandum-books for the purpose.

851. Then, you, in fact, are fully in charge of the whole book-keeping staff of the Public Trust Office here?—Yes.

852. I notice you have in this Wellington office what are termed "officers in charge" of various branches?—Yes.

853. How are these officers in charge?—Well, I am responsible for the work in the whole department, and they, under me, are responsible for the work in their respective branches.

854. They are all subordinate to you, I presume?—All subordinate.

855. How many of these subordinate charges or managements have you in your office?—Five. There are the Estates in Office or Wills and Trusts A to L; and Estates in Office M to Z; Intestate Estates A to L, and Intestate Estates M to Z, which are at the present time under one officer; Real Estates and Lunatic Estates, in charge of another; Native Reserves, West Coast Settlement Reserves, and Miscellaneous, under another. There are five officers to seven divisions.

856. I presume you are aware that the more books, and the more classes of books, that are introduced or used in an office the more complicated becomes the book-keeping?—Well, it is a great convenience to us splitting them up in a number of books, because it allows the work to go on simultaneously. It is a rule of the office that the records take precedence, and that they go through all stages and reach the Public Trustee on the day they arrive. If there was only one set of books it would be impossible for these records to reach him the same day, but by dividing officers into branches those records are divided into six lots. The six lots go through simultaneously, and the Public Trustee is enabled to get his records in very much less time.

857. Does not that entail an extra number of officers to do the work?—It may, perhaps, make the work a little longer in being done, because one officer can do a lot of work quicker than a number can do it; still, it has this advantage: it divides the work into classes; it gives one class of work a particular set of officers, who become more familiar with it than any man could be if he had to deal with a number of classes.

858. For instance, take the several series of ledgers. You have in number—subsidiary, individual, Check Ledgers, and others—twenty-two in current use in this office?—Yes.

859. Well, now, do any transactions go through more than one ledger? If they do, how many ledgers according to your system of book-keeping do the same transactions pass through?—A transaction first goes into the individual ledger. Then the same transaction, either singly or in a group, goes into the Check Ledger. These are the only ledgers the transaction goes into. The estate account is in the individual ledger. Several people may have interests in that estate of different quantities. In the sub. ledger we open an account for each person's interest in the one estate, and there we show each individual's interest, in the sub. ledger, which is combined in the whole in the individual ledger.

860. Then, do I understand you to say that transactions are separately or *in globo* transcribed from the individual ledgers to the Check Ledger?—No: the individual ledgers are posted from the cash-books and the journal, and the Check Ledger is posted from the cash-book and journal, with this difference: that the figures going into the Check Ledger are the totals in classes of all the estates in the cash-book for the one day. There may be for one day a dozen different estates in the cash-books belonging to Wills and Trusts A to L. Each of these is posted in the individual ledgers, but the whole is put into the Check Ledger.

861. Then, all accounts that appear in the individual ledgers also appear in some form in the Check Ledger?—Yes.

862. So that you can make your balance from the Check Ledger?—That is the book we make the balance from.

863. Then, you can take your Check Ledger now in use, and the balances appearing debtor and creditor in that Check Ledger, if taken out, will show the balance up to any date?—Yes; any day you can take out the balance.

864. Then, do I understand you that the subsidiary ledgers are ledgers not used for computing balances? They are more memorandum ledgers?—Yes; they are used simply to analyse the accounts in the individual ledgers. Of course we do not open accounts in the sub. ledgers for every account in the individual ledgers, because in intestate estates, after the widow has got her share, we will say the sum remaining for the children is equally divisible between them: in that case it is not necessary to keep accounts for each; it is only where the divisions are not equal that it is necessary to keep accounts for each.

865. Why cannot you analyse accounts in your individual ledgers, and show the result of that analysis in the individual ledgers without the aid of subsidiary ledgers?—That is, opening an account for each one's share?

866. Yes?—Well, that would place the beneficiaries at a disadvantage in this way: We allow estates interest on their floating balances if they do not sink below £50 in any one calendar quarter. If you split that up into three or four there may not be one of these accounts so separated entitled to interest, but they may be if left together.

867. Why not leave them in the individual ledger under one distinct heading?—At present that would introduce an innovation. We should have more accounts in the individual ledgers than go into the Check Ledger.

868. Do you mean to tell me that you have accounts in your subsidiary ledgers that do not appear in your individual ledgers at all?—No.

869. Very well. If every account you have in the subsidiary ledgers appears in your individual ledgers, either as a whole or in parts, why should it be necessary that these accounts in the subsidiary ledgers should be kept at all?—If we had one account in the individual ledger for the whole estate, and at the same time other accounts for portions of that estate, the money would really be in the individual ledger twice over—first in the one general account, and then in different separate accounts—and then the transactions taken out of the individual ledger would not agree with those in the Check Ledger.

870. Supposing that you have one account in the individual ledger under the heading of

"A.B." to the credit, £1,000. The balance of that account may be divisible among other parties interested, which you, under your system, would analyse and take to the subsidiary ledger. Well, supposing that you confined yourself to your individual ledger, and you opened an account for that portion which you would otherwise transfer to your subsidiary ledger, and you put the amount to the credit there, you say the balance would appear twice over?—I expect I misunderstood your question. I thought you were proposing to have one account in the individual ledger for the whole estate, and then an account for each individual share already contained in that one account.

871. I wish to have accounts kept in your individual ledger which under your present system you want to transfer to your subsidiary ledger, and I understood you to say, if what I proposed were carried out the balance would appear twice over in the individual ledger. Now, I want to show you that you are mistaken. Where do you take the transfers from of accounts that go into your subsidiary ledger?—From the individual ledger.

872. You take them from different accounts in your individual ledgers as occasion requires?—Yes.

873. When that procedure becomes necessary, why can you not still continue the minor accounts which you take from any account in your individual ledger, and still continue them in the individual ledger? And why the necessity of this subsidiary ledger?—In entering in the subsidiary ledgers we do not remove any money from any account in the individual ledger. The account remains precisely the same.

874. Then, what is the use of this subsidiary ledger? Is it used for any balance purposes?—No; it simply shows the share of each party interested in any individual estate. The subsidiary ledger analyses the one account in the individual ledger. Another thing we do in the subsidiary ledgers is to separate the account in the individual ledger into capital and income.

875. And where do you take them? Into the subsidiary ledger?—Yes.

876. Give me an example of each of those cases. It may be owing to my ignorance of your system of book-keeping that I cannot follow you. Will you step here and write me an example?—[Witness here wrote down two examples to illustrate his meaning.]

877. You give me an example here of the estate of T. Jones: sale of effects, £1,000—a balance standing in your individual ledger. And this is a supposititious case. To use your own words, you say, "This money is, say, divisible into two parts, one of two-fifths, the other three-fifths. Accounts will thus be opened in the sub. ledger for the two-fifths and the three-fifths, say for G. Jones and A. Jones. Then your entry is in the sub. ledger under the heading 'G. Jones,' share of estate, £400; 'A. Jones'—on another folio—share of estate, £600. These two accounts analyse the account in the individual ledger, but do not close the account in the individual ledger." Then, for a second example, you give another supposititious case from the individual ledger of an estate in the name of "G. Brown:" proceeds sale of effects, £1,000; rent of realty since death, £50; making a balance in the individual ledger of £1,050. Again, using your own words, "The first item, being from sale of part of the estate, is estate-money or capital; the £50, being from rent after death, is income. Therefore two accounts are opened in the sub. ledger, one for this capital, and another for this income, in the following form: 'Estate of G. Brown: Capital Account, proceeds sale of effects, £1,000.' In another folio there is 'Estate of G. Brown: Income Account, rent of land, £50.'" Well, in opening those accounts in the subsidiary ledger, you leave the original accounts as they were, in credit, in the individual ledger, while they are also in credit in your subsidiary ledger?—We do.

878. Then, I ask you again, would it not be better—and what is to prevent your opening those accounts which you have just described in the individual ledger?—Nothing but a desire to conform to the practice. It has never been done in the office. A change was suggested some years ago to the Public Trustee; but, as it would revolutionise the system, he hesitated to adopt it. It is one of the things I recommended, that separate accounts for capital and income should be opened in the individual ledgers.

879. Are those balances in the subsidiary ledger not genuine?—They are genuine, because if you add them all together they will balance with the balances in the estates in the individual ledger.

880. But if I refer back to the accounts in the individual ledger, and find that, notwithstanding, other balances have been taken from certain accounts in the individual ledger in order to open other accounts in your subsidiary ledger, but at the same time no entry has been passed to the debit of those accounts in the individual ledgers, then either the balances in the individual ledgers or the balances in the subsidiary ledgers must be in a manner fictitious?—If money is paid out of the individual ledger from the estate account, a corresponding entry would be made in the corresponding account in the sub. ledger, out of whose share the money was paid.

881. Now, directly you open accounts in your subsidiary ledger to the credit, say, of G. Brown, £1,000, and John Jones, £50, both taken from the same account in the individual ledger, they clearly become a liability of the office to the two latter different estates?—Of course, although the openings of the two last and the first accounts are made in two ledgers, they only really refer to the same money.

882. Then, I want to know what is the use of the subsidiary ledger?—We are bound to keep it, because we do not get the information in the individual ledger.

883. Then, supposing you made these same entries, two examples of which you have just prepared and given to me, and which have been recounted just now, and supposing you made these two identical entries in your individual ledger, under separate headings, in which the original account stood, debiting at the same time the original account in that individual ledger and crediting those separate accounts, would they not be proper entries?—Yes; we could have entries in the individual ledger, the same as in the sub. ledger.

884. And would it not be a more proper form of book-keeping, when you found it necessary to open other accounts for balances taken from certain accounts in your ledger—would it not be a

more proper form of book-keeping that those amounts which were to go to the credit of other accounts should be at once charged to the principal account by way of a debit, so as to form the credit balance or balances which you wish to put as a liability in favour of other accounts?—Of course there is a great advantage in having the accounts in the one at first, because until the estate is fully wound up and all debts are paid you do not know whether you can pay those liabilities out of the estate proper.

885. I presume you never make a charge against an account until you are satisfied that the money belongs to another account?—We satisfy ourselves of that first.

886. When you have satisfied yourself, and find it necessary to transfer a portion of an account to a separate heading, would it not be more regular to charge it at once to that account, and form a credit balance to the new account in the same class of ledger?—I am quite in favour of having accounts opened in the individual ledger for each one's share. I think it would be much better.

887. Now I must have some further discussion with you on this system of opening accounts which seem to represent really nothing, if you tell me the subsidiary ledger is not—if I may use the term—responsible for the balances contained in it?—It would be much better, I believe, to work the estate account as a whole until distribution can be made, and then to close the estate account by transferring to the individual ledger each one's share.

888. Then, I ask what is the object of a ledger?—To show the state of accounts between parties.

889. And what is the object of opening accounts in a ledger?—To show how much money is due to one or the other.

890. Then, is that the object of your subsidiary ledgers?—Yes; we show how much of the balance at the credit of the estate account is due to a person.

891. Then, if I take your individual ledger in the estate of T. Jones, I find a credit balance of £1,000. I go to one of your subsidiary ledgers, and I find that, notwithstanding no entry has been charged against the estate of T. Jones in your individual ledger, there yet appears, as coming from that estate, in your subsidiary ledger a credit balance to G. Jones of £400 and to A. Jones of £600. So that, while there is an amount equal to £1,000 standing to the credit at the same time of the account of T. Jones the individual ledger also represents a credit balance of £1,000. If you find it necessary to transfer amounts to the subsidiary ledger, why do you not at same time charge the account which any amounts are taken from with a debit entry of such, representing the credit entry or entries in the balances transferred to the subsidiary ledger?—That would be right, of course, if individual accounts were opened in the individual ledger; but it is not necessary, as they are opened in the sub. ledger, which is only an analysis of the balance.

892. Then, again, I ask, what is the use of the sub. ledger?—It is only of use because it has not been the practice to open separate accounts in the individual ledger.

893. Is it not misleading?—Yes; it might be to any one who does not understand the system.

894. If I take up your subsidiary ledger, and take the balances which appear in your subsidiary ledger, I have a right to suppose those balances to be real? Are they real balances?—They are real, but only as they relate to a balance in another ledger. The sub. ledger was a matter of necessity in this way: We have accounts opened in our individual ledgers; there is one estate in which there is a credit of £1,000; we want to know how much of that is due to Tom Jones, and how much to George Jones. It does not show you that in the estate account in the individual ledger, but by analysing that in the sub. ledgers you see how much you have to the credit of each individual.

895. What account do you analyse it from?—From the account in the individual ledger.

896. Then, if the account in the individual ledger is responsible for a certain analysis that produces other smaller accounts and balances, should you not, at the time you come to the decision that an analysis or subdivision is necessary, and that in consequence it is necessary to open other accounts in another ledger—directly you put those accounts as credit balances in another ledger, should you not at the same time charge the original account with equal amounts in the individual ledger?—Yes; if opened in the individual ledger.

897. Would it not, then, save you time and trouble, and prevent confusion, if you confined your system of book-keeping, where you have occasion to divide principal accounts into smaller accounts, to open them in your individual ledgers, and at the time that you made credit balances you charged these balances in your individual ledgers?—There would be this in it: that every transfer made from one account to another would apparently mean so much more business done, whereas it is merely a transfer from one branch to another. Of course, if we transfer money from one account to another in the individual ledger, which is simply putting it out of one pocket into another as far as the estate is concerned, it does not represent business done in the office.

898. Then, do I understand you, your object of opening and keeping these subsidiary ledgers is to have a system of sham ledgers——?—They are fictitious.

899. Then, you now admit they are either entitled to the name of ledgers as observed in any well-regulated office for the purposes of book-keeping, and ought to fulfil their part as ledgers in your office, or else, if they take no part in the regular necessary book-keeping system of your office, they can be nothing else but fictitious or sham ledgers?—They are not necessary to the bringing-out of a balance.

900. If they are not necessary for bringing out your balances they are fictitious?—It is just this way: We could get at the balances the same way by analysing the accounts in the individual ledgers on to sheets of paper, and attaching them to the papers.

901. What is to hinder you, when it is necessary to analyse a particular balance in your individual ledger in order to transfer a portion or portions of it to other accounts, from entering the full particulars again on another folio in your individual ledger under the heading of the new account you have found it necessary to open?—There is really nothing except breaking up a practice.

902. Has it not occurred to you as a professedly experienced accountant—and I am glad to hear from you that you have had so much experience—that your system of keeping these subsidiary ledgers, looking at the irresponsible way in which they are kept, can well and with advantage be dispensed with?—I quite believe that, and it is my advice too. I would have all those accounts in the individual ledgers. We wanted something to exhibit for the particulars of individual shares of estates. It was not the practice to open these accounts in the individual ledger, but as we wanted the information we had to adopt some practice which would give it to us in another way.

903. In any well-regulated office where proper book-keeping exists I take it that the cash-book will record, or should record, the daily transactions of cash—that is, all entries, payments both out of any account in any office and payments into any account?—Yes.

904. Then, the daily working of your cash-books should be focussed into the individual ledgers, giving the particulars fully of every item that has gone in its original entry from the cash-book; and the ledgers would give full particulars which the cash-book would not?—Yes.

905. And from your individual ledgers you would again focus, and from your cash-books you would also focus, the entries of the totals of the cash-books daily into your Check Ledger?—Yes.

906. And what would be particularised daily under the many headings in your individual ledgers would appear, so far as amounts and balances, in totals in your Check Ledger?—Yes.

907. Then, your subsidiary ledgers have nothing whatever to do with this book-keeping?—No.

908. Then, you agree with me that they are really unnecessary, and could well be dispensed with?—Yes.

909. Then, that would dispense with a large amount of extra writing and complication besides?—Yes.

910. You also admit that if any auditor were to take out the balances from the individual ledgers and expect them to balance with the Check Ledger, or help to do so, the balances would only mislead?—Yes, they would only mislead; in fact, they would not balance.

911. This Check Ledger, or General Ledger, is, as you said before, and as its title implies, a check on the working of the individual ledgers?—Yes.

912. How often are your cash-books written up?—The class cash-books are written up daily, and the general cash-book is written up once a week.

913. Before leaving the subsidiary ledgers—these sham and fictitious ledgers—let me ask you how many of these ledgers have you got in use in the office?—About eight, I think.

914. Then, these eight ledgers—I have been through nine—can well be dispensed with?—Yes; but it would do this: We could open the accounts we now have in the sub. ledgers in the individual ledgers. We should be using a very expensive book where a cheaper one would do.

915. But your subsidiary ledgers are in the regular form of ordinary ledgers—the ruling particulars and columns are the same?—I quite agree with you they could be done away with.

916. That would make a large reduction of your twenty-two ledgers now in use in the office. We will now see whether some of those other ledgers could not be dispensed with also.

917. How many cash-books do you keep?—There is one general cash-book in use and six class cash-books, the totals of which are transcribed into the general cash-book.

918. I understand your class cash-books to mean, that all daily transactions, debits and credits, pass through them?—Yes, as they come in daily.

919. Then, what is the use of the general cash-book?—It takes the daily total of classes from these class cash-books, and it is the cash-book which is balanced with the bank pass-book.

920. Is it the general cash-book from which you take your totals into the general ledger?—Yes.

921. Have you been in the habit of having your daily cash-books summed up and the balance struck daily?—No; the balancing is done once a week. The entries are made daily, but once a week, when the general cash-book is balanced with the bank pass-book, then the other cash-books are proved to be correct in their daily totals or not. If there is an error, it must have occurred in the daily cash-book.

922. Has it not occurred to you that the general cash-book is a very useless book?—We require to have a cash-book to be signed by the Controller and Auditor, and the general cash-book was the best form in which that could be done, especially at a time when the cash-book had to be sent to the Audit Office to be signed by Mr. FitzGerald. It is only within the last twelve months that Mr. FitzGerald has called at the office to sign.

923. Do you say that up to twelve months ago it was necessary to send your cash-book daily to the Audit Office?—At a rough guess, Mr. FitzGerald came to this office twelve months ago. Prior to that the cash-book was carried up to Mr. FitzGerald for signature. At the time we had one cash-book it was a continuous source of trouble between the Audit and the Public Trust Office as to the possession of the book. They could not get it because we were using it. Therefore one way of getting over the difficulty was to split the work up into class cash-books.

924. Then, for the last twelve months that objection has disappeared?—Yes: by having the six class cash-books the six different branches can go on posting up their ledgers at the same time.

925. Supposing, then, that the summations of your ordinary cash-books were made daily, and the balances ruled off and brought down, could not the totals from those ordinary cash-books be carried into your Check Ledger as they are now from your general cash-book?—Yes, just as well.

926. If that were done you could dispense with the general cash-book?—Yes.

927. And all the extra writing in it?—Yes.

928. You have told us that for the last twelve months the Auditor-General has called here to sign the cash-book. What is the object of his signing the cash-book?—He is bound to do it to comply with the Public Trust Office Act. I suppose it is a certificate that it is correct.

929. If he finds the cash-book not added up, and the grand totals not ruled off, would he still

sign it?—Of course, I do not see Mr. FitzGerald when he signs the book, and do not know what he does. It is a necessity that the general cash-book he signs should be added up before he signs it.

930. How long is it since you have had this general cash-book?—Since about 1886 or 1887.

931. Are you aware it was not the custom to make the additions in the class cash-books?—There is no object in adding up the class cash-books; all you want is the daily total; when you have got that you want nothing else.

932. Is it not proper in a well-regulated office that the cash-books should be made up and balanced daily?—That is, of course, the case, but our general cash-book is the one.

933. Then, would not the system be more simplified if the daily cash-book were totalled up and the summations ruled off and balanced daily?—Yes; that would simplify the work. There may be some advantages in the system, as now, of the daily cash-books: to get at the balance they would have to be summated.

934. Would it not be more simple to have one class of daily cash-books?—Yes.

935. You might find it necessary, as perhaps it has come within your experience in other offices, to divide the alphabet, and under that system to use two or three cash-books, according to the amount of work, and then you would have only one set of cash-books. Now, supposing it still became necessary for the Audit to require you to produce a cash-book or cash-books at the Audit Office daily, and to suit the convenience of the Audit to leave cash-books with the Audit daily for a day's use, or even a few days' use, could not that be managed under a system of one form of daily cash-books in two sets for use on alternate days?—You could have a duplicate set of these on alternate days.

936. Then, if it became necessary for the Audit Department to need the cash-book daily again, would it not be better to have one form of cash-books and have them in two sets?—Yes. What I have suggested in my report is, that we should have a cash-book which would run longer than a day, and the totals could be posted into the Check Ledger.

937. Do you not think it essential for a proper system of book-keeping that the cash-books should be written up and balanced daily?—Yes, that is the correct thing.

938. You keep a cash account in your ledger?—In the Check Ledger.

939. If that system were adopted—of having one series of cash-books and one series of individual ledgers, classifying the ledgers by dividing the alphabet, or even in connection with different classes of estates, would not your system of book-keeping be made very much more simple?—Yes, it would.

940. Would it save clerical labour? You see, you would have a much lesser number of ledgers and other books?—It would be an advantage.

941. Did it never occur to you to suggest that course, or were you so bound by iron rules that you were afraid to do so?—My instructions were to carry on the system as I found it.

942. From whom did you get your instructions?—The Public Trustee.

943. The Public Trustee tells us he does not understand book-keeping. Then, I presume he really trusted you to conduct the office as you thought best in the way of keeping the accounts of the office?—I had no power to make any alterations.

944. Did you ever have occasion to make suggestions to him?—I suggested that the individual ledger be divided into separate accounts—capital and income; but, as it would alter the system which had been in vogue from the establishment of the office, he would not do it.

945. Tell us why you have got that form of reversing the debit and credit entries in your columns of transactions? I think you told me the other day you found it so in the office?—Yes, but I really never got a satisfactory explanation of it.

946. You never sought to alter it or go back to what was customary and usual?—No. I felt somewhat hampered by being instructed to carry on the system, and it was really not my place to make suggestions of that nature. I did suggest things which were considered absolutely necessary, like the Asset and Claims book.

947. You say you were instructed to carry on the system of book-keeping as you found it, by the Public Trustee?—Yes.

948. Do you know how many individual ledgers you have in use in the office?—Twelve, I think.

949. That is, including what you term "miscellaneous"?—Yes.

950. And there are other large ledgers?—Yes.

951. They average in folios—how many?—The larger ones will be about seven hundred and the smaller ones about five hundred.

952. Those ledgers are actually now in current use?—Yes; they have accounts open. Of course, the older accounts are not being worked, but are simply dormant.

953. Do you not think all the accounts contained in those twelve ledgers could be conveniently transcribed into at least one-half that number?—There would be this disadvantage: By keeping the old ledgers going you finish accounts in them. If you open new ledgers every year an estate that sticks in this office ten or fifteen years will be found in as many ledgers, whereas now you get the estate in perhaps two. It would be a matter of difficulty to haul down twelve ledgers.

954. Is it not a greater inconvenience to haul out twelve ledgers every day for the current work of the office?—Under the other system we may still have the same number. It might be convenient to bring the work of the office into six ledgers.

955. How many accounts have you opened in your individual ledgers?—Probably about three thousand: that is an estimate.

956. You have not less than that?—I should think they would total about three thousand.

957. Upon an average, how many of those operative accounts do you hope to close in the

individual ledgers in which you first opened them?—Well, by allowing the accounts to work themselves out in the same ledgers we should close a great many of them in the same ledger.

958. Would you close half?—I think more. Two thousand, probably.

959. Not more than two thousand?—I do not think so.

960. Then, it is to be presumed that you have a thousand accounts that are very operative and have of necessity to be transferred from ledger to ledger?—Yes, at a rough estimate.

961. So that you must, in the ordinary course and progress of business of your office, expect to have the work entailed upon you from day to day of having to wade through and refer to twelve or thirteen ledgers? Under your system you cannot avoid it?—We cannot avoid it.

962. How often do you open new ledgers?—There are no stated periods. When the old ledger is full—when an account has been opened on the last page of the ledger—a new one will be started. In that ledger there may be pages left for large accounts, in order that they may still go on.

963. Are you aware that at least in two of your individual ledgers, containing five hundred folios, that have been opened for five or six years, only some hundred or hundred and fifteen folios have been used? Are you aware of that?—I cannot call to mind.

964. I shall be able to show two in that state before we finish. Under your present system you are opening ledgers haphazardly, and before there is any necessity for them. If I point to two ledgers that have only a hundred or a hundred and fifteen folios used, should it not have occurred to you that room might have been found for those accounts in some of your other individual ledgers?—You have to keep up the classification. It only amounts to this: that these ledgers will last longer.

965. Will you admit this: that the more ledgers and the more books you open in your office, the more work is entailed upon the office?—Yes, it is so.

966. Either in reference to accounts or in the copying of accounts?—Yes; the fewer books you have the less work is entailed.

967. Have you any regular ledger-keepers in your office?—No.

968. Have you officers in your office who really understand the keeping of a ledger, and how a ledger should be opened and kept?—We ought to have.

969. Is it not the duty of a ledger-keeper, when his ledger is becoming pretty well used, and the necessity arises for opening a new ledger, to look through the accounts he will have to transfer, in order to take the average number of folios that each account has used, and so arrive at an estimate in setting off the folios necessary in opening the new ledger, and by that means to get an idea of the space required for each account?—Yes.

970. Have your ledger-keepers, or the officers who keep your ledgers, ever made those estimates, and made such representations to you at the time of requiring new ledgers?—No; it has not been the practice. I know some of them have planned off their new ledgers.

971. In preparing to open a new ledger have you ever indicated to them that they ought to do something of that kind—that they ought to prepare the estimate of space necessary for the accounts I have indicated?—I may have said something to some of them, but not to all, because it is not our system to make a general transfer of accounts from one ledger to another.

972. How often is your general balance?—Once a year.

973. Do you take out any trial-balances in the interim?—A weekly trial-balance from the Check Ledger, and, in addition, a balance from the two sets of ledgers, and compare them once a quarter.

974. You mean the individual and Check Ledgers?—Yes.

975. Would it not be a more convenient method if you had stated periods for opening new books—that is, books of that importance that ledgers are—for transferring all accounts?—Well, there is one objection, and that is that you would year by year be transferring balances of estates—the same balances, in fact, with perhaps a little interest added—and would be very largely filling up a book with old balances that will not be touched.

976. From your long experience I presume you could put your finger on the most of those dormant balances?—We can turn them up quite readily.

977. Supposing you had a ledger specially reserved for those sort of balances—balances that are not active, without transactions from day to day, or from week to week, but remain in the same inactive state from half-year to half-year, or yearly?—Those over £50 will have interest accruing on them.

978. Could you not put your finger, going through all your balances, on the most of that class of sleeping balances?—Yes; our sheets would show them.

979. To get over the difficulty you have shown about the trouble in making periodical changes in your ledgers, could they not be confined to one, or, if not to one, to even two ledgers, or to separate ledgers? I presume these balances would form a great number of those three thousand accounts you refer to?—Yes; a considerable number. Where they are still remaining there may be still a portion of the ledger which will be sufficient to carry those accounts right through their office existence.

980. I want to hear your opinion upon a system I suggested to you just now, of the principle that when it becomes necessary to transfer your balances from an old ledger to a new one: would it not be better to only do so at stated periods—say, where necessary, at the end of a financial year or the end of a half-year or quarter?—Then there would be occasionally portions of ledgers unused, and at other times the ledger might not be large enough to carry us through the period, because with the business fluctuating as it does sometimes you do not fill up the same space every year.

981. Would it not be well to so regulate and classify your accounts that you would have the inactive accounts in certain ledgers, and the active accounts in other ledgers?—There is an

unknown element coming into it, and that is the future. We may have a hundred and fifty accounts coming in during the next six months, or only a hundred; so that you cannot gauge the ledger-space you will require in any given period.

982. What is to prevent you, then, opening new ledgers when the old ones are done, at certain periods, either quarterly, half-yearly, or annually—that is, at stated periods, and not under your present irregular system of opening them any day in the week, as your inclination leads you?—There is nothing to prevent the opening of ledgers periodically but the practice of the office.

982A. I observe that in opening new ledgers under your present system you do not always—even seldom—put the folio where the balance has been transferred from the old ledger?—That is an oversight.

983. You do not bring forward the totals of the transactions?—I suppose that is the case; but I do not know that it is the case in all instances.

984. Have you not satisfied yourself on that point?—No, I have never satisfied myself.

985. If I tell you it is so, having gone carefully through your ledgers, would you doubt it?—I should not doubt anything you told me.

986. In your opinion, in the middle of a balancing-period—that is, between one annual balance and the other—if it is necessary to open a new ledger, and take forward the balances from the old ledger, is it not necessary to take forward the transactions to prove that balance?—I think you will find most accounts transferred have been transferred at the end of a year. Those accounts transferred during the currency of a financial period are, I suppose, the transferred A to L accounts carried into the new ledger.

987. If a new ledger is opened in the middle of the year, or any part of the year before your balance-day, is it not necessary to take forward the transactions with the balance?—Yes, certainly.

988. Are you aware whether that has been done?—I suppose it has not been done. They have been following the old practice, and not showing the additions of the transactions.

989. Then, although it might necessitate the use of new ledgers more frequently, would it not be convenient to keep the whole of your accounts in at least half, or less than half, the number of individual ledgers now in use?—With this one drawback: that, looking at an estate account, we should have more ledgers to look through.

990. You still have that drawback under your present system? As the office grows older and the work larger, and as business rolls into and through your office and is dealt with in your office, you are bound to have that difficulty to face; and therefore, looking at that, I ask you again whether it would not be more convenient, and a reference more easily made to accounts in active use, by bringing the accounts that are now in twelve individual ledgers into a very much fewer number?—Yes; it would be better. One advantage would be that the ledgers would be better preserved—not so much knocked about. That would be one advantage.

FRIDAY, 17TH APRIL, 1891.

Mr. MOGINIE'S examination continued.

991. *The Chairman.*] Now, Mr. Moginie, since I last had the pleasure of speaking with you on this ledger business, have you thought the matter over whether the individual ledgers of this office could not be reduced even to three in number?—Well, I have not specially thought on the question again; but I think that separating the estates into classes is a good system. By that means we keep them quite separate and distinct.

992. Well, is it not possible to form classes in one ledger—that is to say, that one ledger might contain more than one class of accounts?—You might have one ledger for the two branches of the wills and trusts, containing the whole alphabet. At present we have them separate.

993. Then you agree that it is possible to have more than one class of accounts in one ledger?—It is possible; but it has its disadvantages, because if you have half-a-dozen accounts to make out you have only one ledger, and you can only make them one after the other. If you have two, you can have two men making them out.

994. I want to do that without the two men dealing with the ledger. If you have three ledgers, and the daily work was not heavy, you might have only one ledger-keeper, or, if the daily work was large, and consequently your ledgers were much used, it might be necessary to have two or even three ledger-keepers—a ledger-keeper to each ledger?—Of course, it frequently happens that statements of accounts are wanted at the same time.

995. Tell me this: Diverting a little from the thread of my questions on the number of ledgers, if a statement of an account from a ledger was required, who is the proper officer to make out that statement?—The Ledger-keeper, of course.

996. Therefore, upon reconsideration, your answer as to the difficulty against having more than one class of accounts in a ledger might be different?—Well, I certainly think it desirable to have a ledger-keeper whose duty shall be to do nothing else but keep ledgers, and make out statements of accounts.

997. Is there any objection, for the sake of convenience, and perhaps economy, to having more than one class of accounts in one ledger?—It is to prevent a deadlock between officers that it is desirable not to have more than one class of accounts in one ledger.

998. Will you show the Commissioners how the deadlock can occur?—If officers require to refer to ledgers in different classes of estates, it is better to have them separate.

999. What officers are required to refer to ledgers except the Ledger-keepers and the head of the office?—Of course, the head of the office may call for information which will have to be got from the ledger.

1000. Who would supply that information?—Whatever officer is available.

1001. Would any officer in your office be allowed to go to the ledgers to get information haphazardly?—Failing the proper officer, if he was engaged on work, and could not be taken off it.

1002. Do you employ your Ledger-keepers in all kinds of work?—The officers we call Ledger-keepers are really officers in charge of estates, and ledger-keeping is the smallest part of their work.

1003. Are not the ledgers and Ledger-keepers, if properly conducted, most important work and most important officers in your office-machinery?—Of course, I quite agree with the system of having one Ledger-keeper. It is a very responsible post, and the officer should be a good one who holds the position. But there are also important duties in connection with the records of the office. The officer in charge of estates takes the file of papers and keeps them right.

1004. Let us now confine ourselves to the ledgers in the first instance. Now, supposing you have a ledger of five hundred to seven hundred folios—you have ledgers in use containing that number of folios?—Yes.

1005. Well, supposing in a ledger of seven hundred folios you found sufficient room for two classes of accounts—estates in office and intestate estates, say—those are two numerous classes of accounts now worked in the office—supposing you found room for those two classes in one ledger, would it not be more convenient to have those two classes in one ledger than to have them in two or three ledgers?—I do not think it would.

1006. Well, tell me why?—In taking out the quarterly balances, if the accounts were in two ledgers two officers could do it.

1007. But tell me this: If you have a Ledger-keeper or Ledger-keepers, whom do you hold responsible for the work of those ledgers?—The Ledger-keeper.

1008. Can you expect the Ledger-keeper to be responsible for his ledger if you allow other officers to tamper with that ledger, and to make entries haphazardly or to take copies of entries out?—He would have to see they did them correctly.

1009. If he has to do that, would it not be more convenient that he should do the work himself?—Yes; it would save time.

1010. If he has to overlook another officer taking out work from his ledger, would it not be more quickly and correctly done, and save time, if the Ledger-keeper did it himself?—Yes; it would be more correctly done.

1011. Would it not save official work?—It would perhaps economize labour; but the whole of the work would not be got through in so short a time, because you cannot have more than one officer on it.

1012. If you have to prepare a statement of account in your ledger, tell me how you will engage more than one officer on the work?—You cannot, if the accounts are in the same ledger.

1013. I am speaking with reference to dealing with any particular account in any ledger. If you have to get information from a ledger—to make a copy of an account in a ledger, to take any particular items from an account in a ledger—can you employ more than one officer in doing that work?—No, certainly not.

1014. Then, do you still maintain that it would not be convenient, presuming the ledger was large enough, to hold two classes of accounts than to hold one?—It would have its advantages, no doubt; but experience shows that to have them divided gives us more facility.

1015. Your experience in this office has shown you that?—Yes.

1016. Have you ever tried the other plan that I have just shadowed forth?—In No. 3 ledger the accounts are mixed—that is, there is a section in that ledger for intestate estates, another for real estates, another for lunatic estates, another for wills and trusts, and another for miscellaneous. It was found very inconvenient when those accounts were in one ledger. When information was required about one class of estates, the ledger was in use for one purpose, and could not be used for another.

1017. When was that ledger opened?—I think in 1878.

1018. And when was it closed?—There are still some dormant accounts. [Ledger No. 3 produced.]

1019. When did that ledger commence?—It was opened in July, 1878.

1020. Can you tell me what date in July it was opened? Will any accounts indicate the date upon which that ledger was opened in 1878?—Yes; I expect the 3rd July would be the first.

1021. Have you any particular title for this individual ledger beyond "No. 3"?—No; the first three ledgers of the office were Nos. 1, 2, and 3.

1022. Then, I understand this is really the third individual ledger that was opened in the Public Trust Office?—Yes.

1023. Who kept this ledger?—It was kept first by Mr. De Castro, afterwards by myself, then by a young man named Sleigh, and afterwards by various other officers who followed on.

1024. Are any of the officers now in the service who kept this ledger?—Yes: Mr. De Castro, Mr. Warren, and Mr. Hamilton, and I think Mr. Ronaldson also, had a hand in keeping it.

1025. Is this ledger still in use?—It has still old accounts in it that are still operative.

1026. They are dormant, but they are alive? There are balances standing to their credit?—Yes.

1027. Was this ledger posted by more than one officer during certain periods?—I think one or two officers posted this ledger at the same time. I think it is very likely that during the time an officer was keeping that ledger some other officer assisted him from time to time.

1028. In looking through this ledger I can trace several different handwritings in the same accounts throughout. I think that would show that during the activity of this ledger it was posted by more than one officer—indeed, by several officers?—Yes, it is so.

1029. Then, I think you mentioned this ledger as an instance to show it was not convenient to have different classes of accounts in the ledgers?—Yes, that is so.

1030. How long ago is it since you came to that conclusion in connection with this No. 3 ledger?—The conclusion was come to, and the principle of dividing the work adopted shortly afterwards, and then the other ledgers were got, separating the estates into classes.

1031. About what year?—About January, 1886—five years ago.

1032. Then, what were you doing with the other two ledgers—Nos. 1 and 2? Were they both in operation?—Yes, they were both in operation.

1033. And what kind of accounts did they contain?—No. 1, mixed accounts, similar to that one; No. 2 contained miscellaneous accounts, not accounts of estates.

1034. I note in looking at this No. 3 ledger that you seem to have the accounts mixed haphazardly from folio to folio, and without regard to classes, just as you found it necessary to open them. That seems to have been the practice in those days?—Yes.

1035. Well, supposing that the whole of the accounts were taken out of this ledger for the purpose of being transferred to a new ledger, but before transferring they were classified into classes of accounts so far as being either classes of estates, and again into accounts of classes that were likely to be active accounts and others dormant, and that you so divided them in that ledger, giving to each of the different classes according to probable requirements of folio space before transferring them into the new ledger, would that not likely utilise the new ledger in a better form than under your old system of putting a mixed lot of accounts haphazardly into different parts of the ledger, as you may proceed from folio to folio?—The accounts are classified in that ledger. In the first part comes intestates, then real, then lunatic, and then estates in office, miscellaneous.

1036. Well, then, if they are classified according to your idea of classification in this ledger, how have you dealt with them in taking them to new ledgers?—From that ledger they were taken into separate ledgers.

1037. Then, according to your view, how many classes of accounts are there in this ledger?—Five.

1038. Then, how many of those remain in it now?—I expect only two classes remain open.

1039. Then, three of them must have been transferred?—Yes.

1040. In transferring those three classes of accounts, were three new separate ledgers opened?—Yes.

1041. Now, seeing, according to your own view, that you kept five distinct classes of accounts in this No. 3 ledger—you appear to have kept the five in it for a great number of years—would not one ledger have sufficed for these three classes that you have transferred?—It would have sufficed, but it would not have given us the convenience we have in separate ledgers.

1042. That is what I want you to explain more fully—to show the Commissioners how that convenience arises?—Of course, having more than one ledger does not interfere with the principle of having only one ledger-keeper. One ledger-keeper could keep a whole lot of ledgers; but the convenience arises in being able to refer to the different classes of accounts without having to wait if the ledger is in use at the time.

1043. If a reference to the ledgers is necessary, which are the officers in this institution who take upon themselves to refer to the ledgers?—Well, the Ledger-keepers are the proper officers. But, of course, if there was only one ledger, only one reference at a time could be made to the accounts in that ledger; but if information is wanted in three or four different estates at the same time, by having these estates separated into class-ledgers, other officers can go to those ledgers and get the information at the same time. Hence the convenience.

1044. How often during the same day and the same hour do you require to get information about more than one estate, or more than half-a-dozen estates? In other words, how often do occasions require you in a few minutes to get information from your ledgers in reference at the same time to more than one account?—They frequently arise.

1045. What, in a few minutes?—I do not say in a few minutes. We frequently have occasion to turn up information about several estates about the same time.

1046. If I want information about a particular estate that requires a reference to a ledger by you or your Ledger-keeper, how many minutes will it take you to make that reference?—According to what is required. People frequently come in and may go in to the Public Trustee, and he will send out for a rough statement of the position of the estate to be got out at once for the information of a client. That has to be done, and done very quickly.

1047. What do you call a "rough statement"?—For instance, a person might come in and say, "How much income will there be coming to me at the end of the quarter?" The Public Trustee would send out just for a pencil statement, giving the result. The ledger is required immediately for that purpose.

1048. Who would do that?—The Ledger-keeper.

1049. How long would that statement take on an average?—It might take from five minutes to a quarter of an hour.

1050. A quarter of an hour would therefore do?—In most cases.

1051. Do you have more than four, or even four, of those references in the course of an hour during the day?—No.

1052. But if you had four, allowing the maximum assumed in your mind, of the time necessary, an hour would enable the Ledger-keeper to satisfy four references per hour during the day?—Yes.

1053. In your recollection have you ever had four references that took a quarter of an hour each in one day. I do not think we have had four at the same time.

1054. Then, what is the inconvenience of having more than one class of accounts in the ledger?—In this way: If a person does want an immediate statement of an account, it has to be got on with at once. If all classes of accounts are in the one ledger, it brings posting to a standstill until that is out.

1055. You say the four statements would not take more than an hour?—Supposing we had to

make out whole statements of the accounts, covering years, it might take the Ledger-keeper an hour or two.

1056. Do you not render accounts at your balances?—We make statements of accounts quarterly.

1057. Then a statement could not possibly go beyond the necessities of a quarter?—Except as far as the capital of the estate goes.

1058. The capital of an estate is known from time to time from the very commencement of the account, is it not?—Yes.

1059. Do you not render accounts and make statements of accounts once a quarter?—We make them yearly.

1060. Then no account would necessitate a statement being for more than a year. And take any reference of that kind that might come in at this period of the year, even then the statement would not have to go beyond the 1st of last January?—Just so.

1061. That would not take more than a quarter of an hour?—It would not take long, taken by itself.

1062. I do not suppose your business is so large. I have gone carefully through all your books, and I have seen nothing so majestic in the shape of book-keeping or account-keeping that would entail a greater time than a quarter of an hour in making out a statement of an account?—The thing with us is, that we must not keep people waiting, but supply them at once.

1063. Does the office never keep people waiting?—Of course, it does sometimes; it cannot be helped.

1064. Did you never have any complaints from people that they had been kept waiting? In other words, that delay in your office was becoming very annoying?—Of course, such complaints have been made; but when people come to the office they are generally served at once. That is our desire.

1065. Then, you still fail to convince me of the necessity of having so many ledgers in order to keep each class of accounts in separate ledgers?—Well, take the case of No. 3 ledger. In preparing a return for the House, as we did one year, of all intestate estates, there was that ledger to take it from, and of course only one man could do it. If it had been divided up into classes two or more men could have been put on.

1066. Well, I will take you on this matter of intestate estates, which you say were confined to this ledger. Did I not understand you to say that you made up annual statements?—Not of intestate estates, but of wills and trusts.

1067. Then, what have intestate estates done that they should be treated differently?—They are quite different. In most intestate estates you do not know the next-of-kin, and know of no one to render statements to.

1068. Supposing you were to make out at the end of a financial year statements of the various accounts in this class. Do you do that?—No; not in all.

1069. Supposing you made a full statement, if done methodically and at even times, that would not entail a very great deal of extra work?—No; under a method.

1070. Then, suppose we start from the 31st December last, and that during next session of Parliament any returns were called for in reference to any accounts in your office, it would not then be a very difficult matter to supplement the return that you had closed your last year with on the 31st December?—No, it would not.

1071. Then, it appears to me that these little inconveniences of which you have spoken arise for want of a different method?—Yes; if we made an annual statement in every account, it would do away with the difficulty.

1072. Then, having done away with that difficulty, or suggested a way by which it might be done away with, I still want you to show me why those three classes of accounts which you found it convenient to remove from No. 3 ledger five years ago could not have been put into one ledger?—Well, it would be only inconvenient as far as the current year's transactions were concerned. Having made statements of accounts up to the end of the previous year, and filed them, the thing would be clear up to that date, and the inconvenience would only arise from that date for the portion of the current year.

1073. Why should it arise with regard to that?—There would be no source of information but the one ledger.

1074. Then, would not the custodian of that ledger be a Ledger-keeper?—Yes.

1075. Then, I ask you again, if you want a statement from the new ledger containing these three classes of accounts, would you go to any one else to prepare it than the Ledger-keeper in charge?—No; the Ledger-keeper is the proper man.

1076. Then, what did it matter if you had half-a-dozen officers who were idle at the time; you would not employ one of them in getting that statement?—No, unless the Ledger-keeper was otherwise engaged. He could not be otherwise engaged if his duties were simply to post the ledger.

1077. Would not a reference to the ledger under the charge of a particular Ledger-keeper be as quickly satisfied, and would time not be saved, and would he not make a statement from his ledger in a much shorter time than by allowing any other officer to do it for him?—Yes, certainly he would. The only difficulty would be in the case of two or more statements being wanted at the same time.

1078. You have just told me that, within your recollection and your experience in this office, you have never known three or four statements of account to be required during the hour?—I cannot recollect a case of three or four immediate statements being wanted—that is, people coming into the office and waiting until they were ready.

1079. Did you ever know of two urgent cases, where people were in your office at the same time requiring such information?—I can safely say, Yes.

1080. Did you ever know of three?—I cannot call to mind three; but I remember two.

1081. Have you had two instances of that sort frequently?—Frequently enough to impress it on our minds.

1082. Have you had them monthly?—I dare say they have been monthly.

1083. Are you certain you have had two urgent cases monthly?—I could not be certain.

1084. Have you had two urgent cases in a fortnight?—Perhaps not.

1085. Are you quite satisfied you never had two urgent cases in a week?—Yes; I would be safe in saying that.

1086. Do you not think the difficulties that seem to you to exist in confining your ledger-keeping to fewer ledgers, under a proper system are more fanciful than real?—They have been very real to us in the past.

1087. Is not that because you know of no other method?—If we render a statement of every account at the end of every year, and file it so as to be available when required, then the difficulty vanishes in a large measure.

1088. Now, as an experienced accountant, do you not think that what I have just suggested would be a very convenient plan or method, not only in the interests of the office, but in the interests of the public—that, at the close of your balance, whether it be annually, half-yearly, or quarterly, statements of all accounts should be made for the information, if required at any time, of the Government of the day?—It would certainly be convenient and very desirable; but of course it would entail more work than we do now.

1089. It might, you think, entail a little more work at your annual balance?—Yes.

1090. Now, would it entail more work?—It would not entail more work in getting out the balance; but it would give additional statements of accounts to be made out afterwards.

1091. I am presuming that these statements are daily or weekly made up to the close of the balance, and that if that was the method adopted you would, during the course of your yearly transactions, concurrently with the passing of time be keeping up those statements?—Yes.

1092. If that method were adopted—if you, concurrently with the progress of time, week by week and quarter by quarter, kept up those statements—would it give any additional work?—It would give no additional work at the balance, but additional work during the currency of the year.

1093. Say you left off last year with all those statements made, your balances brought out, and all those statements—many of which you find the Commissioners have asked for—made, would it then entail more work?—I take it that it would not.

1094. We have asked for a return of all the items making up each total in your balance, so you are giving us the particulars, and we have already got the particulars of some?—Of some, because it is a sole account.

1095. We have got the items making up your bankruptcy balances. Now, supposing you start with all those returns made up to the end of last year, and during the currency of this present year information is required in reference to any particular account or estate, would not those statements, presuming they had been made up to the 31st December, facilitate you in getting information during the currency of this year in the cases where such information may be required?—Yes.

1096. And would it not save you time?—Yes.

1097. And in the end what would be the result?—It would be an advantage, and would save time certainly.

1098. Save a great deal of time?—Yes.

1099. And might it not save a great deal of worry and trouble?—Yes, it would, because the work would be done from time to time instead of being done just when it was wanted.

1100. And you would have all information more at your fingers ends?—Yes. Of course it would entail additional work, because in several intestate accounts statements are not made up. No next-of-kin are known. The money simply remains for six years and then goes to the Treasury.

1101. Now, how would it entail additional work?—We should have to make these statements under your system.

1102. What would be the extra work entailed in making statements of that kind?—Probably statements of a hundred and fifty estates a year.

1103. And what would be the number of entries in each estate?—Not many.

1104. Perhaps one entry *in globo?*—Yes, principally that: it really would not amount to much.

1105. While we have got this ledger here look through it, and will you admit it has been kept by different officers sometimes on the same day?—Yes.

1106. Do you think that that system is desirable?—No, I certainly do not. I would like to see one hand responsible for the keeping of a ledger or ledgers.

1107. I notice that some of the officers, if not the whole of your officers, who at present keep ledgers, also write up their own cash-books?—Yes; or it is done by their assistants.

1108. They take part in it?—Yes.

1109. They look upon the cash-book in connection with their ledger as their own cash-book?—Yes.

1110. And, in fact, the Public Trustee and yourself, I think, have styled these officers "officers in charge of particular branches, or managers"?—Yes—particular subordinate branches in this Head Office.

1111. In fact, Mr. Hamerton called them "managers in charge of particular departments in this office"?—Yes.

1112. Do you think it is a good practice that a Ledger-keeper should also keep the cash-book, the entries in which appertain to the entries he as Ledger-keeper has to make in his ledger?—No; I think he has too much to do.

1113. Is that your only objection?—That is my only objection. One officer, in fact, would not be able to keep all the ledgers and make out the accounts.

1114. Then, your only objection is on the score of having too much to do?—Yes.

1115. Do you not think there is a more forcible objection, on the score of books being kept correctly, that the same hand should not manipulate the same cash-book the entries of which are passed into the ledger under his charge?—Yes; that certainly is an advantage, not to have the same hand at both: but, of course, we really have no cashier.

1116. Supposing an officer—and such things have happened, as you may know by your experience—felt disposed to falsify his books—ledgers or cash-books—ledgers the most important—if he has control of the ledger and cash-book he can do it much more easily and with greater facility than if the cash-book was written up by and under the control of a different officer?—Yes, most decidedly.

1117. You have read of large transactions or jobs of that kind in the other parts of the world?—Yes.

1118. Your office has been very lucky, looking at the system you have adopted for so many years, for you have read of large transactions happening in other colonies not far off—not that you can prevent such things happening with the most systematic style of book-keeping: if people are disposed to do things that are improper they find a way. But, as a matter of prudence, perhaps you will agree it is desirable that the cash-books should be written up by a different officer than the Ledger-keeper?—Yes, decidedly.

1119. And that Ledger-keepers should have the sole control of their ledgers?—Yes.

1120. Well, now I want your opinion on this point: Looking at returns and statements which might be prepared during the course of the year, and finished up with the annual balance, supposing you were to divide the alphabet into three parts, and give to three different ledgers, say two of eight letters, and one of ten, the last letters of the alphabet perhaps not being so frequently used in names—could you not confine the whole of your individual accounts to three ledgers?—Yes; I have no doubt you could.

1121. Then, supposing that system were adopted, all you would require, apart from the three individual ledgers, would be one check ledger, or, as it is usually called, general ledger?—Yes, that is so.

1122. Do you think, then, that with all accounts in the office, if confined to those individual ledgers and one general ledger, one or two ledger-keepers at the most would overtake the work?—I think so.

1123. And then that would confine the ledger-keepers solely to all responsibility in connection with their ledgers?—Yes.

1124. That would keep the ledger-keepers *au fait* with every account, and every entry in every account, in the ledgers?—Yes, it would: that would be their work.

1125. They would be pure and simple ledger-keepers?—Yes.

1126. Do you, or do you not, think a system of that kind would be better than to have officers doing all kinds of mixed work, and responsible for none?—Yes; I believe it would be better.

1127. At present you can hardly call a Ledger-keeper responsible for his ledger, if his brother officer or officers have access to it to make entries, and to interfere with or alter any of the balances?—No.

1128. Then, you think, if you had the work of the ledgers so arranged, it would be very much more convenient in the office-work, and to yourself, than it is at present?—Yes; I think if we had ledger-keepers it would be much better.

1129. And you believe then the individual accounts could be all confined to three ledgers?—Yes. Of course, in dividing the accounts up into classes it was done with the idea that it is a proper grouping of accounts; and in giving a ledger to each class the idea was, laying the foundation of a system that would be capable of expansion from time to time.

1130. I want you to consider whether, as I suggest, a ledger should not contain, if there are sufficient folios, more than one class of accounts, and so, by making a ledger contain all that is convenient for it to do in the shape of accounts, you confine your book-keeping to fewer books, and have them more within range of your supervision?—Just so.

1131. Mr. Hamerton evidently, wherever he has got the notion, is under the belief, as you were, that as the work increased, so the ledgers of the office must of necessity increase until they possibly grew out of number?—No; I thought the present division among the present number of ledgers would be sufficient. There is no occasion to increase the number of those.

1132. Now, you see, after you and I have had a long quiet talk over this matter, that the ledgers can be reduced to even three in number?—Yes.

1133. *Mr. Loughrey.*] You stated to the Chairman the other day that the terriers were introduced by you?—Yes, in regard to estates outside of Wellington. The only terrier in existence when I joined the office was a terrier for the Wellington District, and a terrier for Native reserves. Those were the only two.

1134. *The Chairman.*] Did you give your books styled terriers the privilege of wearing canvas covers?—No, we did not. The canvas covers simply followed on as the system began.

1135. Who instituted the use of the books known as the terriers?—There were two in the office when I came in—the Wellington terrier and the Native Reserves terrier. I do not know who introduced these, but I introduced the other terriers, to carry the other lands.

1136. Do you know the real use of that book when and where there has been occasion for its use?—It is a rent-roll.

1137. And should contain, what?—The particulars of each tenancy.

1138. And should it not also contain a plan?—Yes.

1139. Your terriers do not contain any plan?—Not these, but the terriers of the West Coast Settlement Reserves do.

1140. After all, for your office purposes it is intended to be a mere register of these leases; and a book in the form of a register would answer all purposes?—It is also a record of payments.

1141. But a book with sufficient room for full particulars, if alphabetically arranged, as convenience might require, would answer all purposes?—Yes.

1142. It is not really necessary to have money-columns?—By that means you keep a record of what is owing.

1143. But you can do that without having an expensively-made book ruled with money-columns?—Yes.

1144. It is merely a register, or should be a register, of particulars in reference to rent-rolls, &c., and leases, that you can refer to in alphabetical order, if it were so kept?—Yes.

1145. Your books called the "terriers" are not kept in alphabetical form?—No, they are not.

1146. You have a great number of them?—Yes; there are a great number in the Native Reserves and West Coast Settlement Reserves.

1147. Do you know how many you have altogether?—About twenty altogether.

1148. Well, those twenty books might be dispensed with if one common register were kept?—Yes.

1149. That would reduce them to one book?—Yes.

1150. Now, let us come to the cash-books; we will leave the ledgers and other books for a while. I think we have agreed that the general cash-book can be dispensed with altogether if the daily cash-books are added up and ruled off?—Yes, that is so.

1151. Now that the Audit Office has dispensed with the necessity of the cash-books being sent to the Audit Department daily, and that the Audit Department has been good enough to promise to call here at certain times, or does call here at certain times, to sign the cash-books, one set of cash-books would do?—Yes.

1152. Well, one set of cash-books—say, two in number—would overtake the work—I mean, would be sufficient to last for some time and receive the daily debit and credit entries?—Yes; that would be quite sufficient.

1153. So that we would get down to two cash-books?—Yes.

1154. Those two cash-books could be divided between the letters of the alphabet, for convenience—that is to say, you would put half the entries, bearing the initials of one-half of the alphabet, in one cash-book, and the other half in the other cash-book?—Would you not have one cash-book in use each day, putting all the entries in there?

1155. That might be a matter for consideration. If it was necessary to have the cash-books that were in use one day away from your office on the next day, you could have a second set of cash-books for alternate days, so that no inconvenience could arise?—Of course, the posting of the cash-book would take some time, and when the ledger-keeper was posting it the cash-book keeper would be without his book.

1156. Your mind is evidently running in the direction of keeping your cash-books somewhat after your present plan. I am going to ask you whether it would not be desirable to have the cash-books kept by one or two officers separately—that is to say, that the cash-book keepers would be cash-book keepers and not ledger-keepers, and would post from vouchers. Under those circumstances, presuming your office kept officers to perform the work of writing up the cash-books—the two cash-books, or the two sets, if two were necessary—without having to write up the ledgers, then the daily work of your office would be performed by two cash-books, which would or ought to be written up and ruled off daily?—Yes, I think so.

1157. Do you think that that plan would not be a much better plan than your present plan now in vogue?—Yes, I think it would.

1158. So that, for the main work of the office, I think you and I now agree that three individual ledgers, one general or check ledger, two cash-books, and one register, in lieu of the terriers, would perform the chief work of your office as the necessary and chief books of the office?—Yes, I think that would be sufficient.

1159. Now, do you not think, if the system of debit and credit vouchers were introduced into the working of your office—you have to a certain extent used a sort of voucher, a receipt-book voucher—something similar to what are used by large companies, large mercantile firms, and banks, so that entries from the cash-book could be passed to the ledger from the voucher—do you not think that system would be more convenient than having to haul cash-books up to ledgers as you now have?—Yes, it would be more convenient.

1160. Then you would favour the introduction of that system?—I should.

1161. For instance, then, when money was paid in over the counter, which occurs with you daily, I presume that you would see that full and correct particulars were entered on the voucher when paid in to the credit of any account?—Yes.

1162. Well, now, if that voucher was written, with the particulars filled in correctly by the party who paid money in, and was signed by him, that would serve at all times as evidence that the transaction and the amount of money were correct, so far as showing that the money had been paid into a certain estate and by whom paid in?—Just so.

1163. And if it was necessary for the office to charge any account with any particular sum for expenses—say, costs, or for the purpose of dividing an estate, would it not be better if all those particulars in each respective case of making a debit entry were written on what we call a debit voucher?—Yes; in fact, we do that now when we transfer from one account to another.

1164. Do you use a debit voucher for all of your transfers from one account to another?—Would it not be better to keep the debit vouchers and credit vouchers distinct?

1165. Yes, it would be necessary to have two series of vouchers instead of one—debit vouchers and credit vouchers. Can you show me one of your blank vouchers?—Yes. [Blank vouchers produced.]

1166. Here you show me two kinds of journal vouchers. What is this debit voucher, the size of a large sheet of foolscap, for?—In charging estates with their commission, or investing moneys from several estates on mortgages, and so on, we require a number of lines on the same voucher—that is, we debit the estate account with the amount we are investing on mortgages, and, in fact, enter full particulars.

1167. Could you bring me a large voucher that you have already used, and show me what have been the fullest particulars you have had on any occasion to give on any one of those vouchers?—Yes. [Voucher produced.]

1168. You have shown me two vouchers, one, as I said before, the size of a large sheet of foolscap, the other is the ordinary size of a bank voucher?—And we have an intermediate size between those two. [Produced.]

1169. Then, you have, I see, three sizes of vouchers?—Yes.

1170. One foolscap, the other two-thirds, and the other about a third. Do you not think that an uniform voucher about the size of your smallest voucher would answer all the purposes of a debit or a credit voucher?—We have some long vouchers at times. Some will take two or three pages of foolscap size.

1171. Is it not confusing to have these different sizes?—By using the large one you have it in one voucher; and if it went on to half-a-dozen there would be half-a-dozen check-ledger postings.

1172. Supposing this smallest voucher would not in itself contain the whole of the particulars you require for making a debit or credit entry, is there any reason to prevent you having it ruled at the back, in the same form as in front, to contain particulars?—Nothing.

1173. And that would give double the space?—Yes; that would bring it down to two-thirds of the largest-sized voucher.

1174. And, if that smaller voucher could not hold all particulars necessary, what is to prevent you from attaching another voucher of the same size to it?—Nothing.

1175. Would not that simplify matters?—I suppose the more pieces of paper we have the more danger there is of losing them.

1176. If these small vouchers were ruled on both sides, that would enable you to enter particulars equal to double the space of one side, and therefore that would equal two-thirds of the largest voucher you yet have required; and it has been in very rare instances, I have observed, that you have required to use the large voucher?—It is not rare.

1177. If you look at this book where you file your vouchers, I think you will find very few of those in this large-sized book which have been used?—Perhaps one-fifth, at a rough guess.

1178. But there is nothing like one-fifth of this book large vouchers, nor is there one-tenth?—Of course, the smaller size could be used.

1179. Then, instead of having different-sized vouchers, would it not be better to have them all the same size?—Yes, they would be more uniform.

1180. I notice that you preserve these vouchers by gumming them into an expensively leather-bound book?—Yes.

1181. It takes a considerable time to gum these in?—It really does not take much time. You can gum a lot at a time.

1182. Say you posted all your entries from vouchers, and had to gum in the day's vouchers, it would take some time, would it not?—About half an hour.

1183. Not more?—It would take more than that altogether.

1184. It would take nearer three hours, in my opinion?—Yes, I daresay it would.

1185. Then, the cover and binding of that book costs something?—About 5s.

1186. Well, do you not think that if you had the vouchers for this office one uniform size, then your day's vouchers could be tied up and filed away in one bundle?—Yes.

1187. Do you not think then that they would be much handier to get at if you had the day's vouchers of the office filed away in that form together, and that for purposes of reference you could then pick out any particular voucher any day of the year in a very short time?—Yes, readily enough.

1188. Would that save time or trouble?—It would save a good deal of time and a good deal of trouble.

1189. And a good deal of expense?—Yes.

1190. Here is the form of a debit voucher used by one of the banks. A form of voucher of that kind, if ruled on both sides, would answer all purposes?—Yes.

1191. You see it has this advantage, which every debit voucher ought to have: it is a check on itself. You debit So-and-so's account; it commences with debiting a certain account, but before it finishes it also points to the account that the same entry has to pass to the credit of, and by that means it fulfils its part in carrying out the system of double entry?—Yes.

1192. A voucher of that character would suit this office, if ruled on both sides, better than the vouchers now in use?—It would suit as well, with the advantage that it would be uniform.

1193. Well, then, a credit voucher of the same size, something of that description, would answer the purposes of a credit voucher?—Yes. Of course, we have one voucher now which carries the two entries.

1194. This voucher would carry the two entries, if you like to post it?—Yes.

1195. Is it not more clear that your credit voucher should be distinct and can be appealed to at once?—Yes. Of course, at times you want to look at your credit entries; you may want to look at your debit entries as well.

1196. The debits and credits could be tied together or separately in a packet. They could be tied up for the day in the order in which the transactions occurred, and if you wished to be economical you could use ordinary string instead of red-tape. Would that not be cheaper and more convenient?—I think it would be convenient.

1197. You have another series of books which seem to be increasing in number as time goes on, the Assets and Claims?—Each branch has one of its own.

1198. We spoke of keeping an ordinary register in lieu of the terriers, and we have agreed upon that. Why cannot a similar register satisfy all the requirements, particularly if it is kept alphabetically, in connection with your Assets and Claims set of books?—By a register, will you have a page to each estate?

1199. By the register or record-book which I suggest to you now I would have something in the same form and size of book that you have now for recording the receipt of your letters—a book something of that form, but kept alphabetically?—And you would not enter claims?

1200. You might enter anything you like. You want it ruled off in the form of an ordinary register or record, the date being one of the chief points, and as much room for the necessary particulars as you like, so that you can enter the fullest particulars, and even can make notes of amounts in money if necessary?—The present form of Assets and Claims book is found very convenient.

1201. How found convenient?—We have the assets recorded as reported, with estimated value. We have also a column for the action taken.

1202. Would not a column for particulars contain all that?—Yes: we have the gross proceeds, the charges deducted, and the net proceeds.

1203. What is the good of the money-columns in those books? I notice some of them are crossed out and ruled out as if they were mere pages of a diary or scrap-book for temporary information?—They are for information during the winding-up of the estate, because when the estate is wound up the book has practically served its purpose, and is not wanted.

1204. Are these Assets and Claims kept in alphabetical order?—No.

1205. Have you one for each ledger?—Not one for each ledger, but one for each branch of estates.

1206. Then, they are not necessary for the balancing of any other book?—No.

1207. They are not necessary to help you in your balance of accounts?—No.

1208. If they were burnt to-morrow their contents and their loss would not interfere with your balance?—We should lose the record of the unrealised assets and unpaid claims.

1209. Instead of having all these books, why could you not, to simplify matters, have one book in the form of a record-book for assets and claims, kept in alphabetical order, with columns for the date, and as much room as you like for particulars that could and should be fully described?—That would answer all the purposes.

1210. And that, I apprehend, if kept in alphabetical order, would lead you to information more quickly than under your present system?—Yes. Of course you would have to search through the letters in the alphabet for the particular estate you wanted.

1211. If a record-book is kept in alphabetical order the index to that book would be in the same form. Say you came to any name commencing with any letter of the alphabet, you would run down the index. What quicker way can you get at an estate than that?—That would do.

1212. Do you not think it would lead you to any reference required more quickly than under the system you now have, and where you are employing thirteen books?—It would be just as ready.

1213. Then, if it would be just as ready and just as convenient it would have this advantage: that it would reduce those books of reference, which I must now tell you are very clumsily and carelessly kept?—Yes; I will admit they are not kept as they should be.

1214. It would do away with those thirteen books, for which one would serve the purpose?—Yes.

1215. You will admit that?—Yes; it would serve the purpose of these thirteen books.

1216. We have now to come to another family of books that I have been through which seem to be kept for the purpose of working the petty cash of your office. They are called Imprest Account books and books showing the ramifications of petty cash?—There is one for the office here, and one for Mr. Rennell, West Coast Settlement Reserves Trustee. Then there is another book which analyses the Imprest Account in the individual ledger.

1217. I have been through all these books. Will you please explain the mode of keeping the petty cash?—There is an advance made from the Imprest Account in the individual ledger which goes to my credit at the bank to the extent of £50. Once it was £100, and on special occasions, when special payments were wanted, I have had larger advances.

1218. That account appears to be kept in the form of a ledger?—Yes. There is a bank account, and what we call the Imprest Account within the bank.

1219. Do you not think that account could be simplified by keeping an ordinary petty-cash book instead of having a set of books for the petty cash of your office?—Of course, in the Government service we are not supposed to have petty cash. All the moneys we receive are paid in daily, and any expenditure you want to make must be paid out of advances.

1220. There may be many things in the Government service that might be improved upon and simplified in the way of book-keeping, and that is what we want to arrive at in discussing these questions with you, if we can come to an opinion from any of your suggestions in the direction of improvement. You or the Public Trustee, I presume, may operate on your Expenses Account or your Imprest Account?—The Expenses Account and Imprest Account are two different things. The Imprest Account is a branch of the Expenses Account, and is drawn to make advances to officers, and is credited with their expenditure.

1221. They appear to me to be only two different accounts in this way: that the one appears to be the parent of the other?—Yes. The vouchers for expenditure go to the debit of the accounts affected.

1222. Then you form a credit balance to your Imprest Account by making a debit through your Expenses Account?—Yes, or any other accounts on which I make expenditure.

1223. Do you mean to say that for the purpose of making a credit balance in your Imprest Account or of increasing the credit balance, you would make a direct charge on any other account

in your office?—If I paid a claim for an estate the voucher would pass through against that estate, and be paid out of the estate, and the cheque drawn would be paid in to the credit of my Imprest Account to refund me.

1224. So that if you had occasion to pay money on account of any estate in your office, you would not charge your Expenses Account with that in the first instance?—No.

1225. You would charge your Imprest Account?—Yes.

1226. If you had occasion to-day to pay money on account of any estate that might not happen to have funds at disposal, would you charge that payment to your Expenses Account, or would you charge it to what you call Imprest Account?—If it was an administration charge, we should pay it out of the estate account, but prior to doing that we should make an advance from Imprest Account to estate account to put it in funds.

1227. That is to say, we will now form a triangle A, B, and C, with equal sides—A top, B below, and C below on a level with B. In order that C may reach B at your nearest point you really would have to go round by the furthest angle at A at the top to get to B?—Yes, we would.

1228. Do you not think that that system could be improved upon?—I do, certainly.

1229. What do you suggest?—I would suggest that we be allowed to charge the estate whether it had funds or not—in other words, that we be allowed to overdraw the estate account if there were not funds sufficient to meet the necessities of the charge. Of course, that would have to be under proper restrictions.

1230. Do you mean that the Public Trust Office should not have to refer to the Audit Department?—Well, of course, as I said before, it would have to be under proper restrictions. It would not do to give the Trust Office power to overdraw an estate to any extent it liked.

1231. *Mr. Loughrey.*] The office knows best the position of an estate?—Yes.

1232. *The Chairman.*] The Public Trust Office management ought to be capable of judging whether they are justified in overdrawing an account for expenses which are absolutely necessary for the dealing with and working of an estate?—Yes; I think it ought to be left in the discretion of the management of the Public Trust Office.

1233. Then, if that were so, the Imprest Account that you have spoken of, and this set of books, would not be necessary?—Yes, the Imprest Account would. The Imprest Account is used for a fund out of which stamps can be paid, and for the payment of certain claims which must be met immediately. Of course, if a man's claim is to be paid on the spot, it is done out of Imprest Account, but in the ordinary course it will take a few days to go through the ordinary stages.

1234. You say Imprest would still be necessary because of stamps—revenue and postage stamps have to be paid out of it, and immediate payments may have to be made any time on account of estates?—Yes.

1235. But supposing, now, that your office was authorised to charge the estate to which payments referred when such payments had to be made, would not that do away with that portion of the necessity of that account?—If the Public Trust Office management were authorised to draw cheques on the Public Trustee's Account without reference to the Audit, it would do away with using an imprest account to pay claims.

1236. And do you not think, if that were so, it would very much facilitate the conduct of business with the Trust Office?—Most decidedly.

1237. And do away with a great many of the daily complaints now brought about?—I think so, because, however expeditious this department and the Audit Department may be in referring things back from one to the other, there must of necessity be a waste of time.

1238. In other words, you think that the high officers of the Public Trust Office are either fitted or unfitted for their positions, and, if they are fitted for their positions, they are the best judges of what payments should be made, and should be trusted; and, if they are not fitted for their positions, they have no right to be where they are?—Exactly.

1239. Now I seem to have got rid of your chief reasons for the necessity for this Imprest Account; there only remains the difficulty about the payment of stamps out of it?—Yes.

1240. Well, do you use many stamps?—About thirty or forty pounds' worth a month.

1241. Then, supposing you opened a Revenue Stamp Account in one of your ledgers, that stamp account would then speak for itself, and show the balance at any time that ought to be in hand?—Just so.

1242. And would not that be the proper way of keeping it?—Yes.

1243. Now we have got postages and petty cash to deal with—that is, small moneys, sixpences and shillings, and five shillings, which you may have got to pay at times: we have therefore only got the postages and these petty-cash payments to deal with?—Yes.

1244. Could not £10 occasionally be charged to your Expenses Account and given to a junior to keep a record of petty cash and postages paid away?—Yes.

1245. Is that not frequently the training for a junior when he first joins an office—that his integrity is tried by little matters of petty cash, and that he is taught his first lesson in posting by keeping properly a petty-cash book?—Yes.

1246. Do you not think that would do away with your Imprest Account?—Yes, and simplify matters.

1247. Then, if the whole system were remodelled, the Imprest Account of the Head Office could be done away with?—Yes.

1248. Now we see a way of doing away with these Imprest Account books, and we agree about a better system. You agree that what I have proposed would be a much better system, and more simple?—Yes, I do.

1249. You have some branch imprest business in connection with the West Coast Natives?—Yes; that imprest is advanced to the officer to pay the shares of Natives. We supply him with a list of the moneys payable, and supply him with the money, and he disburses it.

1250. Have you any other Imprest Account in connection with branches or agents?—There is one recently established in Christchurch. That is only a matter of a month's standing at present.

1251. Then there is no other imprest for any of the other ordinary agents?—No.

1252. Then, do I understand that if the idea of substituting branch offices for ordinary agencies is pursued and carried out in different parts of the colony, under your present system Imprest Accounts would have to be opened for each?—Not necessarily, unless they were charged with the duty of paying claims.

1253. It is presumed that if you open a branch in any locality you must give power to do that?—Yes.

1254. And under those circumstances it would be necessary?—Yes.

1255. Would it not be more simple and regular, instead of having these Imprest Accounts, when you had advances or remittances to make, say to the West Coast Native Reserves Trustee, that you sent the remittances with full particulars for their disposal, and that you charged the amount of the remittance to that distinct agency, without going through the form of opening an imprest?—That West Coast Settlements business is rather a peculiar one. We work the rents out here to ascertain each Native's portion, and then we make a list of payments, and send that list to the officer with the advance. The moneys that the list shows payable to Natives may amount to several thousands, but we send him an advance of £1,000 or £1,500 on account, which he disburses, and when he is running short of money he applies for more. In no case does he pay the full sum due to Natives.

1256. Then, before you attempt to disburse any money, either directly or indirectly, for the benefit of the Natives, your Head Office satisfies itself that you have got the money in hand?—Yes.

1257. When you find a sum of money in hand that should be distributed to the Natives, or that the Natives are entitled to, what do you do with it?—These divisions of rent are made in the main periodically. We work out the distribution, transfer the amount payable to the Natives to a separate account in the Special Deposits, and then make the officer the advance out of which he can pay.

1258. You spoke just now of sometimes having several thousand pounds of this money. Would it not be more simple, when you find the time is ripe for making a division, to carry the total moneys in hand to a separate account, and then charge that account with any sum you may think it prudent or necessary to send to your agent to make a progress division of? Would not that be a more simple mode?—We do that to a certain extent now. Having made out the sheets and ascertained the amount payable to the Natives, the sum payable is transferred from the Grant Account to another account in the Special Deposits. That keeps the Grant Account clear for subsequent money for distribution. It goes into one fund, and remains there until it is all drawn; the moneys accumulate there.

1259. When you analyse it in the first instance, and take out the totals for division amongst the Natives, you at once mix up the balance by throwing it in among a lot of other moneys under the head of "Special Deposits"?—Yes.

1260. Then, when you want to get at the balance of that money account you have to fish out from the account under Special Deposits what sum is available for taking a sum out of it again?—We do this: In these sheets showing the shares of rent we have a column for the division of the rent for the half-year then being divided; the second column shows the arrears due to those Natives unpaid; then there is another column for any deductions that may have to come off, and a final column for the amount payable to the Natives. Mr. Rennell sees by the list what shares of rents the Natives are entitled to, and he disburses accordingly.

1261. What I want to know from you is as to whether an improvement in your mode of keeping the accounts could not be made by—instead of opening these different Imprest Accounts—charging the agency or branch with the exact amount you from time to time remit?—We could do it that way.

1262. Why, then, open another account for the purpose of taking moneys from any particular account to put to the credit of the Imprest Account for the purpose of making a debit entry against it to pay elsewhere?—It keeps the advance account between the office and the Natives distinct from the other account, which has the shares of the Natives in it.

1263. Supposing it does not, what is the object?—It prevents complication.

1264. How and why? It appears to me to form complications. The more general and subsidiary accounts you open in respect to certain individual accounts, and the more divisions you find it necessary to make from those accounts, unless you keep them distinct without mixing them up with imprest, the more you seem to me to complicate?—Instead of opening one account in Special Deposits, we could open an account for each grant, so as to keep its own money separate, and not mix it with other moneys.

1265. Then, in your opinion, how many different sums belonging to distinct classes of Natives have found their way into Special Deposits?—The grantees number probably over three thousand. We have to work out these three thousand shares, and there are groups of Natives entitled to different grants. The number of grant accounts would be something between sixty and seventy. In each one of these grants the rents are shared in by a very varying number of Natives, from one up to a hundred, altogether totalling some thousands.

1266. At different periods you transfer from each of those grants sums of money, a portion of which you remit to your agent for distribution. Other portions you sink into Special Deposits?—We transfer these moneys to Special Deposits, and leave them there. Then, out of the West Coast Settlements Advance Account we advance Mr. Rennell the money out of which he is to pay these shares. He sends the vouchers down, and we charge these vouchers against the shares which have been transferred to this Special Deposits Account.

1267. Then, in order to make your agent an advance, although you have the money in hand to pay him—and then in reality it is no advance—you open an account, and put it in credit?—We form a debit balance in order to draw against that account and send the money to him.

1268. Would it not be better to send this money direct from the source from which you first take it?—If we could send him the whole of the money represented by the distributions, it would certainly be more convenient, but perhaps it is not necessary to send him more than a quarter of the money.

1269. Then, why take on that principle even a quarter of the money away from the source from which you first take it? Why take a larger amount away from its first source than it is necessary to take at the time to send to your agent for distribution?—Because it frees the Grant Account from unclaimed moneys. If we had fragments of previous distributions it would complicate the account.

1270. How often do you make an analysis in order to come to an opinion as to the amounts for distribution?—The distributions are made, as a rule, half-yearly, with the exception of some grants in which Mr. Rennell calls for distributions whenever he thinks advisable.

1271. Supposing he called for distributions in any estates daily, would you do that?—[No answer.]

1272. Does he ever do that?—Not daily. He has called for distributions perhaps monthly sometimes.

1273. Then, do you not think that monthly calls should be the least term of call that the office can conveniently allow?—I think that distribution should not be asked for at less periods than a month. I do not suppose Mr. Rennell does ask for distribution in the same account for less periods than that, but we have distributions going on from time to time.

1274. Supposing you adopted the system of working out those distributions monthly in relation to all those grants?—It is not necessary to do it so often.

1275. Well, I do not say it is, but could it be done?—It would be a tremendous increase of labour, because you would have to make the distribution to the same number of Natives for a smaller amount of money, and would have to repeat it oftener.

1276. How often, then, have you found it necessary to make this distribution?—I think this half-yearly practice, now that the Natives have settled down to it, often enough.

1277. And those cases that require it in a lesser time than half-yearly are very few?—Yes, they are few. Mr. Rennell calls for distribution at other times, but I do not suppose he calls for more than one or two distributions during the half-year in each grant.

1278. Then, you would make your distributions half-yearly in connection with these grants?—Yes.

1279. You have a record of these distributions?—Well, we keep a duplicate set of sheets of those we send Mr. Rennell.

1280. Supposing you entered in the ledger the amounts and details making up those distributions, and the ledger was ruled off showing that the distribution had been prepared, at the same time mentioning the names of the Natives?—It would soon fill the ledgers, with these three thousand names of the Natives going in every year.

1281. Then, you find it more convenient to keep it on sheets?—Yes. One set we send to Mr. Rennell, and the other set we keep here. Then, as he pays away moneys, he sends us receipted vouchers, so we mark those vouchers off on our sheets as paid, and the amounts not paid are brought on to the sheets of the next distribution as arrears.

1282. And these sheets are always in your hands for reference, and you tell me that you find that the most convenient way?—Yes; it appears to me to be the most economical way of doing it. If we opened separate ledger-accounts for each Native it would cause a great deal of extra labour and expense.

1283. When you made your half-yearly distribution could you not enter in the ledgers in distinct figures in ink, in the margin, the amount that each Native was entitled to, so that it would always be there?—They would be too numerous.

1284. Still, that difficulty does not show to my confused mind that the Imprest Account is necessary?—Well, if you send Mr. Rennell money which is not the actual sum he has to pay, it must be in the nature of an advance.

1285. But, supposing you send him the actual money that he has to pay, why should there be an imprest?—Then he would simply have thousands of pounds on his hands which he does not want. You never can tell what he wants. A Native will sometimes take his money and sometimes not.

1286. But, if you send him the money you are in the habit of sending, why should there be an Imprest Account?—Mr. Rennell's predecessor, Mr. Thomas Mackay, was asked by the Public Trustee to send down vouchers, so that we could pay. On these vouchers we sent him some £300 or £400 to pay these Natives, and we had two-thirds of the money sent back. When it got up there the Natives would not take it.

1287. Then, again I ask, why should you make an Imprest Account?—It frees the account which contains the shares of sums of money flowing out and coming back again.

1288. Tell me plainly, why should the amount not be sent direct and charged to the agency?—Certainly.

1289. Then, in that case you could do away with the Imprest Account?—Yes.

SATURDAY, 18TH APRIL, 1891.

Mr. MOGINIE further examined.

1290. *The Chairman.*] If we were able, under any rearrangement of your method of book-keeping, to simplify the mode of working the Public Trust Office in the directions that have already

been indicated, you could then dispense with the books that are now necessary to keep that Imprest Account?—Yes, certainly.

1291. Will you tell me about the practice in connection with the Returned-cheque Deposit Account? You have a subsidiary ledger for that?—Yes. The returned cheques go into an account in the individual ledger, and then are analysed in the subsidiary ledger—that is, those belonging to the same person go to his account, with separate accounts for sundries. When a cheque is issued, and is either returned through the Dead-letter Office unclaimed, or is lost, we place it in the Returned-cheque Deposit Account. We do not recredit the account out of which it was issued. We keep these cheques in Returned-cheque Deposit Account in case they are claimed in future by the owner. In the case of Natives there are several Natives who refuse to take their moneys in the Native Reserves Branch, and the cheques issued to them or on their account we place straight into that account until they are claimed.

1292. Will you tell me first the object of opening that account originally?—It was to keep those moneys out of the account in the individual ledgers, so as not to complicate them.

1293. What moneys?—The moneys issued to those people—to any one who is entitled to receive money and who does not claim it—that is, a cheque issued to a person who does not receive it. It remains unclaimed at the post-office, and is returned through the Dead-letter Office. It goes into the Returned-cheque Deposit Account, instead of being credited to the account it was issued from.

1294. Let me understand you clearly. Do you draw cheques really before they are applied for or wanted?—No. A man may send in his claim; then he applies for the money. That claim may remain a varying period before it is paid.

1295. Then, when a claim comes in, while it is under consideration do you draw a cheque for that claim?—No. The claim comes in, and it is examined in the office, passed on to Audit, where it is examined again, is returned to the Public Trust Office, and remains there until it is ripe for payment. Then, when the estate is ripe for distribution, the claim is paid. A cheque is drawn after the claim has been approved by the Audit. It is then put into requisition and passed by the Audit again for payment.

1296. But of course it must be first approved by your own office?—Yes; it is first approved by our office, then put into requisition and passed on to Audit, and passed for payment. After the Audit have passed it for payment, then a cheque is issued for the claim, and that cheque may remain unclaimed by the payee, and may come back through the Dead-letter Office. In that case we place it to the Returned-cheque Deposit Account. On the other hand, we may have certain Natives who refuse to receive money, and in their case we draw cheques for their amounts when ready, and place these at once into Returned-cheque Deposit Account until they are claimed.

1297. Well, now, as you have so aptly described the system of proving claims and passing claims, perhaps you will tell me how long does it take before a claim passes through its various stages—that is, the requirements of your own office and the severe and particular requirements of the Audit Office—before it is ripe for drawing a cheque to satisfy it?—In ordinary cases, without any special circumstances, it would take three or four days.

1298. Would it take three or four days if the claim was a simple ordinary claim which, in your opinion, there could be no dispute about?—Yes, it would. There would be the receipt of the claim through the office. It would then go to the officer in charge, and be entered in his Assets and Claims. It would be then examined as to computation by the cadet, and scrutinised by the Ledger-keeper as to its being a proper claim, passed on to the Accountant preparatory to going to Audit, sent to Audit, re-examined by an Audit officer, and passed by him, and would then come back to the officer in charge of the estate, who would then consider whether it should be paid or not. If it was a claim that should be paid, he would pass it on to the Accountant, recommending that it should be paid. If the Accountant approved, he would initial it. It would then be put in requisition and passed on to the Audit for payment. That process, if not hurried, would probably take three days in working through. Of course, it frequently happens that we pay claims at once in an urgent case. For instance, if there is an undertaking to lend money on mortgage, and the advice comes down that the mortgage is executed and the title all ready, and they are wanting the money, if there is a mail going the same day we should make a special requisition of it, and put the whole thing through in one hour.

1299. But in the ordinary course of business, from what you have just stated, the smallest claim, whether indisputable or not, would take from three to four days under the requirements of the Audit Department and of your own office under your present system?—Yes, it would.

1300. When the claim is ripe for drawing a cheque—that is, when the great Audit Department has approved of it, and your own office has approved of it also, is a cheque drawn?—Yes.

1301. Your system, then, is immediately to draw a cheque?—No; we have to place these claims in requisition.

1302. Will that consume further time than three or four days of which you have already spoken?—Yes; you can add that to it in the ordinary way. That would be additional time. There is the arranging of the claims in order, numbering them, placing them on requisition—that is, entering them in the form provided—and then making out the cheques, making bank schedules of those cheques; all the cheques drawn on one branch of the bank are scheduled and returned, and those different returns are attached to the bank-order, which has the effect of transferring the total amount of money from the Public Trustee's Account to an account called the Public Trustee's Disbursement Account, on which these cheques are drawn. Only one cheque is taken for the whole from the Public Trustee's Account, and out of that the individual cheques are drawn.

1303. How long, then, does the requisition-time take?—After the requisition a bank-order is prepared. It goes to the Public Trustee for his signature. After he has signed it it goes to the Audit officer, and then to the Controller or Assistant-Controller, who signs the requisition and bank-order and returns to this office.

1304. Well, what length of time is consumed in that extra little period?—You might put that down at two days.

1305. That is, three to four days in the first instance, and say two days in the second. It means really six days, or a working week?—Yes.

1306. Then, for any claim, whether large or small, in the ordinary system as now practised, it takes fully a week before a cheque can be drawn?—Yes.

1307. Now let us come to the time when you draw the cheque. When all previous or overture time has been consumed, and when the time is ripe for drawing the cheque, the cheque is drawn?—Yes.

1308. Then what do you do with the cheque? I want you to place the Commissioners in possession of the system in connection with this Returned-cheque Deposit Account after the cheques are drawn?—Well, a cheque would be drawn, and if it is for a Native who refuses to take his money, we should place it in the Returned-cheque Deposit Account.

1309. And supposing you have to send this cheque away, what process is adopted?—In the case of sending cheques away by post we send them away to the payee, and the voucher for the countersigning officer, who is in most cases the Postmaster nearest to the residence of the payee. The payee takes the cheque to the countersigning officer, receipts the voucher, gets the cheque countersigned, after which he can present it at the bank. In the case of a cheque being unclaimed at the post-office or not delivered by the letter-carrier, it would be returned to the Public Trust Office through the Dead-letter Office. We would then get the voucher back from the Postmaster, pay the money in to the Public Trustee's Account, and credit Returned-cheque Deposit Account to await the claim of the payee. In the case of a person who is known to refuse his money the cheque would be drawn on Wellington and at once repaid to the Public Trustee's Account, credited to the Returned-cheque Deposit Account, and placed to the credit of the payee in the sub. ledger.

1310. Then you would be making two credit entries for one debit?—Yes. Of course, the sub. ledger is only an analysis of the Returned-cheque Deposit Account in the individual ledger.

1311. You would still be making two credit entries into distinct ledgers for one debit?—Yes; but, of course, the sub. ledger is not necessary to form our balance.

1312. Then, from what source do these cheques spring that find their way to the Returned-cheque Deposit Account?—They spring from the accounts in the individual ledger.

1313. But do they not spring sometimes from the Public Trustee's Disbursement Account?—All cheques issued in payment of claims and so on are drawn on the Public Trustee's Disbursement Account.

1314. Then you mean to say that they come from the individual ledgers through the Public Trustee's Disbursement Account?—That is so. The Public Trustee's Disbursement Account is an account started simply for the purpose of disbursing moneys that have to be paid. It is put in credit by cheques drawn for total sums. Instead of drawing innumerable cheques, we draw one cheque for the whole amount for which individual cheques are drawn.

1315. Is the Public Trustee's Disbursement Account used for anything else but payment of claims?—No, nothing else.

1316. Is the Returned-cheque Deposit Account used for anything else but in connection with the payment of claims?—No.

1317. Then there are two distinct accounts that are made the vehicle for the payment of claims—the Public Trustee's Disbursement Account and the Returned-cheque Deposit Account?—Yes.

1318. These are two accounts that have been opened by way of becoming the vehicle for payment of claims?—Well, the Returned-cheque Deposit Account can hardly be described as a vehicle for the payment of claims. It is an account into which the claims for which cheques have been issued and not paid are returned, in order that they may remain until they are claimed.

1319. Would you have opened that Returned-cheque Deposit Account if you had no such things as claims to deal with?—Of course, if we had no payments to make, there would be no necessity for the Returned-cheque Deposit Account.

1320. I think that I am right in my supposition that the necessity of opening that account was in your mind necessary in connection with the payment of claims?—Yes; it was opened with a view of keeping the account in the individual ledger out of which the cheque was drawn free from any complicating money.

1321. It was opened, then, in connection with the payment of claims?—Or, rather, in connection with claims it was desired to pay and for which cheques had been issued.

1322. The same thing. If no claims were made and no claims had to be paid or considered, that account would not have been necessary?—No; it would not have been in existence.

1323. Neither would the Trustee's Disbursement Account have been necessary?—No.

1324. Then these are two accounts that have been opened in connection with your system of payment of claims?—Yes. I may remark that the system of having a disbursement account is the same as exists in the Treasury. Cheques are not drawn on public account, but are drawn on disbursement account. This is following the same practice.

1325. Now, as a practical accountant, what is to hinder these cheques that are drawn against individual accounts on account of claims being forwarded direct without passing through those other two accounts?—Cheques drawn on the Disbursement Account are of course forwarded direct to the payee, but no cheques go through the Returned-cheque Deposit Account unless they have first been returned.

1326. Come, let me put it in this way: Say your office had a claim to recognise, and which you had recognised, on Brown's estate, and consequently a cheque was drawn on Brown's estate, and that cheque had to be paid in satisfaction of the claim you had recognised; why should that cheque go through the Disbursement Account or the Returned-cheque Deposit Account?—It would not go through the Returned-cheque Deposit Account unless the cheque issued was returned to

the office; and the cheque is issued out of the Disbursement Account to keep the Public Trustee's Account free from innumerable cheques.

1327. But why should the Public Trustee's Account be touched with this cheque?—Because all the moneys belonging to estates are kept in the Public Trustee's own account.

1328. Do you mean to say, then, that all moneys, whether received or paid out, must permeate through the Public Trustee's Account?—Yes.

1329. Why is that necessary?—Of course, the Public Trustee's Account is an account established by Act, into which all receipts go and all payments to be made; but, instead of making payments individually, and loading it with hundreds and hundreds of cheques, one cheque only is drawn for the total amount put on any one requisition, and that sum is transferred to the Disbursement Account, on which these individual cheques are drawn, making up the total amount you transfer.

1330. Is not the Public Trustee responsible fer every account in the Public Trust Office, whether earmarked as the Public Trustee's Account or not?—Certainly.

1331. Then they are all his accounts?—Yes; all his accounts.

1332. Then, does the Act, or your reading of the Act, necessitate the opening of a special account under the direct name of the Public Trustee in order to put debits and credits coming from all individual accounts in the first instance through the Public Trustee's special account?—All moneys received must be placed to the credit of the Public Trustee's Account.

1333. That is to say, your reading of the Act necessitates your opening a Public Trustee's Account at the bank, and I presume in your ledgers?—No; we have no bank account in the ledger. This is really a cash account, another name for the same thing. It is not in the ledger. We have a Cash Account in the ledger, which is virtually the bank account.

1334. The Returned-cheque Deposit Account is in a different position?—Yes: it is not a banking account; it is kept in our own ledger.

1335. Then, could that account not be dispensed with?—Well, it could, of course, if you recredited the account with the money coming back; but then, that money coming in and belonging to another person would complicate the balance.

1336. But why could it not be re-entered, and remain in your ledger as a credit balance for the claim should that claim ever turn up?—It really does that in the Returned-cheque Deposit Account. The amount goes into that account in the individual ledger, and in the sub. ledger we should open an account for the payee.

1337. Then your Returned-cheque Deposit Account, in other words, consists of unclaimed balances?—Not unclaimed balances of estates, but unclaimed amounts that have been issued from the office—unclaimed cheques.

1338. Then you mean unclaimed claims?—It consists of moneys issued in payment of claims or shares due to Natives. I do not think we have cases of shares being issued to Europeans and not claimed.

1339. If not claimed by Europeans, would those moneys be treated in the same way as in the case of Natives?—No; the money would go back into the estate.

1340. Then, do the Commissioners understand you to say or mean this: that all the amounts to the credit of Returned-cheque Deposit Account consist of unclaimed amounts due to Natives?—And Europeans too.

1341. I asked you just now if the amounts due to Europeans would be treated in the same way as amounts due to Natives, and I understood you to say they were recredited?—I thought that question was in connection with shares due to a European. If a cheque were issued to a European as his share of an estate, that cheque would go back into the estate it belongs to, should it come back. If the cheque issued was in payment of an ordinary tradesman's claim, and was unclaimed, it would go into the Returned-cheque Deposit Account.

1342. What would the tradesman's claim be paid out of?—Out of the estate account.

1343. Then, in that case it would not go back meanwhile to the estate from which it was originally drawn?—No; it would go to Returned-cheque Deposit Account.

1344. I think we agreed yesterday that the system of vouchers in your office would facilitate the working of the Public Trust business?—Yes.

1345. In that case you would be able to do without a large number of useless and expensive books that you use now, called receipt-books?—Yes, we could do without those.

1346. Your duplicate voucher would form your receipt?—Yes.

1347. And that would simplify matters a great deal?—Yes.

1348. The putting-away of those vouchers in bundles would do away with the guard-books in which they are now pasted and kept?—Yes.

1349. For what period of time would this guard-book before me contain vouchers?—For about six months.

1350. I think you said yesterday that the cost of that guard-book would be about 4s.?—Four shillings or 4s. 6d.

1351. Not more?—I think I am safe in saying 4s. 6d. They are got from the Government Printing Office.

1352. Now, will you please tell me why the Public Trustee finds it necessary to keep two accounts in the bank. I understand that he has a Public Trust Account proper, or general account, and a Public Trust Disbursement Account?—Yes.

1353. Does not that necessitate the keeping of two bank pass-books?—Yes, certainly.

1354. Would it not be more simple to have only one account and one pass-book?—It would reduce the number of pass-books, of course. It simplifies the keeping of the cash-book in the Public Trustee's Account to have two accounts.

1355. Will you explain how?—Instead of having to make the adjustment of the balance with the bank pass-book by filling in all the unpresented cheques, which may amount to a hundred,

1356. Is it not better that you are kept face to face with the moneys paid in and the unpresented cheques?—We are, of course, in the Disbursement Account. We have to work out the adjustment there.

1357. Notwithstanding that, I understand you wish to save that trouble in connection with the Public Trustee's Account?—Yes.

1358. Then, I ask you again, where does it save time or trouble?—Well, it simply keeps the Public Trustee's Account pass-book handier by having one cheque instead of a hundred.

1359. Tell me how it does so?—If we drew the individual cheques on the Public Trustee's Account, there would probably be thirty or forty cheques for every one now drawn on the Public Trustee's Account; and in balancing, any of those cheques which were outstanding would form an adjustment, and the amounts of them would have to be brought in in adjusting the balance with our bank pass-book.

1360. Supposing the Disbursement Account pass-book was not at hand, could you balance the Public Trust Account pass-book without a reference to it?—Yes.

1361. That is, from particulars in connection with the drawing of cheques, particulars of which you have in the office in connection with those cheques that have been drawn?—There would be no complication with outstanding cheques. The cheque, when drawn, is at once debited in the Public Trustee's Account.

1362. Then, is the object of having this Public Trustee's Disbursement Account separate, and in order to keep the Public Trustee's Account proper with fewer entries in it and make it look pretty?—Yes; and free from the necessity of adjusting the balance with the balance in the pass-book.

1363. But you must adjust the balance in both pass-books?—Certainly we do; but in the Disbursement Account it can be done at leisure instead of daily.

1364. Do you operate on the chief Disbursement Account in large sums?—Yes, in large sums.

1365. Do you do it daily or weekly?—There would probably be six cheques on the Public Trustee's chief account a week.

1366. How about the credits?—They, of course, come in as they are made, daily.

1367. Then the only credits that go to the Disbursement Account are by cheque from the Public Trustee's Account proper?—That is so.

1368. A cheque on the Public Trustee's principal account would represent in reality many small amounts to be disbursed through his Disbursement Account?—Yes, that is so.

1369. Yet I cannot see how time is saved or convenience served by the keeping of the two accounts?—It is convenient to have the Public Trustee's Account free from these outstanding cheques.

1370. Do you think these outstanding cheques would make it look ugly and disfigure it?—Every day, on balancing, there would have to be an adjustment, and they would have to be set out.

1371. You still have that adjustment to make in connection with the two bank-books?—Yes.

1372. If you had only one bank-book, would that not simplify matters?—Still the same adjustment would have to be made, and done daily instead of doing it periodically.

1373. Then you do not adjust the accounts now with the bank daily?—Not for Disbursement Account.

1374. And that is really your operative account?—Yes.

1375. That is your daily active account?—Yes; that is the account on which the individual cheques are drawn.

1376. And do you adjust the Public Trustee's Account proper daily?—That is balanced weekly, not daily.

1377. Then, if you had these two accounts in one, you would be brought daily face to face with the condition of them?—Yes, we should.

1378. Then you would appreciate the necessity of adjusting them frequently?—It would be an absolute necessity to adjust them more frequently.

1379. Now, come, looking at the matter from that point of view, would it not be better to have the two accounts in one?—Yes, perhaps it would.

1380. Then, since the Audit Department were good enough to relieve you of the necessity of taking your cash-book up to the Buildings, three-quarters of a mile from your office, how has the audit been carried on?—Carried on by an Audit officer sent down to the department, whose services are divided between this office and the Government Insurance. He has audited the books, and prepared them for the Controller's signature.

1381. Does he attend at your office daily?—Yes.

1382. Has he done so since you ceased to send the cash-books to the Audit Department?—Yes. There may be days on which he is absent altogether; it is the practice to come daily.

1383. Has he been often absent?—No; he is not often absent for the whole day. His time is not allotted, so much of the day to this office and so much to the Insurance Office. He comes in when it suits his convenience.

1384. In fact, he is a superior being in the shape of an auditor?—Oh, yes! we have to defer to the Audit.

1385. You cannot dictate in any way as to when and how he shall attend your office, can you?—I have no control over that whatever.

1386. He has a right to come in here at any hour and attend to what he may consider his duties?—Yes.

1387. What he considers to be his duties?—Yes; just so.

1388. On an average, how many hours does it take the officer who may act for the Audit Department during each day?—I think he gives us the full half of his time.

1389. What is the full length of his time?—His office-hours are from 9 to 5, with an interval of an hour from 1 to 2 for lunch.

1390. Then you think he spends half of his office-hours with your office?—Yes, I think so.
1391. That has been the custom?—Yes.
1392. When he comes to your office each day how does he proceed with his work?—Well, he passes what vouchers there are, and does whatever branch-work he feels disposed to or considers necessary.
1393. Does he ask for the cash-book?—Yes; whenever he wants it he asks for it. Of course the books lie about, and he can take them when he wants to without asking.
1394. Have you seen the officer from the Audit Department this morning?—No.
1395. Did you see him yesterday?—Yes.
1396. He was in with you yesterday?—Yes.
1397. When he came did he ask whether your cash-book was balanced?—I cannot say that. He did not ask me anything yesterday.
1398. Did he ever notice that the total cash-book summations had not been made?—He has never spoken to me about it.
1399. But you know that the total summations have not been made in the daily cash-book?—Yes.
1400. Did the audit officer ever call your attention to the want of summations in the ledgers?—No.
1401. Then, how does the Audit Department check your balances?—He calls over the cash-book and journals with the ledgers, and then he has our balance-workings to go over, and then checks the balance-sheet with the Check Ledger.
1402. The Audit Department never attempt to take out a balance for themselves from your books?—No.
1403. They never have done so?—They may have at one time. I do not know; I have never seen them at it.
1404. Do you think they ever attempted to take out a balance?—I do not think so.
1405. Supposing that any false entries were ever to occur in the books of your office—not that I think they have occurred—but supposing those things ever had occurred, and which have occurred in most parts of the world in the best-regulated offices, would the system of audit adopted in your office lead to a detection of any such falsification?—Well, if the falsification is to be found out through calling over the cash-books and so on, they might find it out. Of course there may be such a way of making the entries as to elude even the most vigilant audit officer. The audit is not so searching as it might be.
1406. Then, do you consider the system of audit, as practised, of any real or practical good or benefit to your office?—No, I do not think it is.
1407. Then you would have got on just as well without it?—Yes, I think we should—with, of course, a less expenditure of time.
1408. Now, you spoke of the Audit officer calling over the cash-book with the ledger: will you describe how he goes about that?—He usually borrows one of our junior clerks, and one takes the cash-book and the other the ledger, and they call over between them.
1409. Can you speak from your own knowledge whether the clerk whom you have been good enough from time to time to lend to the Audit Department on such occasions has ever written up the cash-book?—Yes, he has.
1410. So that it might happen that your clerk who called out the cash-book to the Audit officer, who was looking over the ledger, was the officer who had written up the cash-book the day before?—Yes, he might be so.
1411. Of course, there are different ways of calling over a cash-book. Does the Audit Department call over every entry in the cash-book?—I believe so. I have never watched him, but I believe that is his practice. I do not know from my own knowledge.
1412. He never asked you to call over the ledgers or cash-books with him?—No.
1413. Nor does he ever check and take the totals of each branch?—No; I think he calls over the individual items. He has the individual ledgers when he is at work.
1414. Now, you have got a large kind of Register-book, one of the first that you opened. You call it a Record-book of the letters received?—Yes.
1415. Well, is that book always kept under the same system?—The system has been varied since its first establishment. At first all letters went into that Record-book. At the present time only those letters go into it which do not relate to estates. There are another series of books, called Index to Estates, in which the letters on estate matters are entered.
1416. Of how many such books is that series composed?—At the present time about a dozen. They are gradually increasing in number. As they get full fresh books have to be started.
1417. Do you think, under your present system of increasing books, that you will not find a difficulty in getting them made for you and in finding room to store them?—As new estates come in you must find room for them in your books.
1418. Do this series of twelve or thirteen books cover for their purposes the whole work of the office from the first?—Yes.
1419. And they are related or connected with this Record-book?—For the first few years they were kept concurrently with the general Record. Now the letters on estate matters are only entered in the Index of Estates, and drop out of the other book altogether; so that general records only, not relating to estates, go into that large Record-book.
1420. If that large book were kept in alphabetical form, as we agreed about a similar book for registration of particulars of estates, would not that book answer all the purposes in place of the present Record-book and Index—in fact, of the whole thirteen books?—Yes, it would.
1421. And that would save a lot of time, trouble, and reference?—Yes; you would simply go to the one book.

1422. Now, with your help, the Commissioners hope to agree upon a more simple mode of book-keeping for the future. How many of those Index to Estates books are there?—I think about twelve.

1423. And there is one Record-book?—Yes.

1424. That is, thirteen altogether?—Yes. The special advantage to be claimed for the Index to Estates is this: You get all the letters written to the office on business collected together in one page of the book. That you would still have in a record-book properly ruled, with lots of room for particulars.

1425. So that then you would simplify that part of the working of your office considerably?—One record might hardly carry the business. If you have perhaps a thousand estates in active operation, you might want a thousand pages in the book. Of course, a good many of the estates would not want a whole page to themselves, nor anything like a page. It is rather difficult at times to gauge the probabilities of an estate. It may look very small at first, and turn out a big affair. That is very frequently the case.

1426. But you must bear this in mind: that this would be a memoranda-book and a Register, and that you have still always the ledgers to get fuller particulars from?—Just so.

1427. You spoke of some extra ruling in your ledgers for certain entries, I think, in a suggestion that you made in connection with your report to the Commissioners. What was that?—It was to bring the investment accounts of estates into their accounts in the individual ledgers, and also to bring in the value of the unrealised estates, so that the ledger accounts would show the total value of the estates.

1428. But if you had plenty of room in that portion of your ledgers under the heading of "Particulars" you could write and carry any memoranda you found necessary there?—Yes, you could.

1429. So that extra ruling beyond the three ordinary money-columns would not be necessary. And do you not think, where you have got particulars to keep of investments without money-totals, they would be better in a register, giving the date of the mortgage, the term, rate of interest, particulars of property, when due, when payment of the interest? And that kept in alphabetical order?—Yes; it seems convenient to have an Investment Account, I think, with the current account.

1430. Do you mean, to keep two separate accounts under one page of the ledger?—Yes.

1431. Would not that be rather complicated. In order to transfer moneys from one account to another you would still have to make vouchers? If that system were necessary the accounts would certainly be better to be separate.—The advantage of having them together is, that you can see on one opening the whole value of the estate, whether invested or on current account.

1432. Then, if you found it necessary to take money from an estate to invest, would the ledger not show that?—It would also show the credit in the Investment Account. It would place the money from the current account in the Investment Account.

1433. Where you invest money, do you first take the money you wish to invest and put it to the credit of an Investment Account?—Yes.

1434. Why take it from the proper account until the investment is ripe to receive it?—The money is not taken until the investment is actually made.

1435. Then, it is paid to the borrower?—Yes.

1436. Why is the account necessary?—Unless you have an account the money is taken from an estate with a credit to show how the money is invested.

1437. You would charge an estate supplying the money, and you would credit the Investment Account, which really belongs to your office?—I would charge the estate with the money, and credit the estate investment account with that same money. Then, we should have the office Investment Account as well.

1438. Why the necessity of keeping so many accounts for such direct transactions? If you have an office Investment Account, for which you make a corresponding entry to the entry charging an estate, is not the office Investment Account sufficient, with the individual account in the ledger, to give you any particulars you require?—It is. My idea in my suggestion was this: that, on issuing the money out of the estate account for the investment, the estate account would be debited with the amount issued, and the cash-book would be credited. Then, the estate investment account would be credited, and the office Investment Account debited.

1439. And then would you have another entry?—No; that would be all.

1440. You would have an entry in the General Investment Account?—That is not a case in point—that is, where the office invests out of the general funds.

1441. Then, why not keep a Private Investment Account, which would refer to moneys you lent on behalf of private estates?—We have that. The Special Investment Account is the aggregate of investments on individual estates.

1442. That is, an estate which would be credited with any money that you for a purpose had charged to an individual estate?—The money having been issued from the Cash Account, the Cash Account is credited, and you want a debit entry for it. That we do by debiting the Special Investment Account. On issuing the money from the estate the Special Investment Account is debited.

1443. Then, you think that it would be better to adhere to the usual rule in connection with the money-columns of your ledger?—Yes, I think so.

1444. Then, I notice that you have no column for showing whether the balance is in credit or in debit?—No, we use the same column; and if it is a debit balance we put the figures in in red ink.

1445. Then, do I understand, wherever red-ink figures appear in the balance column of your ledgers it indicates a debit balance?—Yes.

1446. Has it never occurred to you that that takes up considerably the time of your Ledger-keeper in working his ledger?—Of course it is done every time an entry is made.

1447. But supposing the balance changed from time to time during the same day—one part of the day in debit, another in credit?—Well, in posting, as we have done, from the cash-book, the whole of the entries for one estate would be gathered together in that cash-book, and there would be one total for all the entries then; and, those entries being recorded in the ledger, it would only be necessary for the Ledger-keeper to deduct the total from the previous balance.

1448. It does not matter whether the total is composed of many other smaller totals or a very small total; but what I want your attention to is that under your present system your Ledger-keeper must be ready to change his pens and ink continually during each day?—Of course debit balances are rare, except in those accounts that are always in debit.

1449. I think I can show you a good many operations of debit balances where the ink has to be changed?—In proportion to the number of estates opened in the books it is not often.

1450. Would it not be more simple to have a small column for D. and C. between the credit transactions and the balance, in which the Ledger-keeper could make the initial D. or C. as the case might require for a debit or credit balance?—He would still have to work out that balance.

1451. True; but he would not have to change inks and pens?—It is a question which would be more prominent, red ink or D. and C. The red ink catches the eye at once.

1452. In correct book-keeping you do not want anything to catch the eye more readily than correctness. Have you seen how large ledgers in mercantile houses are kept?—Yes.

1453. They do not use coloured inks?—No.

1454. Have you seen the way in which bank ledgers are kept?—No, I never saw a bank ledger.

1455. Lucky fellow! Do you think you could get a blank form of a bank ledger?—I might, from the Bank of New Zealand.

1456. They might give you a leaf out of one, and you would be taking "a leaf out of their book"?—Perhaps I might.

1457. Will you please try and get a blank leaf out of some bank or mercantile ledger?—I will.

TUESDAY, 21ST APRIL, 1891.

Mr. MOGINIE further examined.

1459. *The Chairman.*] Well, Mr. Moginie, when we met on the last occasion you were to try and get a copy of the form of bank or commercial ledgers generally used. Do you now produce one?—I do.

1460. Have you had the use of the several spaces and columns explained to you?—The Accountant rapidly explained them to me, as he was called away by telephone at the time, and did not therefore go into the matter to any extent. He told me that the first money-column was the debit-transactions column; the second money-column, the credit-transactions column—that is, the lodgments into the bank; the third column was for D. or C., to show whether the balance was a debit or a credit balance; and the other money-column is the balance column.

1461. Then you have another smaller column?—Yes; that is for the number of days on which a balance is either in credit or in debit. Then there are two other columns for figures: one is for the decimals, to calculate the interest on the overdraft or to allow interest on the balance; and the last column is also for charging interest.

1462. Looking at this form of ledger, would it not be a more easy form of ledger to use in the Public Trust Office?—Yes; I think it would be easy if we abolished the system of investing the balance in deficiency bills. At the present time the system is that any balances remaining in Estate Account, and awaiting investment on mortgages, shall be temporarily invested in deficiency bills; so that in those cases we purchase an interest in a deficiency bill held by the office, and this removes the money from the Estate Account to the Estate Investment Account.

1463. It removes such money in order that you may purchase deficiency bills?—Yes.

1464. Then, in that case, would you not charge that amount to the estate, and would that not alter the balance of the account?—Yes; but if we cease to invest those moneys in deficiency bills they could remain on credit account and get interest in those decimal columns, and that would save the trouble of investing.

1465. Do you understand the meaning of decimal columns?—Yes: to calculate the amount of interest chargeable or allowable on balances.

1466. That is to say, that under that system, where you can calculate by decimals, you arrive at your interest any time of any day?—Yes. Of course, we do not allow interest on the whole balance. We allow it on the balance during any current quarter, where the balance does not go under £50.

1467. Where you have decimal columns you have the advantage of being able to calculate the interest on any day, but that does not necessitate your doing so?—That is so.

1468. Then, would not that form of ledger be more convenient than the form now in use in the Public Trust Office?—I think it would.

1469. It would avoid the necessity of using different-coloured inks to show whether a balance was in debit or in credit?—Yes. What I should like would be to increase the number of columns so as to separate estate money from income money.

1470. Can you not do that by having a separate account?—Yes.

1471. And therefore it would be more simple than your present system?—Yes.

1472. The only improvement that I can see desirable for your purposes would be, if you agree with me, to give you double the space for the entering of particulars of transactions?—We should want much more space than is allowed in the bank-ledgers for that purpose.

1473. But, with that improvement, that form of ledger would be much better than what has obtained in your office?—Yes, I think it would be. It seems to me that there is some advantage of having the capital and income of an estate account in the same opening, so that you can see the value of the estate without turning to different parts of the ledger.

1474. Then, supposing you had ample space in each folio for particulars, what is to hinder you from putting those particulars in any form?—Yes, we could do that.

1475. I want you to see the necessity, in any folio of your ledger, of confining yourself in the keeping of an account to three principal money-columns. Do you agree with me in that?—Yes, I do.

1476. That is to say, a column for the debit transactions, a column for the credit transactions, and a column showing the balance, with an indicative column to show whether the balance is in debit or in credit, simply by using the letters D or C?—Yes.

1477. Then you would approve of that?—I should approve of that.

1478. Now, in glancing over your report to the Commissioners, I notice that you have made several suggestions that in your opinion would improve your office system of book-keeping?—Yes.

1479. Some of your suggestions fall into the line of suggestions made to you when you were first before the Commissioners?—Yes.

1480. Showing that you approved of those suggestions?—Yes.

1481. You have been in this office for ten years?—Yes.

1482. Have you ever, during that time, made any suggestions for the simplification of the system of book-keeping in the Public Trust Office?—Yes, I have.

1483. Have you on more than one occasion, or on many occasions, made suggestions in that direction?—Well, I do not know that the occasions were many, because there was no opening for it. The first suggestion as to opening accounts separately for capital and income being met by a statement that the Public Trustee did not feel it desirable to alter the system adopted by the previous Trustee and the Audit, therefore there was no room for me to suggest.

1484. Very well; that is what I want to get at; and I wish you to state fully, without any reserve, your feelings on that point. I want to ascertain from you clearly whether you have been labouring under the impression that it was useless to make suggestions for simplifying your system of book-keeping, presuming from what you have said that there existed a determination not to depart from the system that had been initiated in the first instance?—Yes, that was so.

1485. You have no doubt about that?—I have not the slightest doubt about that. In making my suggestion to open separate accounts for capital and income, I ruled pages and submitted them to the Public Trustee; but he did not feel justified in adopting them, seeing that a change in the system would be introduced; and on a repetition of those statements on two or three occasions when I made suggestions, I felt it was useless to suggest any changes, because the Public Trustee desired to maintain a uniform system to that adopted by the previous Trustee and the Audit.

1486. Then, in other words, you have felt that you were working within iron-bound rules?—Yes; just so.

1487. You felt that a system of book-keeping had been initiated at the time of opening the Public Trust Office, and you have always found there was a determination not to alter that system?—Yes; just so.

1488. Notwithstanding many suggestions made by yourself?—Yes.

1489. And do I understand you to say that if you had had free scope to alter the system that you found in vogue in this office when you joined it, you would have made improvements?—No; I do not know that I would have done that, because there was still the Audit difficulty to get over.

1490. *Mr. Loughrey.*] Did the Audit ever suggest any method of book-keeping to you?—No. I will give you an instance of the Audit difficulty. The first way in which the Public Trustee produced his annual accounts and published them was altered by the Audit to the form in which they now appear; and, that being the case, it showed the Audit had the control, and that we were not free agents.

1493. You have told us more than once that the auditors have never suggested anything in the method of your book-keeping?—Not in the way of improving it. They changed the shape of the accounts into the form in which they now appear.

1494. *The Chairman.*] Are we to understand this: that if the Public Trustee had been willing to listen to any suggestions on your part towards the simplification of the system of book-keeping, you and the Public Trustee would still have had to face the difficulties that would have been raised by the Audit Department?—Yes; just so. I may mention that at one time we adopted the simple method of showing the overdrafts in the estate accounts, letting the debit balances show; but the Audit stopped us.

1495. Did the Audit Department give you a reason for stopping you?—Yes: that we had no right to pay out of an estate account more money than was at the credit of that account, when it became necessary to make advances to the estate for purposes of realisation. After realisation that overdraft would be liquidated, and the amount credited to the estate account.

1496. But I presume your office—that is to say, you, as Accountant of the office—would not allow any estate to be overdrawn did you not feel warranted that sufficient assets remained in your hands to justify such accommodation?—Just so. I should have called the attention of the Public Trustee to it if the amount proposed to be paid exceeded reasonable limits.

1497. Then, notwithstanding that you might have any amount of assets to come and go upon, as it became desirable to realise those assets the Audit Department would not allow any advance by way of overdraft in connection with such an estate?—Yes, that is so. If an estate was worth £30,000, they would not let us overdraw half-a-crown.

1498. So that, in order to do justice to such an estate, you had to adopt a roundabout method of getting an advance out of your own Expenses Account in the first instance to provide funds to

do what was necessary in the realisation of a valuable estate?—Yes, that is so; and I may mention incidentally that there is a considerable amount of work involved when you transfer from one account to another. Of course there are the necessary journal-vouchers to prepare, then it has to be put on requisition, posted, then more journal-vouchers reversing the entries, and other forms to be gone through.

1499. And, after all, the hindrance imposed by the Audit upon your easy method, against giving an advance by way of overdraft, did not make the Public Trust Office any more safe in conducting its business?—It rather increased the risk, because you might overlook the overdraft.

1500. In the form of making advances imposed upon you by the Audit?—Yes, because it complicated matters and increased the risk.

1501. In other words, if you had been allowed, under the usual method adopted by commercial houses where they have to make advances, to make an advance direct by overdraft, there could be no possibility of that overdraft escaping your notice?—Not the least chance, and the Audit would have had just as much security, because they would see at once what the overdraft was and what the assets of the estate amounted to, and could satisfy themselves that the risk was a safe one.

1502. The security would be the same in any case?—Yes.

1503. Then, it comes to this: that in the mode of conducting the business of the Trust Office, where an estate had to be assisted in order in the first instance to get at its assets, your office has been compelled to travel three-quarters of a mile away, and bring that assistance round through the Audit Department?—That is so.

1504. Has this state of things caused your office very great inconvenience?—It has.

1505. And must have given rise to almost daily dissatisfaction among your clients?—Yes, it has.

1506. Have you found that?—I have.

1507. Then, you have no hesitation—if you have, say so—in offering the opinion that the Public Trust Office should be allowed to be the judges as to the security of making advances to estates from time to time for the purpose of realising assets where it happens that those estates are for a time without the immediate cash?—Yes; I am quite clear on that point. I think the Public Trustee should be the man to manage the estates, more especially as if there is any loss he is personally liable.

1508. I apprehend that there could be no loss, unless with absolute recklessness, where you, for instance, before you attempted to make an advance, had satisfied yourself and the Public Trustee that there were more than sufficient assets in your hands?—Yes; the Public Trustee always looks to that point.

1509. For instance, you would be in quite a different position from an ordinary bank-manager in this respect: Banks, as you are aware, and commercial houses, sometimes make an advance by way of overdraft on the mere security of the good name of their customer, without really having anything tangible as security?—Yes.

1510. But it would never for a moment be thought of to do that sort of business in the Public Trust Office?—No.

1511. One of the fundamental rules of the Public Trust Office would be that, under any circumstances, you would only propose to make an advance by way of overdraft where you knew you had in the estate in your hands more than sufficient to meet that advance, when circumstances allowed, and you thought it desirable, to realise it?—Yes, most decidedly.

1512. Have you had cases of inconvenience frequently arising from this difficulty in the way of making a temporary advance?—Yes; I may say, in fact, that they arise almost every day.

1513. Then, the Public Trust Office has had a good deal of blame in that direction really through no fault of its executive?—Yes.

1514. You really have not been responsible for this blame, because you have been tied hand and foot, if I may so express it, by the requirements of the Audit Department?—Yes; that is so.

1515. Then, be clear on the point. I understand your opinion, as well as that of Mr. Hamerton, to be that the sooner that is changed the better, and it would be in the interests both of the Public Trust Office and of the public?—Yes, I believe it would be.

1516. Are these the rough cash-books which you have brought up?—Yes.

1517. They all seem to be similar and identical to the ordinary books used by bakers and butchers for their accounts when trading with customers. That is about the character of them?—Yes.

1518. With this difference: that the baker and butcher keep their books in better form, and do not rule through their accounts as these are ruled through, but simply receipt their books when they get paid?—Yes.

1519. You observe that these books seem to be ruled through page after page, as I presume you disposed of the cash passed through them?—Yes; that is so.

1520. Well, now, do you not think that is rather a—shall I say loose, and slovenly, way of keeping any books where cash entries have been made?—Well, the blocks of the receipts remain as the prime entry of the cash.

1521. Admitting all that, still, notwithstanding that you may have many other books and blocks of receipts showing the same entries again and again, I ask you again if it is not a loose system and a slovenly system to have books in an office like this ruled through in that form?—Well, they are not so good as they might be: I must admit that.

1522. Is it not slovenly to cross out pages and pages of large money transactions with pen-and-ink lines drawn from corner to corner as you see here?—It is not so nice as it should be.

1523. Would you call it proper?—No; it would be far better if the entries were made in a good book, without these lines.

1524. I am not finding fault with the size of the book, if it is sufficiently large for its purpose;

but if it is necessary to use that or any book to make all those large money-entries, increasing day by day, why should it be necessary to cross them out?—It shows they have been passed forward.

1525. Do you mean that each entry has been passed forward?—Yes. Of course, as soon as I pass the entries over to the officer in charge of the bank pass-book, I cross them out of this book here.

1526. And where do they go?—To the officer in charge of the bank pass-book, who ticks them off with the bank pass-book.

1527. Then, if it is necessary to keep this book at all, why not keep it as it should be kept, without crossing the entries out? Take this page, for instance, where a total of £134 5s. 10d. appears to have been paid into the bank. Would it not be more in accordance with what is proper to say, "Deposited with the Bank of New Zealand" on such-and-such a day?—Yes, I must admit it would be better.

1528. If that book had to go into a Court of law where a case was being tried in which the Public Trust Office was concerned, do you think the appearance of that book would do your case any good?—I do not think it would.

1529. Would it do it harm?—I fancy it would. There are always the blocks of the receipts to be produced, which is really the first entry of the money.

1530. Then, is this unique family of rough cash-books the first books in which moneys coming into your office day by day are entered?—Yes, after they are passed through the receipt-book.

1531. You use a great many of those rough cash-books—those little butcher-and-baker books, I call them. Now, do you not think we could do away with all those books, and have one book similar to what a bank-teller would use—a paying-and-receiving book? That is to say, where all moneys that came in during the day would be immediately entered under the name to which they belong, and the same with all moneys that were paid out? It is, in fact, a teller's small cash-book for the receipt and payment of moneys. Are you acquainted with the form of such a book?—No.

1532. Then, will you, before I see you again this afternoon, have an interview with the accountant or one of the bank-tellers, and get an explanation of their system where they receive money and pay it out daily; and will you get a loose sheet of that book from one of the banks?—Yes, I will do that.

1533. Because I think I shall be able to show you where you can do away with all those volumes of receipt-books, and that numerous slovenly family of rough cash-books. You might get the accountant or teller to explain how they give receipts when moneys are paid in. It appears to me the system would work admirably in your office?—There may be some difficulty in getting people to fill up these vouchers.

1534. In banks and mercantile houses, where people do not understand how to fill up a voucher, a clerk fills it up for them and gets their signature. If a party paying money into your office is unable to write, you can make a mark and witness it; and you have got this advantage, bear in mind: that in all cases you have an acknowledgment made at the time, where you get the signatures of the parties upon the very voucher when the moneys are paid in?—Yes, that is a very considerable advantage.

1535. Then, is this book now produced a continuation of the rough cash-book—the one now in use?—That book was not one of the rough cash-books, but is a copy of the bank pass-book.

1536. Will you please get the rough cash-book now in use?—Yes. [Two rough cash-books produced.] We use two.

1537. Why two?—One remains on my desk, in which I enter the particulars, and I write them into the other for the use of the officer who keeps the bank pass-book. The larger one of the two is his.

1538. That larger one is the rough cash-book into which you transfer the entries from the smaller one, which you keep in your possession and for your special use?—Yes: it enables the officer who keeps the bank pass-book to have access to the information without taking my book away.

1539. Does not that produce a great many entries?—Not many; about half a dozen a day.

1540. At any rate, it compels you to make those entries twice by using two rough cash-books, however many entries there may be?—Yes.

1541. I see that even these books now in use are obliterated and crossed out at each page with red-ink lines across the day's work, just as the others were?—Yes; as the vouchers are marked off and passed forward to be entered in the cash-book.

1542. Then, these two books seem to be a little better in form than the usual tradesmen's books?—They are.

1543. By being better bound and of a larger size. They are, in fact, the books that are used generally by banks as pass-books for large accounts that are kept with them?—Yes; similar to those.

1544. Speaking seriously, and looking through these two books carefully, and at the manner in which the transactions are crossed through, I now ask you, are they worthy of the name of rough cash-books?—They have been very useful, and have answered the purpose for which they were started, and, having served their purpose of enabling the vouchers to be checked off with the pass-book, and those vouchers entered in the cash-book, these memoranda-books become of no use, because from the cash-book you go back to the block receipt-book.

1545. Then, if they are of no use, presuming that you have a great number of them that have been used, and have become obsolete, could they be destroyed?—I think they could, because for every one of these entries you have a block in the receipt-book.

1546. But would you never have occasion to refer to them in matters of disputed payments?—No.

1547. Supposing a payment or a sum of money which had come into your hands was disputed,

would you not like to have these rough cash-books to refer to and to know exactly what you did when you first received the money?—That is shown on the block of the receipt.

1548. What, then, is the use of the rough cash-book?—It is simply a memorandum of my takings during the day.

1549. Is it the first memorandum you make of your takings?—It is the first I make.

1550. I am presuming that you receive the money?—I do, from the people who take it. I do not go to the counter and receive the money myself from the person paying it in: neither do I first receive in all cases the money that comes through the post.

1551. Is any officer on your staff allowed to receive money?—The officers in charge of estates are those whose duty it is to receive moneys across the counter on behalf of those estates. A cadet will have charge of the counter, and if any one comes in to pay money the cadet will speak to the customer, and if he tenders £5 which he wants to pay the cadet will take that £5 and hand it to the officer in charge of the estate, who will make the necessary entries and the receipt for it, and then hand the money over to me.

1552. How many of this class of responsible officers have you on your staff who are authorised to receive moneys in that way?—Each Ledger-keeper—five in all.

1553. You have five officers authorised to receive large sums or small, as they happen to be paid in daily to the Public Trust Office?—Yes.

1554. What do these officers do with the money they receive?—Having made the receipt, they hand the money over to me, with a note of the number of the receipt. I should explain that all receipts are signed by me, if I am there, of course. Although they make the receipt and fill in the block, the receipt comes to me to sign.

1555. Then, if each of the five officers happens to receive several amounts during the day, they individually do not give receipts for these several sums of money, but bring the money to you, and you sign the receipt?—Yes, after they have filled the receipt up.

1556. Before you sign the receipt you count the moneys?—I count the moneys, and in this little pass-book I enter the amount first.

1557. And then you transcribe it into a little larger pass-book of the same class?—Not immediately; but I do transcribe it into a larger pass-book.

1558. Do you think it is a proper system that you should have five officers in your office, which is not doing more business than any ordinary branch bank in the City of Wellington in the way of receiving deposits—do you think it is a proper system to allow five officers to receive money?—I think, in connection with our business, it may be so, because we are doing quite a different business to a bank. With a bank there can be no question as to the desirability of taking money, but with us it may be a question whether it is desirable to accept moneys when presented to us, and no one is so well able to know that as the officer in charge of an estate.

1559. Have you ever had occasion to refuse money?—Sometimes we have returned money.

1560. Can you point to a case or cases where you have had to refuse money?—I might refer to a case almost similar within the last week, where a Chinaman died in Courtenay Place. There was a sum of £20 in the house. A policeman goes there and takes possession, and brings the money to this office, and pays it in here. He is given a receipt for it. Before an hour expires almost, we get notice from a lawyer in town that a brother of this Chinaman is going to administer the estate. The fact is we have no right to the money at all. We hold that money until he gets an order to administer.

1561. You did not refuse the money on that occasion?—No.

1562. How many occasions are there during the month or during the week when you have to refuse money?—Very few.

1563. *Mr. Loughrey.*] Do you take all moneys in these intestacies, and then give them back when orders of administration are taken out?—If we heard that a relative was going to administer we should not take the money.

1564. *The Chairman.*] What has the Public Trustee to do if a relative administers?—Nothing at all.

1565. In that case it would be a piece of officiousness on the part of the Public Trust Office to interfere?—Just so.

1566. Are you not aware that the banks very often have to refuse to receive moneys?—I am not aware of it.

1567. Supposing an individual went to the Bank of Australasia to pay money into my account, and he was informed I had no account there and to try another bank: have they not often such cases as that? The cases in which you have to refuse money is where it is on mistaken account the money is offered to you?—There are other reasons, too, why it is desirable the officer in charge of an estate should know the moneys coming in. There may be something about it which he may like to question.

1568. How can you go wrong in the matter of receiving money as long as you take care of that money?—We might be interfering where we had no right.

1569. What is the extent of the responsibility you take in receiving money which you find afterwards you have to give back again?—There is not very much responsibility.

1570. If you should happen to receive money which you have to return, the office has the use of that money meanwhile?—It has, but at the same time it has the trouble.

1571. What is the trouble?—To make the necessary entries, paying into the bank, and when you want to issue it again you have to go through the whole routine of passing vouchers, audit, &c.

1572. Supposing we are able, as the result of the examination by this Commission, to simplify your mode of book-keeping, do you not think we will get over those little difficulties?—Yes, I think you will.

1573. I want to ask you again if it is right that there should be five officers in your office authorised to receive money?—I quite admit that a cashier is desirable, whose duty it would be to receive all moneys; but our system of letting these moneys go to the officers in charge of estates has the advantage that we know all about it and whether it is right in the first go-off.

1574. Supposing you had an officer whose duty it was to receive all moneys, and through whom all moneys paid out should go, would that not simplify very considerably your present loose mode of book-keeping so far as it now concerns your way of receiving and paying moneys?—It would certainly be more direct.

1575. Would it not do away with all these clumsy receipt-books?—If you adopted the voucher principle it would.

1576. Would it not do away with those highly-picturesque-looking rough cash-books?—Yes.

1577. Supposing you conform to the system adopted by a mercantile house or a bank of having a separate book, such as is used for paying and receiving moneys—say, what a bank-teller would use—would that not simplify your system very much?—At first blush I do not like that system. It seems to me to bring a lot of moneys down without any use whatever.

1578. Do you know there are different forms of those books. There are columns showing the moneys paid and received on each folio?—Yes.

1579. Then, taking this book, which would serve for an all-time book of reference as the first book in which moneys received across the counter and moneys paid across the counter had been entered, do you not think a book of that class, with space for the names of the payers and payees, with columns for the amounts, would be better than any system you have ever adopted?—Yes, it would be better than the memoranda-book system we have.

1580. And on that subject, would it not be better, looking even at the present volume of your business, with the undoubted probability of its increase under proper management, would it not be desirable that a system of that kind to which we have just referred were commenced in your office as early as possible?—Yes, it would be desirable.

1581. Then, if that system was running in your office, you would be able to do away with all those unique little rough cash-books and those clumsy-looking receipt-books?—Yes, we should.

1582. Now, tell me this: those several gentlemen who are authorised to receive moneys are the officers you call managers?—Yes, managers in charge of estates.

1583. Do those gentlemen write letters on behalf of the business of the office?—It is part of their duty to do so.

1584. And do they sign them?—No. Some are signed by me, some by the Chief Clerk, and some by the Public Trustee, according to the nature of the correspondence.

1585. If any of you were away or not at hand, would any of those other officers be authorised to sign for you or for the Public Trustee?—It is not likely that the Public Trustee, the Chief Clerk, and myself would all be away at the same time.

1586. Do you know of occasions on which those sub-officers have signed the letters which they have written?—I have never known a case of that kind.

1587. Each of those officers has to write the letters referring to the special business under his control?—Yes.

1588. So that you must have under that system a long series of press copy letter-books?—Yes.

1589. I suppose each officer has his own?—No; all go into the one series, with the exception of the Native reserves. I may say there is one series of books for the Accountant and another for the Public Trustee and the Chief Clerk. Then, there is another series for the Native reserves.

1590. Has it never occurred to you that if you had one officer to do the general correspondence of your office, presuming you were unable to do it, it would be better?—I believe it would be better done.

1591. Do you not think, in the position of Accountant, if you had the work of the office so divided under classes and distinctive officers—that is to say, a Ledger-keeper or Ledger-keepers attending only to their ledgers, Cash-book keepers to their cash-books, and the officer at the counter to the payment and receipt of moneys, doing any other work you gave him if his time was not fully employed, and you attending to the correspondence, and, if necessary, to have an assistant—do you not think that under such a system I now foreshadow you would get through the work much more quickly and easily?—Yes, it is possible we should.

1592. And if you had to attend more to the correspondence, would you not keep continuously in touch with all the chief work passing through your office?—Yes.

1593. Then you think that under this system which you and I have been discussing, and you are practically intelligent enough to understand, a great number of books and a great deal of labour would be saved?—Yes, by doing away with books.

1594. And you would not, then, have such curiosities of book-keeping as having any books blotted out and crossed out from page to page?—Just so.

1595. That in itself would be a great advantage?—Yes, it would. Those books were never intended as show-books.

1596. I will not leave that question, Mr. Moginie, until I satisfy you that you are bound to keep even those rough cash-books for reference. I therefore ask you if a payment were made on a certain date to you, and it happened to go to a wrong account in the same name—for instance, if it were stated that it was paid to the credit of John Brown's estate, and it happened to go to the wrong John Brown's estate, and the representatives of the estate who paid you the money found the money was not in his estate, and there was a dispute about it, would you not first go to those very books to see whether you had made the entry of that amount in the book?—No, I think not. If the person says he paid the money in on a certain day we should go to the cash-book and refer back to the block of the receipt.

1597. Where, then, does the block-receipt get the information of any payment going into the receipt?—From the person paying in.

1598. How does it get into the rough cash-books?—By me, through the officer who has paid the money.

1599. After the entry had been made in your little rough cash-book. It would hardly be necessary, if you found it in the block receipt-book and in the cash-book?—The entries in these rough cash-books would be precisely the same, only with less information than you have in the receipt-book.

1600. The amount of money would be there, would it not?—Yes; but it appears on the receipt-block.

1601. If it appears in the receipt-block and in the cash-book and ledgers, and you wish to satisfy yourself that there is no doubt about the amount and correctness of the entry, would you not look to the primary entry in your rough cash-books?—We might as a matter of curiosity, but it would not be necessary.

1602. Do you mean to tell me you only refer to books kept in this important office through curiosity? Now, supposing you were in doubt about any particular amount in any particular account in the ledger, what would you do?—Go back from the ledger to the cash-book, and from the cash-book to the receipt-block.

1603. And would you not, knowing you had made an entry in the earliest career of the transaction, look to those two rough cash-books too?—Certainly it would be a confirmation.

1604. Would you not, as a common-sense person, desire to confirm what you believed was correct?—Yes, it might be desirable.

1605. Or else, in the name of common-sense and utility, what is the use of keeping those rough cash-books?—That I should have the record on my desk.

1606. Are you aware that no books are kept in a well-regulated office unless books which are necessary, and which are kept for reference for all time?—Yes.

1607. Is it not the true principle of conducting an office properly?—Yes, it is.

1608. Do you mean, then, seriously to tell me that you would be perfectly indifferent as to a reference to those two rough cash-books, in which you make two entries during the same day? Do you mean to tell me, again, that you would not trouble your head by referring to either or both of them if you were in doubt about an entry?—[No answer.]

1608A. Why, then, have you wasted so much time all these years in keeping such a class of books?—The object of it was that I should have a memorandum.

1609. Then, do you tell me that you would not trouble whether or not those rough cash-books were destroyed after you had made entries in them, and those entries had been carried into the receipt-books?—It would be better to keep them; I admit that.

1610. What for?—In case you did want to refer to them; but you can get all the information from another source.

1611. Then, what is the necessity of keeping books that you do not require for reference hereafter?—But you do require them at the time. That book serves its purpose until the money is paid into the bank.

1612. Supposing you make your entries on a voucher, do you mean to say you do not require that voucher?—You may have it in the receipt-book.

1613. If you find it necessary to open a book for the purpose of the Public Trust Office business, do you open that book to keep as a record of the transactions?—Those books are opened just as a memorandum of the receipt of money.

1614. Then, am I to understand from you that those books are really useless books?—No; they served their purpose when the money was paid into the bank and the amounts brought into the cash-book.

1615. Could you have done without them altogether?—Yes; with information on slips of paper. I want to show the officer in charge of the pass-book how a certain sum of money has been made up. If I wanted to show that in the receipt-books I should have to use one of these books.

1616. Would not your receipt-book always show that?—Each individual receipt is not put into the bank pass-book by itself.

1617. You give a receipt for each particular sum of money, that may belong to different accounts?—Certainly.

1618. Will not your receipt-books show you all that information?—Yes; but the total of five or six of these receipts it might be difficult for the officer in charge of the bank pass-book to find out.

1619. Will the payments you make into your bank account daily not balance your receipt-book?—Not every day.

1620. Do you give receipts for moneys which you do not pay into the bank?—Yes; it sometimes happens that we do not pay money in on the same day we give a receipt for it.

1621. Take two days: can you not trace those amounts?—You could trace them.

1622. Then what is the good of your receipt-book?—It carries the particulars.

1623. It is a repetition of these two rough cash-books?—Yes.

1624. In other words, you use three books where one simple book would do?—Yes.

1625. You keep these three books, and two of them you will admit that no proper auditor with any respect for his reputation would call them books that ought to be kept in any office, and looking at the manner in which they have been kept. Is that not so?—They are certainly not show-books. They answer their purpose very well.

1626. Then, is it usual in a well-regulated office to make entries in a book either for show purposes or for the purpose of scratching the entries through again with the pen?—It would be better, I must say, if they were kept more tidily, and in better books.

1627. Is it usual in your experience, where it is necessary to open a book, to rule it through and through, page after page, to show that it is done with or that it was of no use whatever?—The ruling comes after the books have served their purpose.

1628. Is it usual to rule a book through in this way under such circumstances?—It shows it is done with.

1629. Is it usual to take that course in a well-regulated office?—Perhaps it is not usual to use books in that style.

1630. Now, do these several branch managers in your office keep private letter-books?—No; the letters go into one or other of the series of letter-books.

1631. Do you write letters?—Yes.

1632. On what subjects do you write?—I write letters more particularly on exchanges of securities deposited by insurance companies and others.

1633. Only on that subject?—It is principally limited to that. Those that I sign are written by the different Ledger-keepers.

1634. What is the form of letter that you and your several officers in charge of branches on your staff and the Public Trustee use?—It is the formal memorandum form.

1635. Then you never conform to the usual courteous mode of correspondence, commencing your letter with "Dear sir," or "Sir"?—No; we only adopt the official memoranda. The only occasion on which we do not adopt that form of letter is when we write to the Agent-General.

1636. But if you were writing to me as a humble client, or to Brown, Jones, and Robinson, as humble clients, you would use the printed memorandum form, and write in a formal way, and sign abruptly, "Public Trustee," or "for the Public Trustee"?—Yes.

1637. Do you think that style of correspondence is likely to please the public and assist your office to get business?—No; I do not think it is. I think the public like those little civilities. I think that the memorandum style of correspondence should be limited to our own agents if we use it at all, or in the office, but outside we should adopt the usual courteous mode of writing letters.

1638. How long is it since this memorandum form of correspondence commenced?—I think it was in use when I came into the office.

1639. Did it commence in Mr. Woodward's time?—I think he used the form only to a limited extent. His letters, I believe, were in the orthodox fashion.

1640. So far as I can see, it commenced since Mr. Woodward's time?—Yes; I think so.

1641. Was it done from ignorance or to save a little trouble?—I hardly know what it was done for.

1642. However, you do not approve of it?—No; I think it is all very well amongst ourselves to keep on so.

1643. Have you ever pointed out to the Public Trustee that it would be better to adopt the usual courteous mode?—No; I have never done it.

1644. Very well, now, we have dealt with the rough cash-books, and I think we both agree as to how the plan can be altered and improved. Let us again have a chat about the ledgers. Did you examine the ledgers and other books of the office when you joined it?—I just cursorily looked through them.

1645. What did you think of the manner in which they were kept?—Well, I was surprised to see the debtor and creditor columns reversed, but it was the first time I had seen the progressive-column balance-ledger. I had been familiar with the other ruling, the mercantile ruling, not the ruling carrying out the balance.

1646. Then you do not object to the third-column system for the daily balance?—I rather like it and approve of it, as it shows the balance from day to day.

1647. That is the bank system?—I believe so.

1648. Who instituted the fourth money-column in your books—the blue-line column?—It was in use before I came to the office.

1649. Do you know what it is used for?—Sometimes for showing how a sum has become reduced down to the amount that was received—to show auctioneers' charges, we will say, deducted, or something of that kind.

1650. Is it used for either debit or credit entries?—It is used for working out those totals direct, alternately, from time to time as required.

1651. It is used from time to time to total up a number of credit entries or a number of debit entries?—Yes.

1652. Does not that make it very confusing?—I do not know that it does.

1653. Particularly as your ledgers have been kept by more than one officer?—Of course not if every one understands it.

1654. If two or three officers have the right to go and post entries in a ledger, is it likely to be kept as correctly or with that method it would be if it was in charge of one?—No.

1655. Then, I ask you again if that column is not likely to be misleading?—It might be in that case. It would save the risk of any mistake by writing the transactions in the column.

1656. How often do you charge expenses, in connection with the working of an intestate or a testate estate, to those several estates?—Quarterly.

1657. Will you look through this account in A to L ledger—Intestate Estate No. 1 and folio 1. How often have expenses been charged in that estate?—They appear to be charged quarterly.

1658. How are these expenses made up?—By commissions on receipts and postages during each quarter.

1659. Is it necessary to charge the expenses of every estate quarterly?—No; it is not necessary. It is simply the office practice.

1660. Are quarterly charges of this kind frequent enough?—I should prefer to charge them daily with the commission. By that means, the net sum received would go to the credit of the estate, and would be available for payment away.

1661. Then, look at this account here. This ledger was opened on the 1st January, 1886; it is

still in use. Do you think that account is ruled off as it ought to be?—Well, the ruling-off is always done at the end of the financial year.

1662. You have passed your financial year by several months, and this runs down to 1891. Take back any financial year during the last six years, and tell me where an account has been ruled off properly, and the balance brought down?—It would be detrimental to the working of the office to bring the balance down, because in taking out transactions it would require them to separate the balance from the credit transactions.

1663. How would that be so? Say you had debtor and creditor columns, and that they were correctly added up, would not that give the total transactions?—Yes.

1664. Then, supposing that it was the end of your financial year, and that you had brought down the creditor balance, then that entry would make the totals agree?—Yes.

1665. Then you have ruled the account off?—Yes.

1666. Then you commence the new year with the last balance brought down. Would not that be the proper form? Perhaps you never saw any ledgers in that form?—I never did.

1667. Do you not think it would be a better form?—Yes.

1668. If I tell you, then, that would be the proper form, would you dispute it?—No.

1669. We will now travel on half-a-dozen folios. Here is in an account on folio 6 a heavy item of expenses. What is that 7 per cent.?—Seven per cent. on £250 17s. 10d.; that is commission.

1670. Then you charge 5 per cent. on £122 17s.?—That is also commission on the same estate, but on different money.

1671. Are these charges of commission reasonable?—It depends on the class of money whether they are reasonable or not. These charges have been reduced. A charge of 7 per cent. on realising property should be a fair charge.

1672. How?—Of course there is work in connection with the realisation of property, but 7 per cent. on a fixed deposit at a bank would be excessive.

1673. Take the realisation of a property: the Public Trust Office, as has been its custom, would sell it privately or would sell it by auction?—Yes.

1674. Then, if it is sent to auction, what trouble has the Public Trust Office?—There may be very little trouble in that, or there may be considerable trouble. There may be the trouble of gathering the effects together.

1675. If you sell an estate privately, what particular trouble have you?—There is the trouble of finding a customer. Of course it may involve a lot of correspondence. You may know of a person who is prepared to buy, and you open up a correspondence. That may extend over some time before you effect the sale.

1676. But that is all the trouble?—That is all the trouble.

1677. Look at folio 7. There is a continuation of an account at that folio, and a good many entries for your expenses charges in that. Are they only quarterly?—Those are charges which are not recurring charges. There is a legal opinion amongst the charges.

1678. But you have a solicitor in the office. Supposing you get an opinion from him, would you charge an estate for it?—When he first came into the office we made a small charge for his advice, but that has now ceased.

1679. Then you looked upon him as a going concern—took something out of him?—It was about £20 a year, and we dropped it.

1680. Was it because his opinions were not worth that sum?—No; it was thought that perhaps it was inadvisable to charge them.

1681. Turn to folio 106. How has that account been kept? How has it been finished up and kept? You see there are no totals, and yet the four columns have been in use. Are those accounts kept as they ought to have been?—It would be better to take up the transactions and carry them forward.

1682. Now, seriously, do you not think that that fourth blue-line column is unnecessary?—It could be done without, by carrying the transactions into the other two columns.

1683. Here you have got a total of twenty-four entries in the blue column. Are these entries intended for the debit-transactions column or for the credit-transactions column?—For the debit-transactions column.

1684. Then, supposing you had first entered them in the debit-transactions column and had taken a slip of paper and made the total, could you not have worked the total out without this blue-line column?—Certainly.

1685. And therefore there is no necessity for that column?—There is really no necessity for it.

1686. Now, look at folio 97. Is there any indication on that account where the balance has been transferred to?—Each account appears to be closed on this page.

1687. Closed how? You say "Balance transferred"?—It is transferred to the Wills and Trusts branch, in another ledger.

1688. Ought not an indication of that to have been there? How can I tell where that balance has gone? Is it not usual when a balance is transferred from one ledger to another to say, "Balance transferred to ledger so-and-so, folio so-and-so"?—It is when you carry the account on.

1689. If you transfer the balance of any account from one ledger to another ledger, is it not usual to make an entry, "Balance transferred to ledger so-and-so, folio so-and-so"?—Yes, it is.

1690. Why is it necessary to have two accounts in the same estate, at folios 106 and 107?—The No. 2 account is the account of the policy-money, which is protected from creditors. The other is divisible amongst the creditors.

1691. There is nothing on the face of the ledger to show what either account represents?—It shows it is policy-money.

1692. Would it not be well to put a notification on the face of the account that it is protected?—We could do that.

1693. Look at folio 158. Have you ever looked up that account before?—I may have, but have no recollection of seeing it before.

1694. Or else you would have remembered that memorandum?—It might be made without my knowledge.

1695. Then, these managing Ledger-keepers of yours have power to make memoranda without your knowledge?—They are responsible for the estates under their charge.

1696. Do I understand that you put them in charge of their respective ledgers in the same office as yourself, and that you look to them to conduct their portion of the business of the office properly and correctly?—Yes, that is so, always supposing that I have supervision over them.

1697. How often do you supervise their books?—Very seldom.

1698. Why?—Because I find I have plenty to do without.

1699. Do you consider yourself responsible for the way they keep their books?—Well, in a general way.

1700. You would be held responsible?—I suppose I should.

1701. Their powers are not co-ordinate with yours?—No.

1702. You are a superior officer to your Ledger-keepers?—Yes.

1703. If you had seen those accounts would you have objected to the manner in which they have been kept?—I do not know that I should.

1804. Do you not see the summations are not brought down?—They are bound down by precedent.

1705. Is there any section in any of the Acts regulating the working of this office or the work of the Audit Department that points to the uselessness of making summations?—I know of none.

1706. If you came to this ledger, and wanted to check any balance in this ledger to see whether it was correctly worked out, could you do so without making up the summations?—No.

1707. Then, in order to judge of your balance, would it not be proper book-keeping to carry the summations of your transactions always with your balances during the currency of your financial year?—Certainly.

1708. You see that has rarely, if ever, been done?—It has not been done.

1709. There is another account in this book with memoranda in pencil?—Yes.

1710. Are you aware that where memoranda are necessary or allowed in a ledger they should be in ink?—Of course they should; pencil is not desirable at all.

1711. Then you never saw these memoranda before?—No.

1712. Looking at this ledger now must be as useful to you and interesting as being in a picture-gallery for the first time. You see pictures you have never seen before?—If I have seen these memoranda I have forgotten them.

1713. Doubtless the ledger is the proper place to put in memoranda in reference to an estate, as they are not likely to be overlooked, provided these memoranda are such that they ought to be recorded, and when they are recorded they ought to be in ink?—These memoranda would be very useful, but they should be in ink.

1714. This ledger appears to have been kept by half-a-dozen different officers. How many different handwritings are there in folios 167 and 168?—Four handwritings.

1715. Is it a proper system to have four officers posting at the same account?—Certainly not.

1716. Did you never wish to alter that? Did you never object to that system?—I do not know that I have.

1717. Were you afraid to interfere with the system?—It was one adopted by the Public Trustee as giving the best results, that the officer in charge of estates should supervise the whole of the work in his branch.

1718. Were you afraid to make suggestions to the Public Trustee?—No, I was not afraid.

1719. But you never did suggest that it was not only inconvenient but improper?—I do not think I suggested it.

1720. Do you think it is proper that more than one officer should post a particular ledger?—I prefer that one officer should post it.

1721. Look at this account in folios 151 to 197. You see the balance carried forward from folio 151 is £252 9s. 8d., and you see the credit transactions only are carried over, and they are in pencil?—Yes.

1722. And you skip forty-six folios, with an important account and balance, and the credit transactions only are carried over in pencil, and the debit transactions are not carried over at all, not even in pencil?—In this case, the pencil-marks were not rubbed out after the Ledger-keeper had scheduled his transactions for each year. That is done with a view to compliance with the Act.

1723. Look at folio 197. Look at all those summations in pencil. How can you go to your ledger and say that balance is correct, unless you have the totals?—Of course it is better to have the totals.

1724. How can you prove it to be correct without the total summations?—The only way is to add them up again. We have the totals of these transactions transcribed on to sheets.

1725. Here is another account. Do you call that account in a complete state? There is a want of total transactions; and here is an important memorandum in pencil at folio 341, "Three shares reserved." Would you have had that memorandum put in ink?—I might have been content with the pencil.

1726. Do you not think such important memoranda should be in ink?—It certainly would be better.

1727. What is the meaning of surrounding those several entries in the debit and credit columns with pencil halo?—It shows they are book-keeping transactions, and not realisation of investments.

1728. In making out the accounts for next-of-kin am I to infer that those entries would be left out?—Yes.

1729. Look at this large account. Is that not in the same state as the rest, without summations?—Yes.

1730. Here is an account, at folio 363, where 10 per cent. commission has been charged. Was it in this case because the amount was a small amount?—No; because it was rents. There would be 5 per cent. for the agent collecting the rents, and 5 per cent. for this office.

1731. Then you would give to the agent who collected that rent 5 per cent., and take 5 per cent. to your office. Is not that a very high charge?—Yes. It has been reduced. We do not charge 10 per cent. now.

1732. What do you charge?—Seven and a half in some cases, and 5 per cent. in others. In case of 7½ per cent., we allow agents 5, and take 2½ for the office. Where 5 per cent. is charged, we divide with the agents. The old 10-per-cent. rate was reduced to 7½, and that affected all the old agents who had 5 per cent. They still have 5 per cent., and the office takes 2½; but in the appointment of new agents the office takes 2½, and the agents 2½. The agent really has the trouble.

1733. Turn to folio 369 in that ledger. That is a large account?—Yes.

1734. Do you think that account is kept as it ought to have been?—It is in a similar condition to the others.

1735. Is it not worse with respect to the ruling-out of balances?—Yes.

1736. Will you go on to the next folio, where you will see the same sort of thing?—Yes.

1737. Would you have objected to that state of things if you had seen it before?—When mistakes are made the best way to show it is to rule the mistakes right out.

1738. Would you, if you had seen it, have allowed the account to be in that unfinished condition?—It is on all-fours with the others. It is the custom of the office.

1739. Let us now look at this cash-book. I notice that all your cash-books, like your ledgers, have canvas covers, and the corners of them are bound with heavy brass. Did it not occur to you that the brass corners and canvas covers would never agree?—I have thought that, certainly.

1740. Have they shown this?—The brass has a tendency to break through the covers in a very short time.

1741. Are these canvas covers necessary beyond the mere fad of making your books look uniform?—I do not think they are necessary.

1742. They cost some money?—They would probably cost 3s. or 4s. at least.

1743. And for the large ledgers?—About 12s. each.

1744. Nearly as much as a cover for a horse?—Yes.

1745. Have you any idea what those brass corners cost?—No.

1746. They are not necessary for books. Would you be surprised if they added about £1 to the cost of some of your cash-books and ledgers?—I have no idea of the price.

1747. Here is cash-book No. 1. It seems to have sprung out of your other system of cash-books when you got to No. 10 and were getting sick of No. 10?—Yes.

1748. Then you went off into another series of cash-books?—Yes.

1749. You see the grand totals of this cash-book are never carried forward?—No; it is not necessary to carry the grand totals of the cash-books forward.

1750. It has not been the custom of your office to do so?—No. The general cash-book has the totals carried forward.

1751. I think we agreed the other day that if one set of cash-books were kept, it would simplify the matter of cash-book keeping?—Yes.

1752. Now, look at M. to Z. ledger, which was first opened in January, 1887. Look at folio 3. How has that account been kept?—It is similar to all the others—all without the summations.

1753. The next and the next are all in the same form?—Yes.

1754. All through the ledger?—Yes; all in the same form.

1755. All without summations?—Yes.

1756. There is an account in folio 70. How many annual balances are there in that account without being ruled off?—Two annual balances—the end of 1888 and the end of 1889.

1757. And they are not ruled off?—There are no total transactions.

1758. But one of them has never been ruled off?—That ruling-off at the end of 1889 stands good until there is another transaction.

1759. It is in the same form as the others?—Yes.

1760. Then, do not the accounts in all of your ledgers, by a want of summations of transactions in all accounts, show deficient and careless ledger-keeping?—Well, I suppose they do, strictly speaking.

1761. You are at liberty, Mr. Moginie, to look, if you have not looked before, and point to any account that has been correctly brought down and ruled off. This is a sample of the whole of your accounts in the same unfinished state?—Yes.

1762. I do not really think it is necessary to trouble you to go with me through the whole of the other ledgers to point out to you their state, unless you would like me to do so, to prove to you that they are in an unfinished and unsatisfactory condition with regard to the want of the totals and the generally careless way in which they are kept?—I know the state they are in.

1763. Then you agree with me in that respect?—I agree with you that there is very great room for improvement and completeness.

1764. I notice in the ledgers that a great many small balances are from time to time wiped out by your Expenses Account—that is, by a credit to expenses. Your charge for expenses seems to me to fit in on many occasions sufficiently well to mop up the exact balance?—That is so. That is more frequently than not the closing entry of an estate. Our charge is generally the last.

1765. Are there no instances where you have some small balance remaining in an estate, and, whether because you thought it looked lonely, but you have mopped it up by placing it in charge of

postage so much, commission so much?—Perhaps the Ledger-keeper has adopted that royal road of closing an estate, but it is not the practice.

1766. In the course of my inspection of your books I have seen that many small balances, upon no fixed principle whatever, have been taken charge of in that way for the credit of your Expenses Account?—If our charges come to more we could not have more.

1767. If they came to less, in many instances the few shillings have disappeared?—There may have been cases of that kind.

1768. Do you keep any register or record outside of the individual accounts showing when and where you carry the exact balances to the credit of the Consolidated Fund, and also those balances that you wipe out by crediting your Expenses Account?—Those balances wiped out go to the credit of Expenses Account.

1769. And do you keep a register of such balances, and how you have disposed of them?—No.

1770. Do you keep a register of such balances as you extinguish by paying to Consolidated Fund?—No continuous register. We are bound to have, of course, a list of the names and amounts which we transfer annually to the Consolidated Fund. We have those separate lists.

1771. Would it not be convenient to have a register, and at the end of your annual balance, as I presume you carry so many every year to Consolidated Fund—those balances that are ripe to go there—would it not be convenient to keep a register as a record of all such balances that have gone and continue to go?—It would be convenient, but it would be so very seldom wanted.

1772. It would not entail any more work upon the office?—We should have to enter the particulars. When we transfer a sum to the Consolidated Fund representing the total of a number of balances, we supply the Treasury with lists of the balances. We have the particulars copied of those names.

1773. It would not be much extra work for your cadets, and it would be good training for them, to transcribe such balances into a register?—It might be done. Of course, we have the Index of Estates to refer to. In the case of next-of-kin claiming a balance, his letter would be attached to the papers, and these would naturally go on to the officer in charge of that estate, who would know which one it was.

1774. If you had such a register, you could turn to it any day and see at what date, and what the amount was, of any transfer that had been made to the Consolidated Fund?—Yes. By looking back we can get that information from the ledger.

1775. But not so readily as you could do from the register I have described?—No.

1776. Now I really begin to hope that you are alive to the necessity of some change in the method of book-keeping in your office, as you have agreed with me that your twenty-two ledgers can be reduced to four?—Yes.

1777. And your seven cash-books to two?—Yes.

1778. And your twenty terriers to one, in the shape of a register?—Yes.

1779. And your thirteen Assets and Claims books to one?—Yes.

1780. And, besides, all the family of rough cash-books—I do not know how many—could be brought into one if debit and credit vouchers were used, and you had one officer doing, as it were, the duties of a bank teller or cashier, and any other duties that might fill in his time, if his work in that direction was not sufficient?—Yes.

1781. So that you would make a saving of a very large number of books?—Yes, it would.

1782. Do you know how many books the system I propose would save?—It is rather difficult to make a mental calculation of it.

1783. If I were to tell you that it would save from seventy to eighty books, would you be surprised?—Hardly so many as that.

1784. Then, to begin with, you save eighteen ledgers—four would do the work; five cash-books, where two would do the work; and you save twenty terriers, where one book in the shape of a register would do the work; and so on. To be within the mark, you would save about seventy books, and the necessity of having to keep those books and make entries in them, and figures in them, day by day?—I take it the entries would still have to be made.

1785. The entries would be confined to a smaller number of books, and would not be unnecessarily repeated in a number of useless books?—You would have fewer books to handle.

1786. And a great deal of time and clerical labour would be saved?—Yes.

1787. I do not know whether the Commissioners may require to have a talk with you again; possibly they may, as they get on with their investigation. Taking this examination so far as you have had to do with it before the Commission, and seeing the direction in which the examination has been proceeding, do you think that the investigation now going on has been commenced a day too soon?—Well, no doubt the examination is desirable, and there is no doubt that good may come out of it; but still, although our book-keeping may not have been of the highest order, I believe it to be strictly accurate.

1788. I am not referring entirely to your book-keeping; you must bear that in mind. I am referring to the constitution of the Public Trust Office, and the way in which the business has been conducted from its commencement, including that of the book-keeping, and with a view of some change being brought about that may improve matters not only in the interests of the office, but in the interests of the public. And on those grounds I ask you again, whether you think that an examination of the kind now going on has been commenced a day too soon?—I think, from the nature of the examination, that it foreshadows a very beneficial change. I think the report of the Commission will be to alter the constitution of the office in such a way that it will be beneficial both to the office and to the public.

WEDNESDAY, 22ND APRIL, 1891.

The Rev. CHARLES DANIEL DE CASTRO, Chief Clerk in the Public Trust Office, examined.

1789. *The Chairman.*] Mr. De Castro, will you state to the Commissioners when you joined the Public Trust Office, and what your duties are and have been?—I joined it at its commencement in 1873. I think my appointment dates from November, 1873. It is gazetted.

1790. You joined it in Mr. Woodward's time?—Yes. I had charge of similar accounts in the Treasury—curators' accounts—in the days of the provinces; so, knowing something of the work, I suppose I was transferred from the Treasury in consequence.

1791. Then, before you joined the Public Trust Office had you had any experience in the keeping of accounts?—In keeping curators' accounts, posting their accounts into our Treasury ledger. After all, it was a mere matter of copying.

1792. But have you had any experience in book-keeping generally?—No; not a large amount.

1793. You have been brought up to a different profession?—Yes.

1794. Will you kindly state what your duties have been since you have been in the Public Trust Office?—It would be difficult to enumerate them. I have been Chief Clerk of the office since Mr. Hamerton had charge.

1795. Will you state the duties pertaining to the office of Chief Clerk?—During Mr. Woodward's time there was no other clerk. We had a boy at last, and Mr. Woodward, myself, and the cadet managed the whole thing. When Mr. Hamerton came in 1880 we had a very largely-increasing business and a largely-increasing staff; so I have had, as Chief Clerk, general supervision of the office. My duties, of course, relate principally to correspondence. I open all letters that are addressed to the Public Trustee, record them, and minute them, if necessary, in order that Mr. Hamerton may see any particular point that requires attention. That is really the principal part of my duty—the supervision of the office generally, and correspondence.

1796. What do you mean by "supervision"?—The clerks will come to me for directions if they want to know anything in connection with their duties.

1797. But the word "supervision" implies a wider range than what you seem to think in connection with the office. Do I understand you that in stating that you supervise the office you see that the books are kept correctly?—No.

1798. Then, the extent of your supervision is appearing and being in the office to be referred to?—Yes, and attending to the general order and management of the office.

1799. Well, now, what I understand your principal duties have been are the opening of letters that come into the office?—Yes, *précis*-ing them and putting them in order for record, minuting them, if necessary, for the Public Trustee, and supervising all the replies before they go to Mr. Hamerton.

1800. Do you write the replies?—I write replies to letters in some cases, and I write and am responsible for all letters addressed to agents in the districts. They are signed, not by the Public Trustee, but by me.

1801. Then, do I understand that you carry on one portion of the correspondence relating to the business of the Public Trust Office?—Yes.

1802. Can you specify what portion or portions of the correspondence you have taken control of?—The correspondence with the agents in various districts.

1803. How about correspondence with the outside public?—The replies would come to me to see that they were correct before they would be sent in to the Public Trustee for signature. I would examine the records to see that everything was correct before sending them in to Mr. Hamerton.

1804. If you open all letters and read them, and make a *précis* of their contents, it is the *précis* that is put before the Public Trustee?—The *précis* is at the head of the record.

1805. That goes before the Public Trustee?—Yes.

1806. Does that accompany the letter?—Yes.

1807. Then, do you consider your position in the Public Trust Office as coming next to that of the Public Trustee?—Oh, yes! I act for him in his absence, if Mr. Hamerton goes away. People come to see me when they cannot see him. I sign all letters in his absence to every one.

1808. Supposing, then, that any new set of books or series of books were opened in the office, would you be consulted on the subject?—No, very probably not. That would be a matter for the Accountant.

1809. Then, if any irregular kind of book-keeping occurred in the office, would you, as Chief Clerk, be likely to discover it?—No; that is entirely a matter for the Accountant.

1810. Then, do I understand you to consider your position to be as next in command to Mr. Hamerton, and yet irresponsible for the working of the books of the office?—Yes; that is a matter for the Accountant: we have always left that to him.

1811. But the Accountant, I understand, is subordinate to you?—Yes.

1812. Supposing, then, that you had occasion to look into the books, you would, or ought to, understand every class of book that is kept in this office?—Yes. For some years the ledger was kept by me, in Mr. Woodward's time; but the books now are more numerous than they were then.

1813. But, of course, you would understand the object of any class of books that are kept in the office?—Yes.

1814. Then, you would understand why they are kept?—Yes.

1815. And the nature of the entries that pass through them?—Yes.

1816. Then, can you tell me why it was necessary to keep ordinary cash-books and general cash-books?—When the different accounts were divided, the intestacies, for instance, were divided between two Ledger-keepers, and wills and trusts the same. Mr. Hamerton thought it better that each Ledger-keeper should have his own cash-book and make his own entries, and then those totals

were posted in a general cash-book. It was considered as a matter of convenience that we should have the minor cash-books.

1817. Why was it necessary to have the general cash-book?—Well, of course, the totals from the different cash-books were all brought forward into the general cash-book.

1818. Are you aware that the total summations have not been carried forward in the ordinary cash-books?—It is only the daily totals that should be carried forward into the general cash-book.

1819. But are you aware there are some cash-books where the daily grand totals have not been added up?—No; I cannot conceive how that could be.

1820. Merely the totals of different classes of the work have been added up, but the grand total of the day's work is not shown in the cash-book. Are you aware of that?—The total of the day's work should be shown in the ordinary cash-books, and then posted into the general cash-book.

1821. But are you aware whether the grand total of the day's work is shown in the ordinary cash-book?—I think so; but these cash-books do not come to me. The work of the office is, as it were, divided into two parts. The Accountant takes his part; and I take the correspondence, and interview the people who come in, and act for the Public Trustee when he is away.

1822. Did you not tell us that you know the use of all the books in the office?—Yes, generally.

1823. Do you know of that unique family of cash-books kept in this office called rough cash-books—a large series of picturesque-looking books called rough cash-books?—No.

1824. Are you aware that such a set of books are kept in the Public Trust Office? They are, in fact, your primary cash-books. You are not aware that such a set of books exist in your office?—No.

1825. You never saw them?—Not that I know of.

1826. Well, there are eighteen of these books [produced] before the Commissioners at present, which are known as the rough cash-books of the Head Office of the Public Trust Office. You say you never saw any of them before?—I know nothing of them officially.

1827. But these books are kept by the Accountant. Are you aware of that?—I know he has rough cash-books.

1828. Did you ever see them before?—I have seen the Accountant using them.

1829. Look at this little parcel of eighteen. Do they look like cash-books?—They look like rough memorandum-books.

1830. Do they not remind you more of butchers' and bakers' customers' books, in which they have their little parcels of meat and bread delivered daily entered? Are they not the same class of book?—Something the same.

1831. Do you know the object of these rough cash-books?—I do not interfere with them at all, because they belong to the Accountant's department.

1832. Do I understand that you do not know the object of them?—I do not.

1833. Well, then, you do not know where the entries go from these rough cash-books?—I do not look upon these as official books, but simply as matters of memorandum.

1834. From which the ledger-keeper would make his posting?—No.

1835. Then, what is the good of keeping them?—Merely as memoranda.

1836. Is it usual to keep books in an office that are not of use?—No.

1837. Are you aware that there are two rough cash-books kept daily in this office—two of the same family: that is to say that entries go into one in the first instance, and they are then transcribed the same day into a second one, both belonging to the same class?—I am not aware. I have nothing much to do with the Accountant's branch, as it were—the keeping of the accounts.

1838. But I understood you to say you were quite familiar with the working of the books of the office and the objects of their use?—I have a general knowledge. Those I should not look upon as official books at all—merely books kept as memoranda.

1839. Is it not necessary, where books are found to be required in an office, to keep them for all time for reference?—Yes.

1840. That is to say, if it were found necessary to open a book in an office, it would be for the purpose of keeping the accounts of the office?—Yes, those books known to the Public Trustee as the official books, but not, I should take it, little books of that sort, that are merely kept by the Ledger-keeper or Accountant for his own private purpose.

1841. Do you mean to tell me as Chief Clerk, and as second in command of this important office, that you allow the Accountant or any officer in the office to open any book that he chooses in connection with the accounts?—Yes, to keep a rough book for his own information.

1842. This is a set of books that have been carried on for years?—I know nothing of those books officially.

1843. But, I ask you, do you give the Accountant a free hand to open any book or class of book that he likes without your knowledge?—Not without the Public Trustee's knowledge.

1844. Are you aware the Public Trustee is not only not familiar with these rough cash-books, but did not know of their existence?—I do not know.

1845. Then, take them and look at them. I do not suppose you ever looked into them before?—I did not.

1846. If that book were shown to you now, would you consider that book a book that ought to be in this office, with the daily entries page after page crossed through with red ink from corner to corner?—I should consider it a private, not an official book at all.

1847. Well, but supposing you allow any officer to keep private books of accounts for work of your office that are not open to your inspection?—I think he would be at liberty to keep a memorandum-book, and that is what I take these books to be.

1848. Would you not consider it to be your duty, if you were in the habit of looking through the books, to demand from every officer every book that he kept regarding any account or entry in the office?—I would.

1849. So that you could hardly call these books private, if you wanted to see them?—Not private in that sense, but they are not books we should recognise as office-books.

1850. Then, do I understand that you allow the Accountant or any officer subordinate to you to open any books or any class of books that he or they like, according to their fancy?—For their own information; but they are not treated as office-books. I do not see any objection to it.

1851. Have you been in the habit of looking through the books even cursorily?—Very seldom of late years.

1852. Have you ever made it a practice periodically—say, daily, weekly, or even monthly—to go through the books of the office?—No; I never interfere with the books. That is entirely left to the Accountant. I have quite as much as I can do without that.

1853. I have no doubt your time is fully occupied, but I want to understand your position, as to your conception of your duties as next in command to Mr. Hamerton?—We take it we have such an excellent Accountant in Mr. Moginie that we never interfere with him in the management of the accounts. We have perfect confidence in him, and he understands accounts better than I do, and we leave the whole matter of accounts in his hands, subject to the Trustee's consent to the books being kept as they are.

1854. Would you have given the Accountant offence if you had made it part of your duty to look through his style of book-keeping and the state of the books occasionally?—No.

1855. Did you never consider it necessary to do so?—I did not.

1856. Well, now, do you not think, in such an important office, as second in command—I think your real title is Chief Clerk—that it is the most important part of the duty of the Chief Clerk of a large office like this to be thoroughly *au fait* with the state of the books and the style of book-keeping and the different books that are kept, notwithstanding that you have a good Accountant?—Yes. I know the general run of the books, but those memoranda-books I should never think of looking at. The larger books are the books of the office.

1857. Do you think that it is the duty of the Chief Clerk to look through the books and see the working of them?—It might be considered necessary, but, as I say, we have a good Accountant, and it has been left to him.

1858. Then, have you never considered it necessary, in your position, to do so?—No.

1859. But yet, if anything went wrong in your books in connection with the book-keeping, do you think that you, as Chief Clerk, would be in any way responsible? Would the Audit hold you responsible?—I do not think so. It would be under the Accountant, and under his management and control.

1860. Do you bear in mind that you are the superior officer of the Accountant, and are second in command over this important Public Trust Office?—Yes.

1861. Has it never occurred to you, Mr. De Castro, that, holding the important office you do, you should have the work of the office at your fingers' ends, so as to be able to speak of the working of the books?—I know the general working of the office, I think.

1862. But you do not know of this little family of rough cash-books?—No. I look upon them as private memoranda.

1863. You could not tell me where the entries out of these unique little books go to?—They are posted into the different cash-books, I suppose.

1864. Do they not go to some other book before that?—I do not know.

1865. If I told you they went into what are called a family of receipt-books, would you think that possible?—I do not see the necessity for it. Of course, they will be entered in the receipt-books, because we give receipts for all moneys received.

1866. Where do the entries in those receipt-books first come from—your ordinary cash-books? Or are they first put into the receipt-books when the moneys are paid in?—These are matters of detail with which I am not familiar, as to the working of either the rough cash-books or the receipt-books.

1867. Then, can you tell me this: Supposing I paid in some money into the Trust Office to-day to the credit of an estate, what would be the procedure?—Well, when I kept the books I should enter that money in my cash-book straight away.

1868. And you would give a receipt for it?—Yes.

1869. Do you know what the procedure is now, and what it has been for some years?—No; not following out all those small books.

1870. You do not understand all the ramifications of these two families of books—the rough cash-books and the receipt-books?—I know the receipt-books.

1871. Can you tell me whether moneys that go into the receipt-books are first entered in any other book?—I do not know what the practice is.

1872. If I were to tell you that the first entry is made in the rough cash-book, would you think that likely?—I should take it to be simply a memorandum for making up the cash-book at a later period of the day. My own plan would be to enter it as I received it.

1873. You do not seem to know anything about the rough cash-books or receipt-books? Let us get to the larger cash-books. Will you show the Commissioners, from your knowledge of this book, what is the use of the general cash-book?—Showing the daily totals brought forward.

1874. Supposing the daily totals were added up in your ordinary cash-book, and your cash-book was ruled off, would there be any use for your general cash-book then?—The general cash-book would show the totals of all the cash-books.

1875. Where does the general cash-book get the figures from that go into it?—From the ordinary cash-books.

1876. Supposing, then, that the ordinary cash-book was added up daily, would you not get the grand totals then in the ordinary cash-book?—Yes; but then you would have seven or eight cash-books, and of course it would be more simple to refer to one book, when all these were posted into it, than to refer to seven or eight.

1877. Tell me the use of the general cash-book. Is the use of the general cash-book, according to your idea, merely for the entering up of totals into it?—Yes.

1878. And then what do you do with those totals in the general cash-book? Where do you take them?—These cash-books are posted in the various ledgers, not the totals. The different entries are in different ledgers.

1879. Then the greater necessity for my pressing for an answer from you as to the use of the general cash-book, according to your knowledge of your system of book-keeping here?—I take it to show the summary of the daily totals and annual totals—bringing together the different cash-books into one.

1880. Can you not get those totals from the ordinary cash-books?—You may, of course.

1881. Then, again I ask you, what is the use of the general cash-book?—You have to refer to one book instead of the whole lot to get the information.

1882. You do not refer to a number of cash-books to get the information of a particular total? The same totals cannot be in half a dozen cash-books?—No, but the daily totals would be posted from these cash-books into the general cash-book.

1883. For what object?—Merely to show the receipts and expenditure of the office in some concise form. The totals of the different classes of estates are shown in one concise form, each total—for wills and trusts, intestacies, and so on—being shown in one amount.

1884. But there are no part totals of any particular class of accounts?—That cash-book would show the totals in intestacies, wills and trusts, and so on.

1885. Then, in order to focus those totals you say it is necessary to have a general cash-book?—Yes.

1886. Can you not as easily go to that ordinary cash-book (Intestacies) and find the total of intestacies, and to another to find the total of some other class in your books, just as you can go to the general cash-book to look for them?—It is merely a summary of the whole in the general cash-book.

1887. Does that not then show that to be unnecessary work?—I think it is very convenient to have the totals gathered up and shown in one book.

1888. Now, are you serious, or is it for want of knowledge of easy and simple book-keeping on your part that you cannot see that the whole information may be more readily obtained from the ordinary cash-book?—The information, I grant, can be quite as easily gained from the ordinary cash-book with regard to one class of estates, but if you group the whole in the general cash-book, you get the total amounts of receipts and expenditure daily in all classes.

1889. Is there anything to prevent your putting all classes of estates through your ordinary cash-books?—No.

1890. Then, at the end of the day's work you have got one grand total made up of perhaps a dozen different classes. If you keep your cash-book added up day by day, and the balance brought down, where could you more conveniently get the totals than out of your ordinary cash-book?—They do come from there and go into the other.

1891. Then what is the use of the general cash-book when you can get the whole information in the ordinary cash-book?—Simply you refer to one book instead of the six.

1892. And how do you refer to the six cash-books? Do you keep the grand totals in these six cash-books?—No, not the grand totals. The totals of the day's receipts in each class of estate are in each of those cash-books.

1893. You say it is better to have a general cash-book to refer to for totals than to go through ordinary daily cash-books: is that so?—Under the present system of keeping cash-books.

1894. Then, you have a daily cash-book for each class?—Yes.

1895. For convenience, now, we will call them Nos. 1, 2, 3, 4, 5, and 6. If you want to get at the total, say, of No. 5, do you go to the general cash-book for it?—We go to No. 5 cash-book.

1896. And if you want to get the total of No. 4, you go to No. 4 for it?—Yes, for the daily totals, not for the grand totals.

1897. But is it not these daily totals which, under your system, you carry to the general cash-book?—Yes.

1898. Will you show me, then, how it is easier to get the totals from the general cash-book of any of these ordinary cash-books than it is to go straight to the ordinary cash-book?—I say it is easier to go to the general cash-book to see what is the amount of the daily receipts and expenditure on account of the office, because you get the totals brought into the one book. When I first came into the office we had one cash-book.

1899. Then, was that cash-book not more simply kept, and kept in better form, than under your present mixed-up system?—I think so, certainly. I kept the old cash-book for some time, and we used to bring all the different classes of estates into the one book, and everything was posted daily.

1900. Do you know how many ledgers are kept in your office for the working of the business of the Public Trust Office? I do not mean ledgers that have been in use and have become obsolete. I mean ledgers that have live balances in them—that is, accounts that are not closed?—There will be two for intestacies, two for trusts and wills, one for lunatics, and one for miscellaneous. There are six, I think.

1901. You really think six would comprise the ledgers now working the business of your office?—Yes, for the different branches. There is a general ledger and a Check Ledger.

1902. You told the Commissioners that you had a knowledge of the books in use, and what purposes they are used for?—Yes.

1903. And you are sure there are only six ledgers in use?—Yes. The six are kept by different Ledger-keepers.

1904. Now, do you think there are not more than six ledgers in use in the office?—There is one to each Ledger-keeper, and there is a Check Ledger.

1905. And you think the ledgers you have just named would comprise the whole of the ledgers now in use?—Yes. Of course the old ledgers are still open.

1906. I thought I made myself clear when I said "ledgers in use." I wish you to include in your mind every ledger in your office that has got any accounts in it still open?—There would be more; there would be nine or ten.

1907. Now, Mr. Hamerton told the Commissioners the other day that, notwithstanding the ledgers in use seemed numerous, if the business increased as it had been doing the ledgers would not only be doubled and trebled, but quadrupled. Now, what is your opinion?—That would entirely depend on the way he distributed the business, I take it. If he subdivided, say, the intestacies, and made four instead of two divisions, then each Ledger-keeper would have his ledger, and there would be four instead of two. I do not know whether it would be necessary or not. It depends on what he chooses to do. If that was his direction, it would have to be followed out.

1908. You now think that there are ten or eleven ledgers in use?—Including all, about that number.

1909. Would you think eleven ledgers would include all the ledgers in use at present in the office, containing accounts that have not been closed and active accounts? That number you feel sure would comprise the lot?—Yes.

1910. Do you think that is a good number of ledgers for your office?—I do.

1911. Well, do you think that number is required?—Under the present system of distributing the work, I suppose it is required.

1912. Do you know of a class of ledger called the subsidiary ledger, kept in your office?—No; I do not recognise the book.

1913. Surely from the number of years you have been in the office, you must have seen as part of your onerous duties that your ledgers and cash-books, including your subsidiaries, had canvas covers?—Yes.

1914. Do you know the object of dressing your books in canvas covers?—I found it very necessary some years ago, because the books got so knocked about, and the binding got destroyed.

1915. Now, here is a ledger the canvas cover of which I had taken off to see the state it was in. Is not that ledger sufficiently well-bound to stand any wear and reasonable handling?—Yes.

1916. You have in your office a number of books with heavy brass corners?—Yes.

1917. Was that your idea?—No.

1918. Then the brass corners do not seem to agree with the canvas covers?—No, they cut through them.

1919. Now, about the subsidiary ledgers? You do not know of them? You never saw them?—I would not say that.

1920. Mr. De Castro, if you did see them, can you tell me what they are for?—No, I do not know them.

1921. Well, supposing I were to tell you that I have been through twenty-two ledgers in your office, and now in use—that would be double the number you have just told me are in use—would you feel surprised?—Some of these would be the older ones.

1922. Some; but would there be eleven of the older ones?—No, not eleven.

1923. Do you know how many ledgers have been in use since the office started which have been opened, and which among these are actually closed?—I do not know that there are any actually closed.

1924. Then, does it surprise you to learn that there are twenty-two ledgers in use?—I should not have thought there were so many.

1925. So that you do not know anything about a number of these ledgers?—I certainly did not reckon on twenty-two.

1926. Shall I give them to you? I have been through them all, and know exactly every ledger in use, and its purpose. They are as follows: Estates in the Office, No. 1, opened 1st January, 1883, individual; Estates in Office, A to L, No. 1, opened 1st January, 1886, individual; Estates in Office, No. 1, A to L, opened 1st January, 1886, subsidiary; Estates in Office, M to Z, No. 1, opened on the 1st January, 1890, individual; Estates in Office, M to Z, No. 1, opened 1st September, 1882, subsidiary; Intestate Estates, No. 1, opened 1st March, 1883, individual; Estates in Office, A to L, No. 1, opened 1st January, 1886, individual; Intestate Estates, M to Z, No. 1, opened 1st January, 1887, individual; Intestate Estates, No. 1, opened 1st July, 1890, subsidiary; Real Estates, No. 1, opened 1st December, 1884, individual; Lunatic Estates, No. 1, opened 1st December, 1886, individual; "Civil Service Reform Act, 1886," No. 1, opened 1st January, 1887, subsidiary; ditto, No. 2, opened 1st September, 1890, subsidiary; Check Ledger, No. 4, opened 1st January, 1891, check; Native and West Coast Settlement Reserves, No. 1, opened 1st January, 1883, individual; Miscellaneous, No. 3, opened 3rd July, 1878; Miscellaneous, No. 4, opened 1st January, 1887; Miscellaneous, No. 5, opened 1st January, 1887; Returned-cheque Deposit Account, No. 1, opened 28th December, 1881, subsidiary; Expenses Account Imprest Account, No. 1, opened 31st May, 1886, subsidiary; West Coast Settlement Reserves Advance Account, opened 12th October, 1885, subsidiary; Auckland Hospital Reserves Sinking Fund Account, opened 27th December, 1883, subsidiary. Now, Mr. De Castro, did you ever know anything about many of these ledgers, or that they even existed?—Not all, but some of them. I ought to have remembered.

1927. Well, reckoning those that have just been brought to your mind, how many more would that fix on your mind as the number of ledgers now in use?—Four or five; making altogether fifteen or sixteen.

1928. Then there are six more you had no idea of?—Yes. They are small ledgers.

1929. But the subsidiary ledger is larger than your cash-book?—Yes.

1930. You had no idea there were all those subsidiary ledgers?—As I said before, the

Accountant having charge of this branch, Mr. Hamerton would not look to me to take any part in the management of it. My time is fully filled up with correspondence and general matters connected with the office.

1931. Has Mr. Hamerton ever found it necessary himself, and thought it part of his duty, to look into the books of the office?—I think he has.

1932. Then, if he has found it necessary himself, he did not wish to impose the same inquisitorial task upon you?—I do not know that he has ever gone into the whole of the books of the office—I refer principally to the cash-books.

1933. Do you think it would be beneath his exalted position to do so?—He trusts to the Accountant.

1934. Well, now, since you see that you have not a proper knowledge of all or even any of the ledgers, nor of any of the books used in the office, will you repeat now that you have a knowledge of all the books in the office and their uses?—No, not now that you mention those subsidiary ledgers.

1935. Would it not save your time, and save the time of the Commissioners, if you feel, as you now must feel, that you have not a knowledge of any of the books of the office, and what books are being used in the office—would you feel justified in admitting it at once, to save my time in going through further books with you?—Yes; I have not a knowledge of all the books—the subsidiary ledgers, for instance.

1936. Well, then, giving you lots of margin—and rope—there are at least six ledgers you knew not of?—Yes, I think that is about the number.

1937. There is the large and dwarf family of rough cash-books, too?—I knew Mr. Moginie kept those.

1938. But you had never seen them until I to-day showed them to you?—No.

1939. You see the Commissioners have to be very precise and particular, not only in the interests of the Public Trust Office, but of the public, to see exactly the state of matters, in order that in the end it may be for the benefit of all concerned in the welfare of the office, by producing a more satisfactory state of affairs. And there is a further large number of books, known as the Assets and Claims books. Pray, who introduced those into the office?—Mr. Hamerton.

1940. Do you know the use of them?—I think they are very useful.

1941. Have you looked how they are kept?—Yes.

1942. Do you think them well kept?—They are roughly kept, but contain the information, generally speaking.

1943. What is the object of their being in ledger form?—It is a book in which to note down, as the records come in, what assets appear to belong to the estate, and what are the liabilities.

1944. What is the object of the money ledger-columns in the Assets and Claims book?—I think one column would be sufficient.

1945. Do you know how many columns there are in them?—I could not say from memory.

1946. Do you know the outside or the inside of these books?—Yes.

1947. How many columns, then, are there in them?—I could not state from memory: I think two—one showing the assets, and the other carrying out the totals.

1948. Are the totals carried out?—No, probably not. They are often open to the last moment. It is a memorandum-book really of the assets and liabilities of the estate.

1949. A book, in fact, of which any register or record-book, kept alphabetically, would serve the purpose, in relation to different estates, to show how they were disposed of?—It would be a very large book to show each estate.

1950. You do not put the whole particulars of an estate in the Assets and Claims book?—Yes.

1951. The whole particulars?—A general note.

1952. Do you put in the whole particulars or a *précis*?—A *précis*.

1953. Then, it does not require to be a large book to contain a *précis* of information in an estate?—Not of one estate; but I understand you to mean that there should be one large book instead of the number we have at present. It would be a large book.

1954. How large a book if alphabetically kept?—You would have a good many estates in the one letter.

1955. How many estates would take half a folio, even with a book of the size of an ordinary cash-book?—Perhaps one-third of the estates.

1956. How many of the estates that have been entered into your Assets and Claims book have taken a whole folio? I am speaking of one single book, the size of an ordinary cash-book, which would contain space nearly double that of your Assets and Claims book. Now, do you know from your own knowledge of the Assets and Claims books how many estates have occupied more than one page in any of those books?—Very few.

1957. Not many?—I should think not.

1958. Do you think any of them would have taken half a page?—Yes, some of them.

1959. Do you think you could point to any?—The names do not occur to me at the moment, but I think some of them would take half a page.

1960. Here is a specimen. There are ledger-columns there. Are the balances in this Assets and Claims book worked out?—No.

1961. Then, after all, it is a mere memorandum-book?—Yes.

1962. But do you know, when an estate is done with, whether it is ruled off and a memorandum made that the account is closed?—It should be so.

1963. But, supposing I were to tell you that these accounts, like the rough cash-books, are crossed out and ruled through and through, would you think that proper?—No.

1964. You would not have approved of it if you had seen it?—No.

1965. Do you recollect having looked into any of those books?—I do not recollect.

1966. Then you could not have looked into those books?—I have had them from time to time if I wanted particulars.

1967. Did you never by accident come across any of those books?—I do not recollect, but very likely I have.

1968. How many cash-books are there in use now?—There is one for each Ledger-keeper—six, I think.

1969. Here is the cash-book Intestate Estates No. 1. You say that when you kept the cash-book you added up the totals daily, and brought them forward?—Yes; all classes of estates were brought into that.

1970. And you added up the totals of the cash-book daily, and brought them forward?—Yes.

1971. I presume, if you had had occasion to keep three cash-books then, you would have treated them all alike? You would have added the totals daily, and brought the balances forward?—Yes.

1972. Do you see that in these cash-books the totals are not brought forward?—Yes; they only show the daily totals.

1973. But, supposing that they showed the grand totals of all these amounts each day, that would do away with the necessity of a general cash-book?—They do show the totals of each class every day.

1974. You could get your totals direct from this book for ledger purposes. Do you not take your entries from this cash-book into the ledger?—Yes.

1975. Then, if a general cash-book were not in use it would not have mattered?—No, not for that purpose.

1976. Had you ever anything to do with the ledgers when you used to post the cash-book?—Yes, with all books.

1977. Did you post the entries?—Yes.

1978. How did you keep the ledgers?—That No. 1 you spoke of just now was my ledger.

1979. Did you bring down the summations of the transactions? In working the ledger did you, in order to check your balances from time to time in the ledger, add up the summations of the transactions in every estate?—Yes. We had to do that, for we had to take out our annual balance.

1980. Now, have you looked into the ledgers of the office for some time past?—When I have had occasion to ascertain anything about a particular estate.

1981. If you want information about a particular estate has it been your custom to go to the ledger yourself or go to the Ledger-keeper for the information?—Sometimes one, sometimes the other. If the Ledger-keeper was busy I went myself.

1982. Have you come across accounts where the balances are not brought down and ruled off at the end of the year, and the debit and credit transactions have not been added up?—The books all show the balance to the credit of the estate in the outer column; but the adding-up of the different transactions would be done when we took out the annual balances.

1983. The total summations would then be made?—Yes.

1984. Ought they not to appear in the ledger if they have been made?—No.

1985. How are you to check your balances? If I find to the credit of an account £330, would I not look to the total transactions, the debit and credit transactions, to test that balance?—Yes.

1986. Then, if those total transactions had not been added up, I would not be able to test the balance?—Not unless you added up the figures.

1987. But are you aware that in none of your ledgers this has been done?—I am not aware of that.

1988. I thought that when you kept the ledgers you did it?—For instance, here is the ruling-off in blue for the end of the year.

1989. We are now at A to L Ledger No. 1, Intestate Estates. You have opened it at folio 118, and you say that that is ruled off?—Yes, for the end of the year.

1990. Do you call that a proper ruling-off? Is that ink or pencil?—It is blue ink.

1991. Is that a proper ruling-off?—It is.

1992. Then that shows a balance of £180 1s. 3d. If I looked at the transactions of that account how am I to test that balance as being correct from its present state? To test that balance you would require to add up the debit and credit transactions?—Yes.

1993. And that has not been done?—It is done when the account is taken.

1994. Where is it? It is not done here?—We never thought it necessary to show the figures for the year in the ledgers.

1995. Have you ever seen any proper book-keeping? and do you call that proper book-keeping?—It answered our purpose.

1996. Have you ever seen any proper method of book-keeping, either by single or double entry?—I have never had anything to do with commercial book-keeping. This has been the system pursued since the commencement of this office.

1997. You say that the transactions must have been added up, although they are not there?—Yes. In the old time the Public Trustee would take the ledger and I would take the sheets, which were ruled similarly to these. Then Mr. Woodward would call out so much receipts for the year, so much credit, and so much expended on account of each estate, then the balance so much. If, when we got to the end, we found that the balance was wrong we had to go through it to test the whole thing.

1998. Supposing at the end of your balancing-period these total transactions were filled in in ink, and that you brought the balance down, if it was a credit balance, by adding it to the debit transactions, the two totals would then agree?—Yes.

1999. Then, in commencing your new annual period you would commence the account afresh by "Balance brought down" or "forward"?—Yes.

2000. Although you seem never to have seen that system before, would it not be a better system?—It might be convenient.

2001. Supposing you adopted the plan I have shown, and started afresh with bringing the balance down, if you wished to carry your transactions forward you have only to carry transactions forward too during the currency of the year, and you have then got a continuation of the account for all time?—Yes.

2002. It is the banking form of keeping a book, so far as having the debtor and creditor transactions and the balance carried out. But no banker would tolerate a ledger in such a state as this. The transactions would have to be summed up page after page, folio after folio, and filled in in ink and carried over until the balancing-period, whether half-yearly or yearly?—In Mr. Woodward's time it was done in this way.

2003. If you look through these accounts you will see that they are all in the same state—none of them ruled off?—Yes, they are all in the same state.

2004. There are no total summations brought down?—No.

2005. There is no indication of where the balance is carried to. There are cases where the balances have been transferred to other ledgers, and yet there is no indication where they have gone?—There should be.

2006. Then you were not aware that that was another serious omission made in your ledgers?—I was not.

2007. It shows this: that, whether from press of work—and you do not seem to have been overworked—or whether from a feeling that you were not responsible for the way in which those books were kept, you certainly have not looked at these books before?—I have always had my time fully occupied with correspondence and seeing the replies to letters were sent out right. For instance, a letter might be seen on top of a file of papers, and I would not let it go out until I found it was perfectly correct.

2008. Then, you did not consider it was your duty to trouble your head about the books?—No, I left it to the Accountant.

2009. Here, again, are these Assets and Claims books. What have they done that you never favoured them with canvas covers?—They are not so valuable as the others in the binding.

2010. Can you point to any accounts that have taken up more than a page of this Assets and Claims book?—Some of them, I think, have taken up more than a page. [Examines the book.] There is one which has taken up a good deal of room.

2011. Have not the majority of them required less than half a page?—Yes.

2012. Take Assets and Claims A to L, Intestacies, folio 67. Now, there are a lot of figures there?—Yes, these are simply memorandum-books. If we want to know what claims there are against the estate there they are.

2013. Why cannot all these books, or the information necessary to be gathered from them, be confined in one single register, alphabetically arranged?—They could be, but it was found more handy that each Ledger-keeper should have his own book.

2014. Mr. Moginie has already admitted that it would be a better form to confine the information to one book instead of having thirteen to refer to?—The reason they had has been that each man should have his own book.

2015. Come now, Mr. De Castro, let us leave the books for a little while, and, as Chief Clerk, have you had anything to do with the realisation of estates—that is to say, have you anything to do directly in the conduct of the realisation of either realty or personalty?—Giving directions for the sale is entirely done by the Public Trustee.

2016. Have you ever found it necessary to attend any of the sales?—Yes, I have attended several.

2017. Was that by instructions?—Yes, generally speaking.

2018. I suppose when the Public Trust Office is realising an estate the Public Trustee instructs a superior officer to be present, or to watch it?—Yes, generally.

2019. Then, would that duty fall to you if you were about?—Sometimes, or to the Ledger-keeper in charge if I were not at hand. Latterly that has been more the practice. Formerly I used to attend almost all the sales.

2020. I find there are occasions when estates have been realised privately?—Very seldom; there may have been occasions where we sold by tender instead of by auction.

2021. Yes, but are there not occasions where your office has sold privately?—If there are they are exceedingly few.

2022. Try and think?—There have been cases where a man has died and left a wife and family, and they have been allowed to retain possession of property, and sometimes a sale has been made to the widow, but that has been with the consent of Court.

2023. But cannot you bring to mind any instance where the Public Trustee has sold an estate privately?—No, not without the consent of Court; Mr. Hamerton has been so very particular.

2024. I presume that, before selling, the Public Trustee would at any rate satisfy himself that he had authority to do so?—Yes.

2025. Then, you cannot call to mind any case where he has sold an estate privately?—He could not sell land privately without the consent of the Court.

2026. Well, can you call to mind any instance where he has sold any realty or personalty privately?—No, I do not recollect any.

2027. Is it customary to realise personalty by auction?—Yes.

2028. Then, have you had occasion to attend many of those sales by auction?—I have attended a great many.

2029. I suppose the auction-sales are, in the usual way, open auction-sales?—Yes.

2030. Have any of the officers in the Public Trust Office ever, with your knowledge, bought or purchased anything at any of those sales?—Yes. We have always considered that we have as much right to bid as any of the public. I have bought things myself. I have considered I had a right to make a bid, and it is quite open to any one else to bid against me. There is no favouritism in the matter.

2031. Then, you have bought things yourself?—Yes.

2032. Has Mr. Hamerton ever attended auction-sales and bought effects which had been committed to the care of the Public Trust Office?—Very seldom. I have attended and bought things for him. He has wanted a certain thing, and he has said to me, "I will give so much; if anybody gives more let it go." Where goods are sold by auction, of course they are knocked down to the highest bidder.

2033. Then, Mr. Hamerton never saw any objection to himself or any of the officers connected with the Public Trust Office becoming the purchaser of any assets that were in trust by his office, if sold by auction?—No.

2034. Nor did the Rev. Mr. De Castro see any objection?—No. Generally speaking, the articles purchased by officers have been watches or rings.

2035. What class of personalty generally have these sales comprised?—Clothing, jewellery, and personal effects generally. I have always taken care to keep away things we would not care to go to an auction-room. I have taken out letters and papers.

2036. What class of personalty at any of these sales where you felt disposed to buy for yourself have you purchased?—A watch or two. I bought a watch or two sometimes for my boys.

2037. Rings?—No.

2038. Always something in the way of jewellery?—Yes.

2039. Did you ever buy any clothes?—I bought a new overcoat once, which a man had brought out from England.

2040. Sure that the coat was not second-hand?—It was not second-hand. The poor fellow came out from England, and died when he came here.

2041. Do you bear in mind when and where you purchased for Mr. Hamerton, and what class of personalty you bought?—I bought two watches for him. I do not know that I bought any more. Two I know of—a silver one and a gold one. I have bought other little things of the same sort.

2042. Did you ever buy Mr. Hamerton any clothes?—No.

2043. Then, do you know any other officers in the Trust Office service who have bought assets belonging to the estates of deceased men and women at auction-sales?—Yes.

2044. Who are they?—Mr. Ronaldson has made purchases.

2045. What other officer?—Mr. Stephens made a purchase of a watch, I recollect, and some jewellery, pins, and rings; some very good things that were sold, and he gave a very good price for them too.

2046. I suppose, occasionally, there are some very choice articles to be had at these sales?—Yes.

2047. What other officers have purchased?—These two officers I call to mind at the present time. Sometimes I may have bought a watch for a man who said he wanted one and asked me to buy it. I recollect people asking me to buy. They would state their price, and sometimes the price realised was larger than they would give.

2048. I notice these sales have been conducted chiefly by one auctioneer in this city?—Yes: Thomas. The land-sales have been distributed.

2049. But not so the personalty. These personalties have been sold by one auctioneer?—Well, sometimes we have only a swag to sell; they are sometimes very small affairs.

2050. Then you have confined your favours, as far as personalties were concerned, to George Thomas and Co.?—Yes; but not the land sales.

2051. Have you any arrangement with them as to what commission they were to charge?—No.

2052. Was there any arrangement with their office or any of their officers as to any rebate of commission?—No.

2053. On no occasion?—I do not think so. I do not recollect a case.

2054. Try and think whether Thomas and Co. did not pay some rebate commission?—If you could tell me the case I could see.

2055. Will you make a note of that and give us the information this afternoon. You can find out by referring to Thomas and Co.'s books whether they have paid back any commission. Auctioneers sometimes, where business has been put into their hands, agree to pay rebate to persons who directly or indirectly place business in their hands. Do you see what I mean?—Yes.

2056. I want those cases, if any, where they have paid back any rebate, whether large or small. Will you get the information?—Yes. I never remember any such case as that; not Thomas certainly.

2057. Then it has frequently happened that officers on the staff of the Public Trust Office have bought at auction-sales?—Yes.

2058. Of course, they would occupy a favoured position, as they would have the first information, I take it, as to the quality of any personalty that was to be sold?—They would see the things in the office before they went down.

2059. They would have an inspection of the things in your office before they were sent to the auction-room?—They might have.

2060. Therefore, they would have the opportunity of appraising the value in their own minds of the articles before they went to the hammer?—Yes. But then the watches and other effects have always been taken down a few days before the sale to the auctioneers in order that the public might see them.

2061. But the officers of the Public Trust Office would have very the first opportunity, by inspec-

tion, of appraising the goods, or any particular article that was to be exposed for sale, before the day arrived on which the same article was to be sold?—Yes.

2062. Therefore, when they attended the auction they would be in a better position to bid, at any rate, than the public, and according to what they had considered in their minds the value of the articles was?—Yes.

2063. And they have frequently done those things?—Yes.

[At the request of the witness, on account of illness, his further examination was postponed until next day.]

Mr. Moginie further examined.

2064. *The Chairman.*] Mr. Moginie, when you were with us yesterday I omitted to get any information from you about the bank account which you keep in a separate book. You used first to keep that account in your ledgers?—Yes. There was a Bank of New Zealand Account in the ledgers. That was dropped, and the Cash Account takes its place in the ledger.

2065. And now you have got a separate book, in which you keep a copy of the account in the bank pass-book. Is that so?—Yes, that is so.

2066. Is this the book [produced]?—Yes.

2067. Do you find that a convenient mode?—It enables the officer in charge of the bank pass-book to pass forward his entries to the different officers in charge of estates to enter in their estate cash-books.

2068. Then, this book, which you call a bank-book in your office, is kept by yourself?—No; by Mr. Buckland.

2069. One of the Ledger-keepers or managers?—Yes.

2070. Then, does this book represent the amounts of moneys received by this office every day?—Yes. Of course, it includes those paid here in Wellington, and those paid into any branch of the Bank of New Zealand throughout the colony.

2071. If a book in the form of a teller's cash-book were adopted, this book, like many other books, could be dispensed with?—The object of this book is to have a copy of the bank pass-book.

2072. But are not your bank pass-books a copy of your Trust Office accounts in the bank ledger?—Yes.

2073. And when you have got the bank pass-books, have you not then got a copy of your accounts in the bank ledger? Why, therefore, do you want another book?—We like to return the book to the bank as early as possible, in order to get the entries made up. A copy of it is made, and it is returned to the bank at once. Then we have the copy to work on.

2074. You like to keep a copy of it in your own hands for reference at all times?—Yes.

2075. Would it not be better to keep that copy in your ledger? It is important enough to keep a record of, and why not keep it in your ledger?—Yes, it would perhaps be as well.

2076. Do you ever take any interest in, or have you anything to do with, the realisation of assets when they have to be sold?—No; that does not come in my branch at all.

2077. Have you ever attended any of the auction-sales?—No; I cannot say I have. I have looked in once or twice, but have never attended.

2078. I notice that you have frequently to dispose of a good deal of personalty in estates, sometimes very valuable, in the shape of jewellery, clothing, and nick-nacks?—Yes, that is so.

2079. I also find that some of the officers of the Public Trust Office have sometimes attended these sales, or been represented at them?—Yes.

2080. And they have made purchases?—Yes, they have.

2081. Mr. Hamerton has made some purchases?—Yes.

2082. Have you ever made any purchases?—Yes; I think I have made three purchases during the time I have been in the office.

2083. What did they consist of?—Once I bought a little whatnot kind of thing, made of New Zealand woods, and I bought two watches at different times—one for myself, and one for my son. Those are the only investments I have made.

2084. These watches were going, I presume?—Yes.

2085. Have you got those watches still?—Yes; I can show you one now.

2086. Do you remember what prices you gave for those watches?—I gave £2 10s. for the silver watch which I now produce, and for the other I gave £1 3s. The other is not nearly so good a one as this.

2087. And what did you give for the whatnot?—I fancy, about 10s. or 12s.

2088. *Mr. Macdonald.*] Whose estate was this watch bought in?—I do not know.

2089. *The Chairman.*] Mr. Hamerton, then, recognised that any officer of the Public Trust Office had a right to buy at those auction-sales?—Yes; just as one of the general public.

2090. That was his view of it?—I believe so.

2091. Then, of course, any officers of the Public Trust Office who have bought effects or articles at those sales have done it with Mr. Hamerton's knowledge?—Well, I do not know that he has been aware of it in every case. He may have been aware of it in some cases.

2092. He apparently has led the way by buying himself?—He was aware the officers do buy, and he has bought himself.

2093. And therefore he has led the way?—Yes.

2094. You have to dispose also of realty in small and large values?—Yes.

2095. Do you know of any case where realty, or a portion of any realty, has been purchased by any officer of the Public Trust Office?—No; I do not know of any case.

2096. You cannot call to mind any case where any share in any land or house has been bought by any officer of the department?—No; I cannot call to mind any case of that kind. I may mention that in buying this watch I was guided in the price by what a similar watch fetched once before.

2097. When you became the purchaser at auction, I presume your bid was the highest bid?—Yes, it was the highest bid.

2098. Now, what is your idea, viewing the practice of the officers of the Public Trust buying any portion of a deceased person's estate when exposed for sale by auction, either in a legal or moral point of view?—I do not agree that it is good for any officer of the department to be seen at an auction-sale. Therefore, when I bought this watch I sent one of our juniors over, who is not known, to bid for me.

2099. Then, I suppose that was his first lesson in that kind of business when he attended the sale?—That I cannot say.

2100. Well, then, supposing even that the officer is not known, and yet as an officer buys effects that are in the keeping of the Public Trust, whether he purchases himself or through another, do you think that, in a moral or legal point of view, the transaction is a correct one?—I do not see why it is not correct. It secures a better price for the estate than the next bid below, and it is better for the estate that way.

2101. But has it never occurred to you, as one of the chief officers of the Public Trust Office, that you and all other officers are more or less in the position of trustees in respect to your dealings with *cestui que* trusts?—Well, I do not know that they are affected in a matter of this kind in that way.

2102. You never thought of it in that way?—No.

2103. Are you aware that a trustee cannot buy—would not be allowed to buy—anything in connection with an estate for which he acts as trustee without the consent of the Court?—I know that a trustee must not profit by his trust.

2104. You know that a trustee must not buy anything connected with his trust without the consent of the Court?—Yes.

2105. Has it never occurred to you that any part of any estate, whether realty or personalty, is part of your trust—when I say "of your trust," part of the trust of the Public Trust Office, of which you are an officer in a high position?—Well, I do not see that that applies to the officers in the department. Of course, I do not believe in the officers appearing at the sales and bidding. It makes a bad impression on the public.

2106. When any officer becomes inclined to possess an article that is in keeping of the Public Trust Office, and has had an opportunity of inspecting that article, and in his own mind appraising it, where is the difference, whether it is bought directly by himself or for him?—There is no difference at all; but of course really the officers of the department have no more advantage over the public than any one else, because the public have the right to inspect these things at the auction-room.

2107. I notice that one firm of auctioneers in this city were particularly favoured with all those kind of sales?—Yes; that is so.

2108. Will you name that firm?—George Thomas and Co.

2109. Then, I presume that they were on very good terms with most of the officers in the Public Trust Office?—I do not know how we can say that; in fact, I am not on any terms with George Thomas and Co. at all.

2110. You knew them very well?—By sight.

2111. Had you never to instruct them in connection with these sales?—No.

2112. But some officers had?—Yes.

2113. Why were these sales always put through the hands of one firm of auctioneers?—I believe the idea was that, as the sales were very unequal—sometimes a sale was a good one, and at other times there were very little things to sell—they would take the good with the bad.

2114. Did George Thomas and Co. charge the usual commission, or make any special concession for having these sales?—I do not think they did that.

2115. Do you mean to say they charged the usual commission, and just as much as if they got only an occasional sale?—I do not know what commission an auctioneer would charge on a sale, say, of one watch, bringing 10s., 12s., or £1. I do not suppose he would do that on the same commission as a sale realising £50.

2116. No; but seeing that all that class of estates went into that particular firm's hands for sale, by auction or privately, whether they were large or small, would that firm, and did that firm, charge your office the same rate of commission that they would have done for simply getting any ordinary single transaction?—Yes, I think so.

2117. Then they made no concession because they got the whole of that class of business?—No.

2118. *Mr. Loughrey.*] Had you any idea of the value of the watch purchased for you at that sale?—I was told that a similar watch once before fetched £2 10s.

2119. Have you learnt the value of the watch since?—No, I have not.

2120. Do you think you paid full price for it?—I think I paid full auction-price. The watch might be worth £5 or £6 to buy new, probably is.

2121. *The Chairman.*] You say you do not think that Thomas and Co. made any concession by way of commission?—No; I do not know of any.

2122. You do not think they have ever returned to any one any sum by way of rebate on commissions they had charged?—No; I never heard of a case of that kind.

Mr. Peter Purvis Webb examined.

2123. *The Chairman.*] Mr Webb, you are on the staff of the Audit Department?—Yes.

2124. How long have you been connected with the department?—Since November, 1874.

2125. What have been your duties?—The first work I took up when I entered the Audit Office was the examination of stamp accounts.

2126. Had you experience of accounts before you joined the Audit Office?—No. I went from the school to the office.

2127. Then, you have acquired all your experience in connection with accounts and book-keeping from the Audit Department?—Hardly that, because outside of that I had a set of books to keep for a man who was doing an extensive business in the city.

2128. While you were employed in the Audit Office?—Yes.

2129. How long is it since your duties took you to the Public Trust Office?—I think it was at the end of 1888 that I commenced to audit the Public Trust Office accounts.

2130. And you have continued to do so ever since?—Yes.

2131. Now, will you kindly explain, as fully and particularly as you can, what system you adopt in pursuance of your duties in auditing the accounts of the Public Trust Office?—Well, I will take the revenue side first, and the expenditure afterwards. The first thing I do is to check all the receipts from the blocks in the receipt-books into the cash-books, and from these into the ledgers. These entries in the ledgers are again substantiated by what appears in the terriers in the office. On the expenditure side of the account, all the vouchers, before any payments are made, are submitted to the Audit Office, and an examination then takes place as to the correctness of the calculations, or perhaps of the claim being a correct one. With that element we have little to do, because we trust mainly to the agents who are on the spot, and who have means of getting information. There are occasions, however, when we find agents unreliable.

2132. Do I understand you to represent that the Audit Department is responsible for the *bona fides* of all claims?—No; the responsibility of correctness is thrown on the Public Trustee.

2133. Then, will you confine your explanation to the books and the mode of book-keeping in the Public Trust Office so far as you know?—After the entries are made from the various cash-books into the ledgers, I have nothing more to do until I get the accounts at the end of the year, and then I check all the entries from the cash-books into what is called the check-ledger, and that, of course, balances with the ledgers in the office.

2134. Do you know the purpose of the check-ledger?—Well, yes; I understand it to be for the purpose of drawing a trail across the correctness of the ledger balances.

2135. The check-ledger, then, contains the whole of the balances of the office, does it?—Yes.

2136. Ought to do?—Yes.

2137. Then, from the check-ledger you could make out the balance-sheet of the office?—Yes.

2138. You have spoken of the various cash-books. To which cash-books do you allude?—Not the general cash-book, but the cash-book containing the details of the receipts.

2139. That is, the daily ordinary cash-books?—Yes.

2140. Then you check the items in those books?—Yes.

2141. And you see that the items are posted to proper accounts in the ledgers?—Yes.

2142. You spoke of blocks—what blocks do you mean? Of receipt-books?—Yes. There are two, one called, for the sake of distinction, "receipt," and the other "acknowledgment"—practically the same thing. "Receipts" are for moneys paid over the counter, and "acknowledgments" are for moneys paid into the bank by agents.

2143. What do these receipt-books contain?—The date, of course, on which the money is received, the estate to be credited, and the amount.

2144. Are you aware there is a class of cash-books called rough cash-books in the Public Trust Office?—No, I do not know what they are.

2145. You never saw them?—No.

2146. Did you ever hear of them?—No.

2147. There are eighteen of them here; did you ever see any of them?—No.

2148. You do not know, therefore, although you are auditor, what they are for?—No.

2149. Here is a book, also—a copy of the bank pass-book. Do you know that book?—Yes.

2150. You have seen that?—Yes.

2151. Do you know a class of books in use in the Trust Office called Assets and Claims?—Yes.

2152. Do you audit and inspect them?—There is no complete audit of these. I do refer to them occasionally; but they are so roughly kept, and there are so many alterations in them, that it is impossible to have a check on them.

2153. They are not intended to show any balance?—No.

2154. Mere memorandum-books?—That is all.

2155. Do you recognise what is termed here the general cash-book?—Yes; only for the purpose of balancing the bank-book, and seeing that all the cash is brought in.

2156. But if the ordinary daily cash-book were entered up and ruled off daily, containing all the transactions that come into the office, whether debit or credit, and from which the ledgers are posted up, is there any use then for the general cash-book?—Not so far as the office is concerned. I should have to take out the totals from the cash-books. It does not serve any office purpose that I know of.

2157. You have attended daily and looked into the ledgers?—Not necessarily daily.

2158. How often do you check the entries from the cash-book into the ledgers?—The Audit examination and ticking-off is continuous. All this morning I have been at work at the Government Insurance Office.

2159. Then, under your system of checking those entries from the cash-book to the ledger, your work may get behind for a day, or even several days?—Oh, yes.

2160. What is the longest period it has been behind?—I cannot say. I know on one occasion it was three months behind. That arises from the fact that there may be a press of work in one particular office.

2161. Then, on one occasion at this Head Office the work had not been checked for three months?—Yes, the entries in the ledger from the cash-book. I do not know, of course, that that

applied to all the ledgers. I know, in one or two branches—Estates in Office, for instance—a length of time elapsed.

2162. Then there were a large and important number of entries not checked at this office for three months?—Yes.

2163. How long did it take you to overtake that work?—Not long. If I stopped at it continuously for a day I could get through it in a day; but the issue of payments on requisitions takes up time, and I have to work conveniently with those in the office when the books are in use.

2164. Apart from your duties in auditing the accounts of the Public Trust Office, you have also to audit the accounts of the Government Life Insurance Department?—Yes.

2165. Have you any other accounts to audit?—No.

2166. Well, now, to make a correct and a methodical audit, is not that very inconvenient to you?—Very inconvenient; because by the time I come back here from the Government Insurance Office I have lost the thread of the thing.

2167. In an important office like this, where you have to run to another large and important office that keeps similar books—let us hope not in a similar manner—you are apt to lose the thread of entries and work that was immediately engaging your attention?—Yes.

2168. Is it part of the duty of the Audit Department to see that the books are properly kept?—I do not know that it has ever been held as being part of our duty. Apart from the actual correctness of the books, we have never looked to see that the books are properly ruled off, or properly kept.

2169. If you take the ledgers to look at a balance standing at any account in any ledger to test its correctness, you must check the summations?—Yes.

2170. Have you noticed that in nearly all the ledgers in this office the summations are not made?—When an error is discovered the correction is made by the individual Ledger-keeper. I rely upon that.

2171. You would not be able to check the balance, from the fact of the summations being wanted?—No; I have nothing to do with summations.

2172. Do you know how many ledgers are in actual use in this office?—I think nine.

2173. I mean ledgers that have got open accounts only. They may be inactive accounts, but still open balances standing in the ledgers. And, including those ledgers containing any balance that has not been extinguished—that are, in fact, liabilities of the office—how many ledgers altogether, including those, are there now in use in this office?—I could not say positively. I think twelve or thirteen.

2174. Would you be surprised to learn there were a great many more?—I should be surprised to find there were a great many more. I am only challenging my memory as to that number. As far as I am concerned, that would hardly come under my notice, because the balances get into the Check Ledger and are carried on from year to year.

2175. You have been nearly two years doing duty at the Trust Office, and presumably all ledgers must have come under your notice?—Yes.

2176. Have you had to do with the subsidiary ledgers? or do you know there are a number of ledgers kept in this office rather smaller than the individual ledgers, called subsidiary ledgers?—No, I do not.

2177. Perhaps you never heard of them either?—I never heard of subsidiary ledgers. Taking Miscellaneous, I know that Mr. Buckland keeps several small books, but I do not know that he calls them ledgers.

2178. Do you know how many cash-books there are in use in the Public Trust Office?—Yes, six.

2179. And a general cash-book?—Yes.

2180. Do you know how many Assets and Claims books there are?—Each Ledger-keeper has one.

2181. And the Ledger-keepers are managers of their particular branches?—I believe they are responsible to the Public Trustee for the entire correctness of the working of their particular branches.

2182. Then they have the dignity of the office of managers but without the pay?—I should say so.

2183. How many books called terriers are there in use?—I think there are also six. I think each Ledger-keeper has one.

2184. Do you inspect the terriers?—Yes.

2185. Should the book known as the terrier not contain a plan of estates as well as particulars?—It does not in this office, except in the case of the Native reserves. In that case they do, but in the other cases they do not. I think the plan was put in at the instance of Mr. Vincent, who is since dead. He thought it would be more complete.

2186. Here are two of the subsidiary ledgers—important-looking books. Have you ever seen any of them before?—No.

2187. If you look through them you will see the accounts are fairly well posted up?—Yes.

2188. You do not know what they are for?—No.

2189. Then you will be surprised to hear that there are nine of them?—I was not aware of their existence, and never saw them before.

2190. Then they cannot be of much use for the purpose of balancing the books of the office?—No.

2191. Then, without those subsidiary ledgers, how many ledgers do you think there are?—I think I said twelve or thirteen.

2192. Without the nine subsidiary?—Yes.

2193. These subsidiary ledgers included, the ledgers now in use in the office comprise twenty-

two. I have been through them all. I suppose you are aware, as I said before, that the summations of the individual ledgers have not been made in ink?—Yes.

2194. Are you aware that when many of the balances are carried to a new ledger no indication has been made in respect to the folio they are carried to?—I am not aware of that.

2195. Then, you do not think it is the duty of the Audit Department to complain, or, in fact, to refuse to audit a book that is not in a complete state?—No.

2196. Do you know whether an experienced auditor, practising as an auditor, would audit books unless they were properly written up?—Well, of course, on the general question of incomplete books it would be incorrect to do it, but when they come finally before me at the end of the year I test their correctness. It would hardly be fair to take an arbitrary period.

2197. Would you call a space of twelve months an arbitrary period?—No.

2198. Then, if the books were incomplete for that period, what means would you have of checking their correctness?—When an issue was proposed to be made I would refer to the ledger-balance to see there was sufficient money to meet it.

2199. Then, when you saw the ledger-balance, and the debtor and credit or columns showing that balance, you would presume that it was correct?—No, because I have taken it from the Check Ledger.

2200. Then, of course, you presume the balances in the Check Ledger are correct?—I presume they are, because the entries are made from the cash-books and journals which I have individually examined.

2201. Ought not the Check Ledger to be a check on the balances in the individual ledgers?—Not individually. We will take one account called "Intestate." There will be one total in that, and the total of the individual estates would total up to the amount in the Check Ledger.

2202. That is, the balances of many accounts would appear in one total in the Check Ledger. Therefore I ask you again, would not the Check Ledger be a check on the balances in the individual ledgers?—Yes.

2203. Very well. If you find the balances indifferently kept in the individual ledgers, without the summations and the totals being made, how can you positively say that those balances are correct unless you go through the ledgers from the commencement of an account?—I do not know that it is necessary. The only way these ledger-balances will come before us during the year is by the Public Trustee proposing to make any payments; and we will then see that there is sufficient money to meet those payments.

2204. In fact, the Audit Department seem to rely on the Public Trust Office to keep their accounts correctly?—Yes, at portions of the year, but at the end of the year we check that.

2205. How can you check at the end of the year unless you go through the whole year?—We have gone through the individual ledgers at various times during the year.

2206. How can you rely upon the balance being correct unless you go through and check the whole of the summations for the year?—They would not serve the purpose during the year. As long as there is a balance in an account we would issue.

2207. But, supposing an error had been committed in the working of the accounts, how would you find it out?—We should find it out at the end of the year, when checking the annual balance-sheet.

2208. But meanwhile the balance might have been dealt with?—The balance is quarterly, and the error could not extend over three months.

2209. Then you do rely upon the Public Trust Office keeping its accounts correctly?—To a certain extent we do.

2210. The Audit Department, through you, does not think it part of its duty to see that the books of the Public Trust Office are kept in a regular and proper way?—That is rather a wide way of putting it. Considering the means adopted to make the entries, I think they are fairly well kept. When these entries are made by juniors in the office, you cannot expect the accuracy you would have in older hands.

2211. I am not wishing to impose upon you greater duties than you consider your office imposes. But I ask your opinion whether, taking any one account in this ledger, you can point to me an instance where the summations have been made and appear in ink, where I am in a position to check the balance and see that the balance according to the ledger is correct? Can you point out to me one single account, where the summations have been made and brought down in any part of the account and filled in in ink, where I can put my finger and say, the difference between those summations gives the balance?—On folio 92 you could do that.

2212. The total summation there on the debtor side is £70 12s. 6d., on the credit side £50; difference, £20 12s. 6d.: and the balance shown is £1 18s. 2d.?—If you were to go back and work it up from the commencement, you could get the total summations.

2213. What I want to call your attention to is this: whether you have ever seen books properly balanced without the balance being brought down and ruled off? Why did you not ask the Public Trust Office to do the same?—Because we have never thought it part of our duty to do so.

2214. I suppose you will agree with me that there are none of the summations through any of these ledgers that are in ink or brought down?—They are not done. They would need to be, to make the thing more complete.

2215. With your long experience, have you thought of any way in which the book-keeping of this office could be simplified?—I have thought of it several times.

2216. You think it could be simplified?—I think so.

2217. But you have never framed a plan?—I have at odd times spoken to the Accountant and to Mr. FitzGerald, who said it was no part of our duty to suggest a plan: "All you have to do is to see that their books are accurate." I do not think it is at all necessary that there should be so many cash-books. I think it would be more correct if one man would undertake the duty of entering up the cash.

2218. In fact, that it should be conducted, so far as cash is concerned, much on the principle that a bank teller does his work?—Or a cashier in a merchant's office.

2219. Do you not think the number of ledgers could be considerably reduced?—I think that could be done also.

2220. Would that not make your work much more simple?—Certainly, I would not have so many books to go to.

2221. And the more books you have to wade through the more time you consume unnecessarily?—Yes. Might I say, in connection with No. 4 ledger, that I think a large number of entries are made unnecessarily—that is, in the miscellaneous entries. Every little entry is elaborated in matters coming under the Bankruptcy Act.

2222. That is, you think the whole of those accounts might be brought in under one heading?—Yes.

2223. There are over fifty folios with an average of ten headings in each folio. You say there is no reason why all these entries should not appear under one heading?—I think so.

2224. *Mr. Macdonald.*] You told us, Mr. Webb, that you look at the revenue entries in the ledger. Will you tell us how you check the correctness of the revenue that comes in?—From the block of the receipts.

2225. But have you any means of checking the correctness of the cash that should come in?—Not in all cases.

2226. Does the Audit Department make no investigation into that?—Except what information comes from the terriers. There may be entries in the records which we do not see.

2227. Then, practically speaking, the audit consists in checking the cash receipt-book?—Yes.

2228. It is not an audit, in reality, of the revenue correctness of the office?—It may or may not be, supposing they do not choose to bring any entry into their book and it was purposely omitted.

2229. They have a certain standard revenue coming in from mortgages, from rents, from interests, and various branches of that kind: do you not check that?—Yes, I do. But they may get round the Audit by saying, "This amount is still outstanding." We could not tell then.

2230. But, as a matter of fact, have you any record as to what amount of money the Public Trust Office ought to receive per annum in the shape of interest upon mortgages, rents, &c.?—There is no such record kept, and that is one point I have spoken to Mr. Moginie about, the necessity of keeping a record, to show what amount of money ought to have been received.

2231. You have no means of checking that at present?—No.

2232. *Mr. Loughrey.*] Did you draw the attention of the Public Trust Office to these apparent defaults in the payment of interest?—I have drawn the attention of the Ledger-keeper to them. His cadet makes out a note of the interest in arrears, and I see these; but they are not sent to me officially.

2233. You never make inquiries?—I say, "How is he not paying his interest?" They say, "He is in default," and I could not go beyond that.

2234. *The Chairman.*] The Audit Department is not responsible if interest is not paid regularly?—I do not know that it is our duty to see about it.

2235. *Mr. Macdonald.*] You mean that it is not your duty to call attention to the fact that there are arrears?—I never thought it to be.

2236. *The Chairman.*] Do you know of the system which obtains in this office of the Ledger-keeper keeping his cash-book?—Yes, that is the system.

2237. Do you approve of that?—I do not think it should be done.

2238. *Mr. Loughrey.*] Have you spoken to the Accountant about it?—Yes. His statement is, "It is the system which was in use when I came into the office, and I have simply carried that on." As there was no power behind us to make the Public Trustee keep the books in the form we might wish, nothing could be done.

2239. *Mr. Macdonald.*] Have you any book in which you enter any observations you desire to make respecting the accounts?—They are made either by notes put on the papers, or are made orally to Mr. FitzGerald or Mr. Gavin, as the case may be.

2240. Do I understand that you inspect the terriers?—Yes.

2241. Is it done on a complete system, or merely perfunctorily? Are they complete records of the business?—I do not know that they are.

2242. If they are not complete records, the inspection must necessarily be perfunctory?—Yes, taken in that light it is.

2243. That remark holds good with reference to the Assets and Claims book as well?—Yes. If they do not choose to make entries in the Assets and Claims, or terriers, we do not know anything about them.

2244. *The Chairman.*] And therefore, so far as the correctness of their books in that respect goes, your audit is a farce?—I do not know that that is the exact term to apply to it.

2245. It is a farce so far as attempting to discover any neglect?—Yes; we would not be able to discover errors for some time.

2246. What check has the Audit Department upon amounts drawn from the bank and invested by the department in deficiency bonds or in other ways? Supposing it was necessary to invest £1,000 or £10,000 from the office here, money lying in the bank, what would be the *modus operandi?*—Before I would pass the voucher issuing the £10,000, I would see the resolution of the Board authorising the Public Trustee to invest this money in deficiency bills; and before Mr. FitzGerald would issue that he would get the deficiency bill. He keeps those in his safe.

2247. Do I understand you to say that Mr. FitzGerald, as Auditor-General, would get from the Government the amount of deficiency bills covering the investment?—Yes.

2248. Then, in point of fact, he has never relinquished possession of them?—No. They are

kept in a safe with three keys. Those holding these keys have charge of all the securities. That is as regards deficiency bills only.

2249. Supposing the Department want to invest £5,000 on mortgage, what check have you in relation to that mortgage?—Before issuing that, I would see it supported by resolution of the Board authorising the Trustee to invest; I would see the certificate from the lawyer that the freehold title was perfect and the security right; and then I would issue. The mortgage-deeds might probably not come into the office for some months afterwards, and these would be filed in the safe. These deeds are inspected once a year, before passing the balance-sheet. I go through the mortgage-deeds every year to see that there is a mortgage for the sum invested.

2250. Supposing a cheque were wrongly drawn in the Public Trust Office, and went through the cash-book and through the ledger, would you have any way of discovering that?—A cheque would not be drawn until we authorised the issue of that particular amount.

2251. But, supposing it was represented to the Audit that a cheque necessary to be drawn was drawn, and it went through the ledger and all the forms of book-keeping, there is no mode in connection with your inspection that would detect that if it were a wrong entry?—Yes; by going through the receipts I would discover that the voucher was wanting.

2252. Supposing there was a voucher—that a voucher had been supplied?—The only way in which it could escape us would be by means of a forgery, and that we could not provide for. One case of that kind I know of was in connection with the asylum, in Whitelaw's case, where I knew by my own personal knowledge that the vouchers were forgeries; but it was a pure accident that I had that personal knowledge.

2253. *Mr. Macdonald.*] But, supposing a £5,000 loan was granted and a cheque drawn, and you had authorised the whole thing, and suddenly nothing was done in reference to it, but the cheque did not come back to the Public Account, how would you be able to check that?—When I came to go through the vouchers, numbered consecutively, and found the mortgage wanting.

2254. That might be twelve months afterwards?—Yes.

2255. *The Chairman.*] Do you think that the system would be improved if, instead of having an annual general balance, the balances were made half-yearly?—I do not know what object would be gained by that.

2256. You would reduce the long period you spoke of as an arbitrary period?—You think it would be a greater security against anything wrong?

2257. It would not only keep officers more in touch with the work going on, but also the Government, the Audit, and the public. Is that not so?—I never thought of that. We are just doing what we are told by Act—that is, once a year.

2258. Who was your predecessor in the audit of the Trust Office?—Mr. McIntyre.

2259. Is he in Wellington?—I think he is at the present moment. He is one of the travelling inspectors of the office. There have been seven or eight auditors going through the Public Trust Office accounts at various times.

2260. Has the Audit Department anything to do with the Public Trust Office when the Trust Office determines to realise an estate?—No. The papers would not come before us, nor would the Audit Department be consulted. We have no administrative power.

2261. *Mr. Macdonald.*] The Audit Department exercises, or attempts to exercise, certain powers in connection with the Public Trust Office, does it not?—Yes; because, in addition to being an office of audit, it is also an office of control, by Act. So we have to a certain extent a voice respecting the expenditure of the Trust Office.

2262. There has been friction between the departments on that point?—Frequently.

2263. Looking at the fact that you have had considerable experience in connection with this office, what is your opinion in connection with that—whether that control is one which ought to be exercised by the Audit in the interests of the Public Trust Office?—The Public Trustee at one time felt so very strongly that he wrote a letter to the Minister, who referred the matter to the Controller, who pointed out that the effect of the audit, by reason of this control, had resulted in a saving of over £1,000.

2264. Could you explain what the savings were?—Miscalculations in the vouchers—payments that were proposed to be illegally made; and Mr. FitzGerald said he thought that was a practical answer.

2265. Was the correctness of this fact admitted by the Trust Office?—Yes. A note was taken by the previous auditors. I presume the Public Trustee accepted the fact, because he did not attempt to dispute that these savings were made.

2266. How long is it since that statement was made?—Between twelve and eighteen months ago. There are small savings made from time to time, because agents and the Trustee are getting more careful about the class of voucher submitted to audit.

2267. I suppose the Audit Department could furnish a list of particulars of those savings?—I do not know, because once they are embodied in the annual Audit statement they are of no service.

2268. Are you aware that the Public Trust Office realises by auction estates and portions of estates in its hands?—Yes.

2269. Have you ever had occasion to be present at any of those sales?—No.

2270. You never purchased anything at any of those sales?—No.

2271. Do you know of any cases of any officer in the Government service having purchased anything at any of those sales?—Not of my own knowledge. I have heard of it. I have known gentlemen in the Trust Office to have gone to an auction-sale and bought portions of the effects of a deceased intestate.

2272. Have you known officers in other branches of the public service who also have bought?—No.

2273. Coming back to that point, the question of control, your opinion is that the control ought

still to exist, notwithstanding the remonstrance of the Public Trust Department?—Yes. I think the remonstrances of the Trustee, or rather the position he has taken up, is very much exaggerated. No friction ever arises between the Insurance Department and the Audit.

2274. *Mr. Loughrey.*] Do you exercise any control over the expenses of the Public Trust Office?—Yes.

2275. *Mr. Macdonald.*] Has not considerable delay arisen in consequence of that control?—No.

2275A. *The Chairman.*] But you have not got such a various kind of business to deal with in connection with the Life Insurance Department as you have with the Public Trust Office?—No.

2276. The business of the Public Trust Office now partakes more of a commercial character?—Yes.

2277. Then, I take it the books of the Government Life Office are more simple to audit—are they not?—I do not know that they are very voluminous. They have a complete system of double entry in the Insurance Department, and a very large number of books.

2278. *Mr. Macdonald.*] What system do you call it that obtains in the Public Trust Office?—I think it is a sort of composite arrangement.

2279. Then, it is not the same system here that it is in the Insurance Department?—No.

2280. *The Chairman.*] Could you find any summations in the books of the Insurance Department not filled in in ink?—No.

2281. From your experience in connection with this office, do you think that this examination, whatever may be the result, has occurred any too soon?—That I do not know. I do not quite know what the Commission was appointed for.

2282. For the general good of the Public Trust?—As regards actual correctness of entries in the books, I have no doubt about them, however slipshod they may be in the interval portion.

2283. Do you keep the books in the Audit Department on double entry?—No; the only ones we keep are simply books for checking the appropriations of Parliament.

2284. Are they kept by double entry?—No; only so much voted, so much paid away, and so much balance. That is checked once a week with the balance in the bank. At one time the Audit used to keep a set of duplicate books with the Public Trust Office. That was abolished, I think, in 1884.

2285. You have frequently had occasion to put your signature or initials in some books of this office?—No.

2286. Do you sign none of them?—I sometimes initial Mr. Moginie's imprest ledger.

2287. Do you sign or stamp your initials or signature?—I stamp them.

2288. Do you think that a compliance with the Act?—I do not know that there is provision in the Act for putting any signature at all.

2289. Have you read the Act? There are many Acts dealing with the office. I presume you are well up in the Acts?—Yes, we have frequently to deal with them.

2290. Then, where the Act says it is necessary to sign, do you think a stamping of the signature suffices?—I think the only case in which it is necessary to sign is the general cash-book, which is signed in full by Mr. FitzGerald. The Public Trustee signs in full with a stamp.

2291. I understood you to say you had read the Act, and understood its meaning?—Not necessarily with regard to the duty of the Public Trustee. It would not be part of our function to see that the Public Trustee did his duty.

2292. Is it no part of your function to see what his duties are?—[No answer.]

2293. Then, in carrying out your duties, you confine yourself to the actual requirements of the Act?—On an odd occasion we have made suggestions, only to find the Public Trustee to say, "That is my duty, not yours." When you find a man restive you will leave him alone. For some reason he seemed to be always very sore on the matter of audit.

2294. There has been a good deal of friction between the Public Trust and Audit Departments?—I do not know that there has been a good deal of friction. There have been at times very strong memoranda.

Mr. Frederick John Wilson, Solicitor in the Public Trust Office, examined.

2295. *The Chairman.*] Mr. Wilson, how long have you been connected with the Trust Office?—Since 1st October, 1886.

2296. Your profession is that of a solicitor?—I call myself a solicitor, but I am an enrolled barrister and solicitor. I articled for solicitor. I have never practised in the Supreme Court, though in the inferior Courts often enough.

2297. Would you state to the Commissioners what the terms of your engagement are?—I am engaged under the Civil Service Reform Act of 1886, on three months' notice on either side, at £500 a year.

2298. Any promise of improvement?—No; it is rather exceptional. I was negotiated with six months before the Act passed, and the original agreement was that I was to have £500 for one year, I think, and then a promise of an increase if satisfactory; but as the Bill was before the House, and Sir Julius Vogel, then the Ministerial head of the department, refused to do anything towards the appointment until the Bill was passed, he substituted this, and, as I was almost prepared for it, I did not think the difference was worth bothering about.

2299. In order to join the Public Trust Office you gave up a good practice in Otago?—I made, and can show the figures for it, an income at the rate of £750 net for 1886, and my only fear was that if a third practitioner came into the district it would cut it down. Until this day no third has come, and my successor, who bought my business, has stated his obligations to me for putting him into what he thinks a good thing.

2300. Is your time wholly taken up in a professional way in connection with the Public Trust

Office?—No; my duties here are not professional. For instance, if I were to bring up and show you now the papers awaiting me it would really give you a better idea than anything I could *viva voce*. The position is exactly this: I am not in the office, and yet I have the run of the office. I have no clerk under me, and yet every clerk is at my call, and if I choose to give any direction it is supposed to be as implicitly followed as the Public Trustee's direction, and I act independently of him when I think fit; but, on the other hand, I never attempt to assume, or pretend to do, what is beyond my province.

2301. The Commissioners have already had before them the head of the office, Mr. Hamerton; the second in command, Mr. De Castro; the third in command, Mr. Moginie: now, where do you come?—I consider myself second. If the Public Trustee were out of the office, and no official head present, I assume the position, though I do not interfere in the working of the office. But I am the person to go to a Minister, and have had to sign on my own responsibility more than once. It is a defect in the statutory framing of the office. When the Trustee is absent, there is no one else to represent the office, and I act in his place when called upon. Therefore, since I have been here, I have had to go to Ministers and do things just on my own responsibility.

2302. Apart from your long and valuable experience, have you ever had any experience commercially, or in a general way of business, outside of what you have been brought into contact with as a lawyer?—No. I have never been in any other line of business; but I contracted for the Government of Victoria for three years in reindexing all deeds in the Registry of Deeds, and then I had the run of the Registrar-General's Department.

2303. And of course your long and varied experience as a solicitor has given you a considerable insight into matters of business generally?—I consider I know in a general way almost everything. I do not understand book-keeping, but books are no mystery to me. I do not understand merchants' buying and selling and rigging the market, as it is called, but I can understand what is meant and can follow anything that comes before me, and gauge a claim and gauge the probabilities of success at the start of an action as well as almost anybody.

2304. So far as professional knowledge is concerned in your position in this office, has your time been anything like fully employed in the direction of using that knowledge?—Yes, because the office itself is so exceptional. I am always full to the brim, but for the last few months I do not run over. In six weeks or two months I may have once two hours of idleness. It has taken me one full working-day's steady application to get the Board papers ready for this afternoon. There are ten deeds gone before them for execution. In every one of these ten deeds I had to satisfy myself that every antecedent circumstance connected with it was in order. I had to see that the titles were in order, that they agreed with the conditions of sale, that the wording of them was satisfactory, and then to summarise their history upon the Board paper.

2305. Could that only be done by an officer having a legal training?—I think it could not be done by anybody else. It would not necessarily take a solicitor, but it would take a good conveyancing clerk to do that. If I find there is anything I do not like I will not put it before the Board: I send it back.

2306. You are referring to the securities that come up for consideration?—No; these are deeds to be executed in reference to conveyances and discharges of mortgages, leases, &c.

2307. In other words, if you were not about they would have had to be referred to a solicitor's office?—Some of them. The Board will not execute any deed, if I am in the way, unless I will certify under my own hand that I advise its execution by them.

2308. And, if you were not there, the same form would have to be gone through in connection with the solicitor's part of the matter?—The Public Trustee used to do it, and would have to do it again. The Public Trustee had always done it before me.

2309. But he has never been in active practice as a solicitor?—No.

2310. He has never had any experience as a solicitor?—He has had no practical experience.

2311. Then, you advise on many matters and on any matter requiring legal advice?—On anything referred to me, no matter what. The legal advice is a small part of the matter. If any difficulty arises I am asked, "What do you think of it?" There may be very little law about it, but the mere fact of its being referred requires an answer. I may give an instance which happened last week in the case of Wright, a lunatic, at Christchurch. That is a case of considerable difficulty. A daughter of the lunatic, entitled to maintenance-money out of the estate, wired by her solicitor to know if she could have some money, and the Public Trustee referred it to me. That, certainly, was not a legal question, but I had to look into a very thick pile of papers, and then I had to point out that the money had become divided into two branches. There was what was called estate-money and income-money. The estate-money arose from the balance of £1,300 raised under order of the Court, and there was an order of a subsequent date directing certain payments out of the estate; but this young woman's money was to come out of income. I found that estate and income, both being cash in the office, had become mixed, so I had to see what was best to be done. There was a sum in deficiency bills bearing interest, but part of it was income and might be realised. That was accountant's work; and it took me four hours to unravel the matter, reduce it to writing, get the clerk in to point out to him carefully how it ought to be arranged in future, in case of having to account when the lunatic himself died. That is not lawyer's work in any way, but I consider I never was brought here as a lawyer. The work was too much for the Trustee. The statutes allowed of no proper provision for a deputy, and so they created an office which should be a compound one—a general help, with legal knowledge.

2312. Do you think, in your professional position as office Solicitor, that it is desirable for an office like this to have a solicitor on its staff?—I do not think we could work without it; I do not think it is possible; there are so many little questions all day long.

2313. I will put it in another way. Have you considered whether it is apt to provoke jealousy in the direction of solicitors' firms who might be expected to give business to the Trust Office?—I

have always endeavoured to do all I can to put everything in the way of solicitors. I refused absolutely, and sometimes against the Public Trustee's wishes, to do anything which is in the least degree complicated in another district. For instance, where there was property to be sold at Nelson, with a difficult title, I have refused to have anything to do with it, but have said "Send it to the local solicitors," and I have written the letter of instructions, and the matter has come out clean and right. I, at a distance, had never seen the property, and know nothing about the surroundings of the matter, and very likely I should have made a bungle of it.

2314. Supposing a similar case happened in the precincts of Wellington, how would you deal with it?—If it led to anything litigious I would refuse to deal with it. I only do what is called *ex parte* work. What I do is probates, orders to administer, petitions to Court. For instance, the other day the office wanted to raise an advance on a child's share in a tolerably valuable estate, and to do that it necessitated getting authority from the Court to mortgage. The Public Trustee wanted me to prepare a petition for a Court order allowing the mortgage. I said "No. If you expect to raise this money through Messrs. Buckley and Co., the office solicitors, you want them to have the petition as well, because it is not etiquette we should do one part and they another. Moreover, as they have the preparing of the mortgage, it is only right the whole matter should be in their own hands and done perfectly." There are a heap of other *ex parte* things I do. For instance, I advise all office leases—that is, all Native reserve leases, and leases of absent-heir lands, what we call seven-year leases, and any leases in any estate of an ordinary kind for which the office charges under regulations; also ordinary conditions of sale. If there is any difficulty of transmission, a clerk in the office will come to me of his own motion. I advise any clerk upon any point of difficulty. If they do not thoroughly understand they will come to me, and say, "I do not know quite how to do this," and I tell them straight away.

2315. Then, looking at your services in a professional way, do you think that a solicitor connected with a staff like that of the Public Trust Office can keep in touch with the advancement of his profession?—No.

2316. Then, you would be apt to get stale?—Yes. I cannot afford to buy books. I have my own private books. I am using my own private statutes up to 1886. There is not a law-book in the office for the use of the office—not an atom of law material for the use of the office.

2317. *Mr. Macdonald.*] Have you not the run of the Supreme Court library?—I go there, of course, but if there were half-a-dozen leading books in the office it would be better.

2318. Have you ever represented that state of things to the Public Trustee?—Not officially. It was no use.

2319. Have you represented it privately, so as to arrive at the conclusion that it was no use asking officially?—Not thinking it would be of any avail, I have made no official representation.

2320. *The Chairman.*] Then, if you continue in this office, or in the event of any other solicitor taking your position in the course of time, you or he must become out of touch with the advancement of the profession?—It is both yes and no, because when a man is so well grounded as I am the case is different. I am in a groove, because I have only certain branches of the law to trouble my head about. I do not trouble myself with the internal working of an office like this, but I do with wills and trusts, questions of domicile, &c.; but the great body of the law is not affected.

2321. Have you often to give advice in respect to the realisation of estates in connection with the Public Trust Office?—I could not say I do often; I do occasionally.

2322. Are you aware that officers in the service of the Public Trust have become purchasers of portions of the assets of different estates which the Public Trustee has had intrusted to him to administer?—I never heard of it.

2323. If you had been asked your opinion as to whether it was proper or legal for any of the officials of the Public Trust to become purchasers under such circumstances, what would you have said?—I know now what you are alluding to. I was thinking before of big things. There is no doubt that when personal property has been sent to auction, such as a watch or a thing like that, there may have been purchases made at the auction by officers. I have bought two myself. When you first put the question I only thought of land.

2324. I want your opinion on the principle of the thing, as a lawyer?—The principle of the thing is, it is going close to a danger-line undoubtedly; but I do not know what others have done. I do not hesitate or mind telling you, if it went into print: knowing one day that a silver watch was for sale, the clerk of the auctioneer was told to bid.

2325. For whom?—For myself. On another occasion, a binocular being for sale, he was also asked to bid. I was not present on either occasion. I got them both afterwards. Those are the only two instances I have to mention.

2326. Do you not think this: that officers on the staff of the Public Trust Office are part and parcel of that Trust Office?—I suppose so.

2327. They are part and parcel of the Trust Office, and in the position of trustees?—Well, putting it in the abstract, I dare say they are.

2328. I am speaking now to a lawyer of very long and varied experience. Supposing any of the beneficiaries disputed possession acquired by any of the officers of any articles belonging to an estate which had been in this office, could it be defended?—In a big matter undoubtedly, I suppose, it could not; but in these little matters, where the values are small, and there is no appearance of anybody, I should be very much surprised if any question could possibly arise. When sales are made of such things as I have spoken of they are in intestate estates, where the property has been kept for a good many months, and the beneficiaries are not in the colony.

2329. That is the supposition perhaps. Am I to gather from your opinion that because those portions of estates were comparatively small, the law would say that, although the principle was wrong, the amount and value involved was small, and therefore it would be tolerated?—Tolerated is another matter.

2330. Well, would be allowed; it is the same thing?—It comes very much under the maxim that the law does not trouble itself about trifles. Of course, the principle is wrong, but there are many principles right in themselves, and which never lead to any wrong in small infractions. For instance, I never for a moment thought of a wrong in what I have mentioned personally. It had never entered my head that it could be considered as a wrong act.

2331. Do you think that a person can be buyer and seller, and yet do justice to the estate with which he has to deal?—If a man comes into an auction-room, and it is plain he is both buyer and seller, he could not do justice; but if a man having no direct interest—and the Public Trustee only has an interest in this case—goes to another person and says, "I would like so-and-so," and that person does not appear, and the bidding is fair and open, I cannot see where the wrong comes in.

2332. You cannot from a professional point of view?—No, in this class of cases.

2333. Where did you first see that watch and that binocular glass you bought?—In the Public Trust Office.

2334. Therefore you had the first look at them? The gentlemen in the office had the first inspection?—Of necessity.

2335. Well, in your own mind, you appraised the value of the articles?—No. I did not appraise anything, for the simple reason that I am not conversant with values.

2336. Well, at any rate, you made up your mind what you would give?—I simply said, "About."

2337. Then, whom did you tell to buy for you?—The clerk of the auctioneer.

2338. Is it not likely that the clerk of the auctioneer, seeing that the firm in which he was engaged had been favoured continually with this class of sales from the Public Trust Office, is it not likely that he would be disposed to favour your bid, or the bid of any officer in the Public Trust Office, rather than the bid of an outsider?—I do not know.

2339. I do not say that he would. I am merely putting the question hypothetically, as a man of the world?—I do not know. I neither spoke to the auctioneer, nor did the auctioneer, as far as I know, know anything about it.

2340. Is it not probable that you having spoken to the auctioneer's clerk, the clerk would give a hint to the auctioneer that you, an officer in the Public Trust Office, wished to buy at a price?—I did not ask him to.

2341. I am disposed to think that you would not. I do not suppose it occurred to you. But, looking at it as a man of the world, do you think it unlikely that the auctioneer would not get such a hint?—I could not give an answer; that is the honest truth. I may go to an auction-room once in three months, but I know nothing about the things as a rule.

2342. I will put it this way: Do you think it right or proper, either legally or morally, for you or any officer in the service of the Public Trust Office to purchase any article forming part of the assets of any estate which the Public Trust Office has to administer?—It may be an act of imprudence; but still, if done in full and open auction by a person not appearing to be in any peculiar position, then I think the highest bidder gets it, according to the ordinary rule of auction-sales.

2343. Then, supposing an estate was of large value, and you, as knowing the law, wish to make sure of your title in the event of your buying the estate, would you not advise that the consent of the Court must first be got before any one connected with the Public Trust Office could be allowed to buy?—It might depend upon the class of property.

2344. Does not the Court watch most jealously any matters relegated to a trust to administer?—Yes; but then the distinction in my mind is this—of course it is no defence in fact—that although you apply the same law to a pin as to a valuable estate, yet, with the application of the law, it is like taking a steam-hammer to crush a nut.

2345. That may be; but still, would the administrators of the law make any distinction whether the property was the value of a pin or whether it was the value of a potato?—Not in theory, undoubtedly.

2346. Nor in practice?—Small matters never do come into practice.

2347. How can you rely upon the just administration of the law if such an opinion ruled?—In theory, I say, there is no difference.

2348. In practice is there any difference?—Small matters never do, as a rule, lead to any question.

2349. But these matters, although in your estimation small, are likely to lead to a considerable number of questions. Now, supposing you, as Solicitor in the Public Trust Office, had advised the officers who desired from time to time to become purchasers of certain assets that had taken their fancy to get the consent of a Judge of the Supreme Court here, what do you think the Judge would have said?—Well, in the first place, I am not aware of any clerk making any purchase. It is quite possible that I have no knowledge. I never was asked any question upon the subject, and I never gave it a thought, because in the only instances I do know as a fact I was not aware of any wrong. No one ever said to me they had done such a thing, or wished to do such a thing, and, therefore, in my own case I never gave it a thought.

2350. Having brought the circumstance under your notice, and knowing the law on the subject, and the peculiar relationship which an estate bears to a trustee, what would you advise in the event of any future case of that kind coming under your notice? Would you be inclined to repeat the operation so far as you yourself were concerned?—No; because now I see. Before, being a very trifling thing in itself, I never thought of the application of the law to the matter.

2351. Do you not see that my view of the case, although only a layman, is a correct one?—Undoubtedly. I said so before, that in theory your views were correct.

2352. You are not aware that other officers have made purchases under similar circumstances as yourself?—I am not.

2353. You are not aware that the Public Trustee has?—I am not.

2354. *Mr. Loughrey.*] And if the Public Trustee has, the offence is a more glaring one, considering he is trustee to the estate?—I do not say that.

2355. Do you think it is a proper thing for him to make purchases under the circumstances?—I do not know that he has ever done so.

2356. *The Chairman.*] If I tell you that the Public Trustee has bought at least two watches, to say nothing of other articles, do you think that was right conduct on his part, in his sacred and high position as Public Trustee for the colony?—I should say he was exactly like myself—that until it was represented to him he never thought of it from that point of view.

2357. And he is registered, like yourself, as a solicitor of the Supreme Court of New Zealand?—Yes.

2358. Now that the matter has just dawned upon you in its true light, would you think he was justified in doing it?—Well, you cannot justify the action; but, on the other hand, I look at it exactly as myself, not having done anything to prevent a fair and open sale.

2359. Supposing I can show you that several officers in the employment of the Public Trust Office in Wellington have from time to time, and systematically, made purchases of that kind from the assets of different estates, as sold by George Thomas and Co., would you then think that a proper proceeding?—Not if they went openly and bid.

2360. Whether they went openly to bid or not. If they were the purchasers, and are in possession this day of the purchases acquired at those several auction-sales, do you not think they committed an improper act?—If it has been done it has crept in, and no one has given a thought on the subject owing to the smallness of the subject-matter.

2361. Then, supposing this becomes known, as it will, to the public, do you think that course of business is likely to do the Public Trust Office good, and inspire confidence in the future in the matter of dealing with estates?—There are two ways of looking at it. To the hypercritical, it would not; but from the general public they would say it is only what might be expected.

2362. *Mr. Loughrey.*] What would be the position of a private trustee who disposed of the assets in his position as trustee, and became the purchaser for himself?—Well, undoubtedly he would have to justify his action; but the cases are not on all-fours. I am not for a moment wishing to justify myself.

2363. What position is the Public Trustee in in regard to the estates in the office?—In the same position as a private trustee.

2364. And in his case, if the Public Trustee purchased the assets, what would be his position in such a case? Would he not be exactly in the same position as a private trustee?—Yes.

2365. And would he be justified in purchasing assets himself?—In the way spoken of, No; but that has not struck anybody in the broad, open way in which the question is put.

2366. *The Chairman.*] Estates vary, in value and other effects, in matters of amount. You speak of some of these transactions being a small thing. Supposing that some of these transactions, although small, dealt with a whole estate absolutely—the whole estate of a deceased individual, as in many cases they have done—that is to say, supposing the whole estate consisted of a deceased person's personal effects—his books, his clothes, and his jewellery—and that the whole estate was disposed of by your office, and that a large quantity of it was bought up by officers in the Public Trust Department—would that, according to your view, be a small thing?—I suppose so. I never heard of anything of the sort, and am utterly ignorant of it if anything of the sort did happen. But "smallness" or "greatness" are words of relative meaning. It is not small if relations are in need of every penny they can get; it is a big matter to them. "Small" and "great" depend upon so many outside circumstances.

2367. If I tell you now that one officer long in the service of the Public Trust Office, and high in position, has bought many things in the shape of jewellery from estates, and has even bought an overcoat at auction, would that be a proper proceeding?—If it were all in one matter, then it would look glaring; but, being done, if done, one at a time, doubtless the character of the proceeding has never been brought home to the mind of the officer.

2368. Is it not more glaring and systematic when this has not only been the practice in that one estate alone but has been the practice on many occasions, by officers employed in the Head Office of the Public Trust?—I could not say more than that it could not be justified.

2369. Do you not think it should have occurred to the Public Trustee, who himself is a lawyer, though of far less practical experience than yourself—do you not think that in his position he not only ought not to have dealt with those effects as purchaser, either directly or indirectly, privately or at auction, but should also have prevented any one in connection with his office doing likewise?—Well, of course, when one's attention is called to a matter they can see what ought to have been done; but this is such an overgrown office that it is very difficult to say whether minutiæ are not forgotten in more ways than one.

2370. How is the office most overgrown?—It is overgrown in this way: that the office is like a boy who had completely grown out of his clothes, and wanted an entirely new suit made for him. I would like to add on that point that, in my opinion, the fault, if any, has arisen from the statutes, not from the officers of the staff.

2371. *Mr. Macdonald.*] Then, do I understand that in your opinion the staff is an efficient one?—With one or two exceptions I would not like to name, because I might do an injury unwittingly, I consider them exceedingly efficient. I do not mean that the exceptions are bad—I mean that they are not equal to the others.

2372. Of course, you know nothing personally as to the internal working of the accounts, or the system of book-keeping, or its general power to grapple generally with the work?—I know about the whole work of the office intimately, except the figures. I do not profess to know the system of book-keeping. I know nothing about the books; but, with the exception of that, I know everything

about the office, because, although I have a room of my own, I am always in and out of the public office, and want to know things almost daily from time to time.

2373. *Mr. Loughrey.*] Would it not be an advantage, having a solicitor in the office, if the applications to Court for the orders of Court for maintenance of widows and children were made by you?—They are.

2374. You mentioned about sending a petition to Buckley and Co.?—It would not have been, except that it required a loan to be made on mortgage. In all other cases I would do it.

THURSDAY, 23RD APRIL, 1891.

The Rev. CHARLES DANIEL DE CASTRO further examined.

2375. *The Chairman.*] Mr. De Castro, when you left us yesterday you were good enough to say that you would try and recall to your memory as to whether any officer had purchased, or taken part in the purchase of, any portion of any real estate?—I do not recollect your putting that question yesterday.

2376. Then I put that question to you now. Have you, within your own recollection, any knowledge of any officer or officers of the Public Trust Office participating in the purchase of any portion of any real estate?—No, I have not. The last question you asked me yesterday was as to a refund of commission on the part of Thomas and Co.

2377. Then, coming back to the purchases of which you told us yesterday, of personalty estate, you were to refresh your memory as to whether the auctioneers had ever made any rebate of commission?—Yes.

2378. Have any such rebates of commission been made?—No, they have not.

2379. Could you tell the Commissioners, as far as your memory serves you, how many articles you have purchased at auction?—No, I could not tell you. It goes back as far as 1873, in Mr. Woodward's time, when I used to buy little things.

2380. Then you have been buying for the last eighteen years?—From 1873.

2381. From time to time, from the time you first came into the office, during nearly eighteen years, you have been in the habit of making purchases of that kind?—I have bought some, but I cannot say I was in the habit. I bought one or two things for myself, one or two watches for my boys, two watches for Mr. Hamerton, and have bought for the officers in the office.

2382. Have you ever bought any other kind of jewellery than watches?—Not for myself.

2383. But for anybody?—No, I think not.

2384. Never bought any rings?—I do not recollect ever buying rings.

2385. Any brooches?—No.

2386. Well, then, during the whole time you have been in the office, whether it has been a habit or not, you have from time to time made such purchases?—Yes.

2387. Now, did you ever appear in the auction-room yourself to bid?—Yes, I have.

2388. On many occasions?—On several occasions.

2389. Did you ever buy through the instrumentality of the auctioneer or any of his clerks?—I do not recollect any instance. I think I have once or twice told one of the clerks there that I would give so much for things, and if I were not present he could buy them for me. I think I have done that.

2390. Did it ever occur to you that the auctioneer's clerk would inform the auctioneer that you would like to buy a certain article?—No.

2391. Did you ever ask the auctioneer to buy for you?—No.

2392. You told us yesterday that you bought a coat on one occasion?—Yes.

2393. Do you remember what the cost of the coat was?—I could not say now; it was some years ago.

2394. Have you worn that coat much, and have you worn it out?—Well, I have it still.

2395. Was it a coat of many colours?—It was a new overcoat.

2396. One colour?—Yes.

2397. You have taken holy orders, have you not?—Yes.

2398. Do you ever officiate now or in connection with your duties?—Yes.

2399. Now, looking at your position as second in command to the Public Trustee, the second officer of this trusted department, have you ever regarded the business in connection with the Public Trust Office as a very sacred business?—Yes.

2400. Then, in your opinion, the trust is a very sacred one?—Yes.

2401. And you have always looked upon it in that light?—Yes.

2402. Well, do you think it is right for any officer, not excepting yourself, the second in command, or Mr. Hamerton, the head of the office, to either directly or indirectly purchase, either privately or by auction, any articles that concern the trust committed to your care?—I do not see any harm in that, or I should not have done it.

2403. You do not?—No.

2404. Do you think that any person can, with justice to himself or the trust for which he may act, be both buyer and seller?—I look upon it, when we go to an auction-sale we are not officers of the Public Trust Office: we attend just in the same position as any other member of the general public, and have the same right to bid.

2405. Do you think, now, that the auctioneer, knowing that he has been favoured—and this particular auctioneer appears to have been for some reason much favoured with all that class of sales of personalty—do you think that he, the auctioneer, seeing you in the room bidding, would not likely favour your bid?—I know positively for a fact that he has not done so.

2406. How do you know?—Because I made a bid for a watch I wanted; some person overbid me, and I would not bid more. That was on two occasions.

2407. But there were many occasions when property was knocked down to you? And how many occasions do you remember when the property was knocked down to you?—I cannot say, I am sure.

2408. You admit that on a good many occasions it was knocked down to you?—Yes, but I have always given a fair price, and given more.

2409. How can you tell when property was knocked down to you that the auctioneer, catching your eye and seeing your eagerness to acquire certain articles—how can you say that he did not dwell as long as he otherwise would for another bid?—Because I think Captain Thomas was far too honest to do anything of the sort. I have known Captain Thomas since 1848.

2410. Captain Thomas was in Melbourne for some years?—He was. When I knew him he sailed from London for the Cape.

2411. Are you aware that he was in business in Melbourne for some years?—I am not.

2412. If I tell you he was carrying on business in Melbourne for some years, will you believe me?—I do not know his Melbourne experience. I lost sight of him for some years.

2413. Well, I happen to know, and do you think this: that the Supreme Court would permit a trustee to buy any part of his *cestui que* trust?—I do not know whether the Court would object or not. I see no harm in it, or I certainly would not have done it. It occurs to me I bought for Major Atkinson himself.

2414. In what position was Major Atkinson?—Premier.

2415. Can you give us the particulars of those purchases?—I bought one or two watches for him, but they were bought for him in a friendly way.

2416. I have not the slightest doubt but they were. Sir Harry Atkinson would oblige you?—I never had any private favour from Major Atkinson.

2417. Then how came you to buy certain articles of jewellery for Sir Harry Atkinson?—Because he asked me to do so.

2418. How long ago is it since this occurred?—Some years ago now.

2419. You are sure that Major Atkinson was in the Government then?—Yes. I only mention that to show you people do not think there is any harm in it. I always thought, at any rate, that Major Atkinson was one of the most honest men we have.

2420. I do not think any one would contradict you, so far as Major Atkinson is concerned?—He would not have asked me to do it if it was wrong. That is the reason he asked me.

2421. Did you ask him voluntarily, or point out to him that there were bargains to be picked up?—Certainly not. He asked me if there were any watches to be sold. He wanted some for his boys, and asked me to let him know when there was a sale of that kind of jewellery by the Public Trust Office.

2422. And you did let him know?—I did.

2423. And then did he ask you to buy certain watches?—Two watches, I think. They were for his boys.

2424. Did you ever buy anything else for Sir Harry Atkinson?—I do not think so; I do not recollect.

2425. What kind of watches were they?—Not particularly good ones.

2426. Silver or gold?—Silver.

2427. Did you ever buy any clothes for Major Atkinson?—No.

2428. Are you sure?—I am sure. I do not think there was anything beyond these watches.

2429. You never bought any blankets for him?—No.

2430. Did you ever buy a kit? You know what a kit means—say, an intestate's kit. Did you ever buy one right out?—No.

2431. You have told the Commissioners that you have made purchases for Sir Harry Atkinson and also for Mr. Hamerton. Do you remember any other officer in the public service you made purchases for?—I do not know whether I ever bought anything for any one in the office. I do not remember.

2432. Did you ever buy anything for any other Minister besides Sir Harry Atkinson?—No.

2433. Have you ever bought anything for any of the clergy of the parish?—No.

2434. *Mr. Macdonald.*] Would you tell us, Mr. De Castro, what is your general principle in the office in connection with taking possession of the property of intestate persons—that is, the personalty. What is the *modus operandi*, suppose you hear the news of the death of a person in Wellington?—In Wellington we should send up a clerk immediately to the house, unless the police had already taken possession and had the effects positively in charge at the station. If not, we should send up the clerk in charge of the particular class of accounts, who would take an inventory, bring that inventory down here, lock up the house, and we should give instructions when the proper time came for the sale of the personalty.

2435. That is your usual principle?—Yes.

2436. Is that ever varied or departed from?—Well, sometimes the police go for us, and obtain the effects of a person.

2437. Then, who is the clerk who usually has charge of that department?—The clerk in charge of that particular class of accounts. There were two clerks at one time in charge of intestate estates, one having charge of the estates of persons dying intestate, A to L, and the other M to Z. If a person died in either of these branches, the clerk in charge of that branch would be sent up to take possession of that estate. If Jones was the name of the intestate, the clerk in charge of A to L would go up, and if the name was Robinson the clerk in charge of M to Z would be sent up.

2438. Who is the clerk in charge of this department now?—Mr. Ronaldson has charge, with the assistance of Mr. Pyke.

2439. How long has Mr. Ronaldson been in charge?—Since Smythe left that would be twelve months.

2440. Mr. Ronaldson has had A to L?—Yes.

2441. How long is it since he started?—He had A to L from the beginning of the ledger.

2442. I suppose, three or four years?—Yes. When Smythe left, Mr. Ronaldson took the whole of the estates, with the assistance of Mr. Pyke.

2443. Where are those inventories filed? I do not see them attached to the papers in the intestate estates?—Yes, they are.

2445. Are they supposed to be put in the Assets and Claims book?—They are put in there too—furniture, so much. There was an estate of a man who died at Newtown a little while ago——

2446. We will take, for example, the estate of Marie Dallon, deceased, folio 39?—This was a peculiar case.

2447. Will you show us the inventory there in the papers of the estate of the property in the estate?—No, I cannot show you the inventory in the papers. I will tell you how that was. There was no inventory because the boxes containing effects were all in Mr. Morrison's possession, and we told Mr. Morrison to lock the boxes and send them down to Thomas's auction-room. After they were down there the keys were sent over, and the boxes were examined and the clothes lotted by Thomas.

2448. What kind of clothes were they?—They were all fair clothes. The clothes were much better than you would have expected her to have, considering she walked about in rags and had good clothes stowed away in boxes. That is why they are not in the papers.

2449. Were her effects all clothes?—There was jewellery.

2450. How did you get possession of it?—I do not know whether Morrison gave it to me separately, or whether I took it out of the box.

2451. Let us get this narrative as clear as possible. Do I understand that these boxes were forwarded to the auctioneer without a clerk from the department being present to examine them?—I examined them as soon as they were there. I had the keys.

2452. You went personally and examined them yourself?—Yes. They were forwarded to the auctioneer locked.

2453. Then, did you take a list of the jewellery you took out?—I have particulars of what was taken out. I do not recollect whether I took them out of the box or whether Morrison gave the jewellery to me. I rather think Morrison gave it to me.

2454. I have been through the papers, and I do not see any record?—They may be in my private book.

2455. Will you let us have that private book, and we will continue the examination?—There is a part of it in the papers.

2456. This is the portion handed over to Mr. Morrison. What I want to know is this: You have told us the practice has been to take an inventory of the effects of an intestate person. In this particular case you yourself took an inventory of portion of the goods, and left the remainder to be lotted by the auctioneer?—I took possession of the jewellery.

2457. What I want to know from you is this: to furnish the Commissioners with the inventory of those articles which you removed from the box and retained here. You say you have that?—It is very likely to be in my book.

2458. Will you let me have it?—Yes; it is necessary to have the whole thing. [Witness produces what he calls his private book.] In this case I have not the various items down, I see. They were numerous, and then I just put down "Box of jewellery," and then the whole of the items sold were accounted for in the account sales. Generally speaking, these estates only contain a watch or a watch and chain, and when there are a number of articles they are not always put down in detail.

2459. You have told us Mr. De Castro, what the principle and the practice of the office is, and yet in the first case we ask you about it turns out that the practice has not been observed?—I should say, in taking an inventory I put down "Box of jewellery." The jewellery is all under my charge, and does not leave me until it goes to the sale, and it is all accounted for here.

2460. How can you give a list of things sent to auction unless an inventory is taken?—In this case the son is supposed to be next-of-kin, and we sent him all that belonged to him, and here is his receipt for it.

2461. We may take it for a fact that in this case, at all events, the practice has not been observed of taking a complete inventory of everything belonging to the estate?—There is not a detailed account of the jewellery.

2462. You know the story of this estate?—Yes.

2463. Who furnished this general report on the estate? Whose writing is that?—That is my writing, from Morrison's dictation. I think it is all in my writing. When a person comes in to give information about an intestate estate, we are in the habit of taking down what he or she may say.

2464. I see here that the story of this woman is, "Believed to be unmarried, and one son believed to be illegitimate," and there is a memorandum, "Jewellery must not be sold at present—R. C. H.," and this memorandum initialled by yourself, "Jewellery reserved"?—Yes.

2465. That jewellery of which there is no detailed account. Yet the account sales of the auctioneer show that there was a large number of other things besides clothes—a large quantity of furniture, ornaments, chests of drawers, statuettes, decanters, travelling-bag, workbox and contents, books, glove-box, &c.?—They were all sent down by Morrison to the auction-room.

2466. Without any inventory being taken by the department at all?—Yes, because they were sent to the auctioneer at once for sale. He was supposed to furnish account sales showing everything.

2467. Do you not think it a very loose system to send articles to an auction-room without the department having an inventory of them in the first place?—Generally speaking, we have an in-

ventory of them, but not an inventory of all the clothes, because we knew there were so many boxes of clothing.

2468. There are about a couple of pages of furniture—gipsy-tables, and so forth?—Yes, there were some articles of furniture.

2469. You received a communication from the son?—Yes.

2470. Requesting you not to dispose of the effects of his mother pending word from him. That appears to have come in the shape of a cable on the 28th January, 1889, but the sale had taken place some fortnight before?—Of course we sold the general effects as soon as we could get rid of them.

2471. This is the cablegram from Queensland: "28th January, 1889. Public Trustee, Wellington, New Zealand.—*Re* my mother, deceased: Do not dispose personal property. Communicating.—ARTHUR DALLON." You had disposed prior to the receipt of that cable of the personal effects, but had reserved the jewellery?—Yes.

2472. Then you advise him to that effect. You say here: "Mr. A. E. Dallon, Police Court, Gatton, Queensland.—16th February, 1889.—Marie Dallon, deceased: Replying to yours of the 28th ultimo, I have to inform you that all the furniture and effects of this deceased were sold prior to the receipt of your telegram, with the exception of her jewellery, which has been reserved pending advice as to the disposal from the next-of-kin. The furniture and effects netted £53 7s. 10d., and, as far as I know, is the only asset. The claims received to date against the estate, including burial expenses, amount to £39 16s. 2d., and possibly some more may be preferred. I enclose a circular which shows the proofs of kinship required before the residue can be paid to the next-of-kin.—R. C. HAMERTON." Then he writes you on the 9th March, stating his desire to have the jewellery forwarded to him. Why was that not done?—We did forward him what he was entitled to receive.

2473. What do you mean by "what he was entitled to receive"?—We had his watch, and a few little things. There is the receipt for them all.

2474. Personal effects of his own?—Yes. I think there were some few trifles added of no pecuniary value.

2475. Why was the balance not sent to him?—He has never proved that he is next-of-kin. He is supposed to be illegitimate.

2476. How do you know?—From information we had.

2477. There is nothing to show that on the papers?—There is a note on the general report that he was supposed to be illegitimate.

2478. I understood the papers in the estate showed the whole story in the office?—We have pretty good reason for saying the boy is illegitimate. At any rate, he has never proved his kinship.

2479. There are letters here, Mr. De Castro, which appear to have been found in the possession of the deceased, addressed to his mother from Sydney, "My dear mother," and signed "Your affectionate son, Arthur." Was not that proof enough that he was next-of-kin? Certainly not. She may have been his mother: who was his father? He has not rendered any proof of being next-of-kin.

2480. Is it necessary that every person should render a proof of their legitimacy to this office?—It is necessary he should prove he is entitled to receive the goods.

2481. Is it necessary in this office that every person shall furnish proof of their legitimacy before being placed in possession of the personal estate of their father or mother?—I think under the Act we can pay the proceeds of an intestate estate of the mother to her illegitimate issue.

2482. I am asking you a question: Is it absolutely necessary, in accordance with the practice of this office, that every person shall, if their mother is deceased, and who is the only son or daughter of the person so deceased, furnish proofs of legitimacy before the department pays?—Yes.

2483. Will you give us an instance, or two or three instances, in which that principle has been acted upon in other cases?—In all cases.

2484. Will you give us the names?—There are so many estates, I cannot call to mind particular estates at this moment.

2485. Will you be good enough to tell us upon what evidence you decline to admit the right of Arthur Dallon to receive his mother's effects?—Because he has not proved his right to receive them. There is no proof he is the son of Mrs. Dallon. There is no proof such as a solicitor would accept.

2486. Here is a letter addressed by him to his mother and found in her box?—But that is not sufficient proof of kinship.

2487. Is not that *primâ facie* evidence of the sonship, or of the relationship?—It is not sufficient for us, at any rate. There might be another son; there might be daughters; there might be half-a-dozen children, and they are all entitled to equal shares.

2488. Have you made inquiry to find any other relations?—No. It is not our business to make inquiry to find relatives; it is their business to find us out.

2489. The principle of this office is not to bother yourselves to find relatives, but relatives must find the office?—We do take trouble. We were advised in the first place that it was not the duty of the office to search for relatives.

2490. The principle is, that it is not the business of this office to search for them?—No.

2491. The result of that is that estates accumulate that might be distributed if it was your business to search?—We do not know where to search.

2492. Your reference here was that the jewellery was to remain: "Jewellery must not be sold at present; it must remain," according to your letter to him. What took place then?—His portion of the jewellery, the things he was entitled to, his own property—I think there were two or three little things of no pecuniary value, but of value to him—were sent to him at the same time, but the

balance of the jewellery was sold recently. Our practice is to keep all jewellery for twelve months at least; sometimes for two years—generally two years, I think—and then at the expiration of that time, if no claim is made for it, we sell it. We have not the opportunity of storing large quantities of things here.

2493. You tell us you have never admitted the kinship of the deceased?—No, we have not.

2494. Would you listen to this letter: "To Mr. Arthur E. Dallon, Police Court, Gatton, Queensland, 26th March, 1889.—Marie Dallon, deceased: Replying to your letter of the 9th instant, none of your late mother's jewellery was sold. The boxes of clothing mentioned by you are still at Mr. Morrison's, and will be forwarded to you, with your gold watch and your mother's brooch, if you pay the carriage. Your claim to the residue, as sole next-of-kin, cannot be established without proofs of kinship.—R. C. HAMERTON"?—He says, "Mrs. Dallon is my mother;" we say we cannot recognise his claim to anything belonging to her until he has established his claim in legal form.

2495. What do you call legal form?—By producing marriage certificate of parents, certificates of births of children and of the deaths of such as have died, to know who are the persons surviving who are entitled to share.

2496. Would not that be a difficult thing to do in the case of persons in certain ranks of life?—[No answer.]

2497. *The Chairman.*] Is that done in every case?—We have paid away little things in estates worth £1 10s. or £2, but Mr. Hamerton has taken the personal responsibility of paying, but it is his own personal responsibility. This estate is under the value of £100, exclusive of the jewellery.

2498. Mr. Morrison appears to have received certain things to be forwarded to Arthur Dallon?—Yes; you will find them all detailed there in my writing, I think. There was very little left then. There was her watch, and some few things.

2499. Mr. Morrison writes on the 7th April, 1891: "Sir,—Would you kindly let me know if the jewellery in the estate of the late Mrs. M. Dallon is to be sold yet, as I arranged with the Rev. Mr. De Castro to send me word when they are to be sold, as I intend buying the ladies' gold watch, the bracelet, and the lace as a memento to my wife of the old lady.—I am, yours respectfully, WM. LESLIE MORRISON.—R. C. Hamerton, Esq., Public Trustee"?—I do not recollect having made any arrangement with Mr. Morrison to let him know when the things were to be sold. It is quite an irregular thing to do. The auctioneer always advertises the sale of deceased's effects, sometimes giving the name, sometimes not.

2500. Do you often give the name?—The name ought not to be given by rights.

2501. Why not?—I believe in that estate Thomas did advertise the name.

2502. Have you a very firm conviction that he did advertise the name?—As far as I recollect.

2503. Would you kindly look at this advertisement?—As a general rule we do not give the name, so I should not be surprised to find that we have not given it in this instance.

2504. This sale took place on the 12th January, and here is the advertisement of it: "This day, Saturday, 12th January, at 10.30 o'clock. Unreserved sale of furniture and personal effects, in the Panama Street Land and General Mercantile Auction-rooms. By order of the Public Trustee. George Thomas and Co. have been favoured with instructions from R. C. Hamerton, Esq., Public Trustee, to sell by auction, at their new and spacious hall, Panama Street, on Saturday, 12th January, at 10.30 a.m. sharp, a large and varied assortment of superior personal effects and furniture, consisting of circular and occasional tables, Austrian and Grecian chairs, chests drawers, washstands, glassware, chinaware, ornaments, ladies' clothing in great variety, particulars of which would occupy too much space in an advertisement. The sale is entirely unreserved. F. W. HAYBITTLE, Auctioneer." Is there anything about Mrs. Dallon there?—I did not say the name was given.

2505. Certainly, if the name is not given in that advertisement, how are relatives or friends of the deceased to know when their effects are going to be sold?—If relatives knew the effects were going to be sold they would not allow them to be sold, but would make a claim for them beforehand.

2506. Would it not be proper that they should claim?—If there were relatives here entitled to receive them.

2507. Do I understand the department deliberately conceals the name with a view to relatives not claiming?—We have never advertised the names; it has been the practice from the commencement to withhold the names except in particular instances.

2508. Then, the practice has been to conceal practically from relatives the fact that the properties of intestate persons were going to be submitted for sale by auction. Do you think it is right, Mr. De Castro?—I think it is quite right.

2509. Do you think it right that concealment should exist?—I do not think it concealment at all.

2510. Does it not follow, if persons have left valuable personal effects and jewellery, that their friends, even if there are no relatives, might desire to possess some memento of them, and that the effects are therefore much more likely to bring a higher price?—We should not sell in such a case as where friends would claim them.

2511. How could friends claim them under those circumstances? Does it not follow, as a matter of common-sense, that they would bring a higher price?—It may be so.

2512. Would it not be advisable, as a matter of ordinary business, to give the names?—We have never thought so.

2513. Is it not possible that relatives might be living at some distance from the place whose attention would be attracted by advertisement of the name of the deceased person, and the fact of his things being sold, which otherwise would not be attracted, and those relatives might have claims?—They would know of the death.

2514. It does not necessarily follow. Is it not within your knowledge that many people die without their relatives being aware of the fact until afterwards?—We cannot save clothes in order to give relatives a chance of buying them.

2515. Do you not think, as a matter of fair-play alike to relatives and friends, that publicity of the name and of the effects being sold would be an advantage?—Perhaps it would. It never has been the practice from the beginning to give any names at all. But I am still under the impression that I have seen an advertisement headed, "In the estate of M. Dallon, deceased."

2516. I have shown you the newspaper, and it is not in the advertisement. You appear to have sold the balance of the jewellery on the 28th March, 1890?—Yes.

2517. Mr. Morrison refers here to certain lace?—That is not sold.

2518. And he refers to a certain bracelet?—That is sold.

2519. There is no bracelet referred to in the auctioneer's inventory. [Auctioneer's account sales produced and shown to witness.] Are there many things yet unsold in this estate?—The lace.

2520. Why was it not sold?—Because I did not think it worth selling; it is crochet-work, and I did not think it worth while to sell it.

2521. Possibly this bracelet has been missed too, and was not worth selling?—No, nothing has been missed. The whole of the things have been sold. I certainly did not think it worth while to send down a bit of crochet-work amongst jewellery.

2522. Then, there is certain lace still left unsold?—A piece of lace.

2523. And you know nothing of the bracelet?—It has all been sent to the sale or given to the boy.

2524. If Mr. Morrison tells us, as he has told us already, that a valuable bracelet was amongst the deceased's effects when handed to you, and that it was not sold at the auction-sale?—If sold, it appears in the account sales.

2525. If it does not appear in the account sales?—Then we did not have it.

2526. You had no inventory of what you had?—I know those account sales are complete.

2527. How?—Of my own knowledge; I had the box through my hands often enough.

2528. Do you mean to tell me you can carry in your head the inventory of a large quantity of effects without having a record of them?—Is there nothing corresponding to a bracelet there. [In the account sales]?

2529. There is a bangle. It cannot be the valuable bracelet such as Mr. Morrison describes?—I am satisfied every article of Mrs. Dallon's has been sold and accounted for in the account sales.

2530. Though there is no inventory to check the fact?—I took them down myself.

2531. You have told us that, and produced a book which does not appear to have a single memorandum in reference to it. Is not that so?—Yes.

2532. And you told me it was in an inventory contained in a book. It is not here in this book. Then we have the statement of an intimate friend of the deceased widow that he was promised by you that he should be advised as to when the sale of these effects would take place. The sale took place without his being so advised. I ask for details which do not appear in the account sales, and yet you tell me the bracelet must have been sold with other things?—It must have been.

2533. Unfortunately, there is no original inventory, and if half of those things have disappeared there is no means of checking them?—They were under my care. I did not conceal them.

2534. There is no accusation of that kind; only it is an extremely unfortunate thing, when a complaint is made, as has been in this case, that no inventory should have existed; and the whole thing appears to have been conducted in rather a slipshod manner. It is an unfortunate omission on the part of the department that the practice which you say existed did not exist in this instance. However, Mr. Morrison proposes to address the Commissioners. I should be glad, however, before we leave this question, to ascertain from you distinctly upon what evidence you assume, in the first place, the absence of legitimacy on the part of the son?—I do not know that I am called upon to answer that question.

2535. *The Chairman.*] Decidedly I think you should answer that question as far as is within your knowledge?—I gathered from the private correspondence of Mrs. Dallon that the boy was an illegitimate son.

2536. *Mr. Macdonald.*] Why was there no record of that put upon the papers?—I have said here, "believed to be illegitimate."

2537. Do you not think that if you refuse to pay over to the son there ought to be some reference in these papers to justify that refusal?—We do not admit the sonship.

2538. You admit the son by writing to him about his mother's affairs?—We have written, saying, "Your mother's effects."

2539. *Mr. Loughrey.*] What becomes of the private letters which come in with the effects of deceased persons?—They are burnt.

2540. We were told we should find everything connected with this estate in these papers. What justifies the destruction of private letters?—[No answer.]

2541. Do you think the interests of this young man in the private letters and papers of his mother should have been damaged by the Public Trustee withholding them? Have they been destroyed?—Yes; the letters have been destroyed.

2542. Do you think it right and proper that this young man should have remained under a slur, and that the evidence should have been destroyed by the Public Trustee?—As a rule, we destroy all private letters, unless we return them to the relatives.

2543. *The Chairman.*] Who instructed you to destroy private letters?—The Public Trustee.

2544. *Mr. Macdonald.*] Has that instruction ever been given as a standing instruction to the office in writing?—No; it has not been given in writing.

2545. *Mr. Loughrey.*] Are such letters as those submitted to the Public Trustee before destruction, or do you take upon yourself to destroy them?—Sometimes I have shown them. I may sometimes not.

2546. So that really a great portion of the evidence that would bear on the legitimacy or otherwise of this young man is missing. Is it a fact that a number of private memoranda, the letters bearing on the legitimacy or otherwise of this young man, have been destroyed by you?—Yes; private letters.

2547. *The Chairman.*] By the instructions of the Public Trustee?—Yes. I gathered from the correspondence—you know what letters are——

2548. I have not the opportunity of seeing them, unfortunately?—Such letters as that would probably be saved.

2549. *Mr. Macdonald.*] A very simple letter, which, on the face of it, apparently had no connection with interests so vast, might form links in a chain of the greatest value hereafter; and it seems a monstrous thing that any documents respecting any estate should, on the *ipse dixit* of any officer, whether the Public Trustee or not, be destroyed at all?—If you saw some of the letters that pass through our hands you would think the sooner they were in the fire the better.

2550. *Mr. Loughrey.*] We have been told that these records contained the whole history of the estate. That is not so?—The private letters are not attached.

2551. Then, as a matter of fact, they do not contain the whole history of the estate?—No.

2552. *Mr. Macdonald.*] As a matter of fact, there is a secret history in connection with many of the estates which the Public Trustee and his officers put into the fire?—Yes. We burn private correspondence, as a rule, unless we return the letters to the relatives.

2553. *Mr. Loughrey.*] And you retain such private correspondence as you think advisable?—Yes.

2554. Here is a letter from this young man, in which he addresses her as "Dear mother," and you do not recognise that as proof of kinship?—No.

2555. There is a letter dated the 9th March, 1889, from Arthur Dallon, as follows:—

SIR,— Police Court, Gatton, Queensland, Saturday, 9th March, 1889.

I beg to acknowledge the receipt of your memorandum of the 16th ultimo, with many thanks. I deeply regret that my telegram arrived too late to prevent the sale of my mother's effects. In reference to my furnishing the requisite proofs in support of my claim as next-of-kin, it would be almost impossible for me to obtain the information set forth in the circular you forwarded to me, more especially as all papers or letters are, or should be, with my mother's effects. I should be most deeply grateful to you if you would kindly afford me any information that would simplify matters in supporting my claim without having to call on legal advice, as that would entail on me very heavy expenses that I am not in a position to afford, and I could not come to New Zealand at present to establish my identity. I beg to furnish you with the following particulars relating to myself and my mother: My mother arrived in October, 1884, by the ship "Oamaru," in Auckland, proceeded to Wellington, and took a house shortly afterwards next to Layfield's store, Tinakori Road. I joined her a few weeks afterwards, having just left the New Zealand Armed Constabulary, in which I had served for three years on the Taranaki coast and Waikato district. I obtained employment as supernumerary tally-clerk on the Queen's Wharf, Mr. W. Ferguson, Secretary. I left the Queen's Wharf for the purpose of going to the Kimberley Goldfields, Western Australia, sailing from Wellington in July, 1886, on board the s.s. "Triumph." I eventually worked my way back to Sydney, and from there to Brisbane. I first received news of my mother's death from Mr. M. Leslie Morrison, Tinakori Road. Major Yelverton Goring, Armed Constabulary, and Mr. W. Ferguson, Secretary, Wellington Harbour Board, are both personally acquainted with me; also Mr. Henry Claridge, tally-clerk, Queen's Wharf, as both my mother and self stayed at his house on arrival in Wellington. My papers are all held by the police authorities here, as I have joined the Queensland Police Force. There are several men, ex New Zealand Constabulary, over here who can identify me, particularly Richard Langtry, until recently a sergeant in the Armed Constabulary Force, only lately arrived in this colony, and at present holding an appointment in the Government Stores. After all private letters and papers, the articles I am most anxious to possess are a flat deal box, containing two photographic albums—one old, other comparatively new; enclosed case, containing coloured photo. of child crawling on floor, and several views and photos. in stand frames; gold brooch, "Arthur" engraved on back, inside photo. of myself in 16th Lancers uniform, coloured scarlet with blue facings; small box, containing some of my mother's jewellery—earrings, rings, small gold watch and chain, locket and chain. Most of these articles can be of little use to anybody intrinsically, though I value them highly, and, if sold, should be most happy to come to some terms with the purchasers, if you would place me in possession of their names. I left articles of wearing-apparel, books, &c., in my mother's charge on leaving for Western Australia, in two wooden boxes with my name painted on. Have these been sold with the rest of my mother's effects? I also left a gold open-faced Geneva watch, by a Glasgow maker, in my mother's care. There was also a dressing-bag, with my mother's initials stamped in gold letters. I am her only child, she not having had any more children. I wrote to Mr. Morrison to settle everything in connection with my mother's funeral and doctors' expenses, but, by your memorandum, they will be defrayed from the sale of effects. I hope you will be kind enough to show me some way to lay claim to my own and the rest of my mother's effects; and I might ask, as a further favour, not to dispose of the jewellery, especially the brooch and my watch; or, if compelled to do so, allow me the first offer, and I will guarantee any jeweller's valuation. If amount in hand at present not sufficient to settle all claims, please let me know, and I will forward deficiency.

Hoping you will see fit to favour me with the information I require,

I have, &c.,

The Public Trustee, Wellington, New Zealand. ARTHUR E. DALLON.

Did you, in reply to this letter, furnish Mr. Dallon with the information that would have enabled him to prove his legitimacy?—A copy of the reply to that letter is there [on the file of papers].

2556. Please answer that question [papers shown to witness]?—We did not forward information for him to prove his legitimacy. He must prove his legitimacy to our satisfaction.

2557. Would it not have been the proper course, in reply to such a letter, to have furnished this young man with the information that the office required to establish his legitimacy?—Well, there would be the schedule put in as to the proofs of kinship required—a printed form.

2558. Was that put in this reply?—It ought to have been. It ought to have been marked "Enclosure." I do not think it has been through my hands at all. We generally enclose to persons of that sort a printed schedule.

2559. So that, in reply to this letter, the following reply was sent: "26th March, 1889.—Mr. Arthur Dallon, Police Court, Gatton, Queensland.—Marie Dallon, deceased: Replying to your letter of the 9th instant, none of your late mother's jewellery was sold. The boxes of clothing mentioned

by you are still at Mr. Morrison's, and will be forwarded to you, with your gold watch and your mother's brooch, if you pay the carriage. Your claim to the residue, as sole next-of-kin, cannot be established without proofs of kinship.—R. C. HAMERTON"?—It is a general rule of the office to put in that schedule. I have no doubt it was put in, and it ought to have been marked there "Enclosure."

2560. What is your opinion as to the position of the Public Trustee with reference to intestate estates? How does he hold—as trustee for the estates?—He holds as trustee for the estates.

2561. And therefore should he not take every care to see that they realise to the best advantage. Do you think the Public Trustee is realising to the best advantage when he allows personal estate to be sold in an auction-room without giving the names of the estates to which they belong?—In some cases it might be better to give the names. As a rule, I think he acts rightly.

2562. In the case of a person dying intestate having a valuable personal estate, would it not attract purchasers if the name of such person were given?—Yes, perhaps it would. We have advertised the name in one instance—that of Gordon Allan. He had a valuable law library. We advertised his books as "the effects of the late Gordon Allan."

2563. And it being known he had a good library, it would be certain to attract purchasers?—Yes, it did. We have an idea that we ought not to give names in any case, merely as a matter of delicacy.

2564. Would it not be advisable also to give a list of the articles to be disposed of?—That would involve expense in advertising.

2565. Would the estate not get the benefit afterwards?—I think not.

2566. Is the reason you do not advertise the articles on account of the expense in advertising?—We leave the advertising, generally speaking, to the auctioneer. We let him advertise whatever he thinks right.

2567. Have you ever seen the personal estate of a private gentleman advertised?—Yes.

2568. Have you ever noticed that schedules are sent out detailing every article?—Yes.

2569. Would not that be an advantage in the case of intestacies?—In certain estates.

2570. Of course you would be allowed a discretion. If it was a mere swagger's kit you would not think that necessary?—No. Carpenter's books were advertised, for instance, and circulars were sent out and particulars given.

2571. In what position would a private trustee be, in your opinion, if he sold estate of which he was trustee and purchased himself the same estate?—I cannot say; that is a question for a lawyer.

2572. Looking at it from a moral point of view, if he purchased publicly or privately any portion of it?—I do not see the objection to attend an auction-sale as one of the public.

2573. Do you see no objection to the Trustee bidding for the goods he was putting up himself?—I do not see any moral objection. It is for the good of the estate to get as many bidders as we can. I may go to a sale and bid more than another man. That is to the advantage of an estate.

2574. You have already stated there is no inventory attached to these papers in the estate of Mrs. Dallon?—No.

2575. And the papers are therefore incomplete?—The account sales represent the inventory.

2576. The papers are incomplete as far as the inventory is concerned?—There is no inventory.

2577. The private papers have also been destroyed?—The private letters.

2578. The record is incomplete as far as that goes?—Yes.

2579. The record does not disclose the whole of the affairs of the estate?—The letters were bulky. We could not keep a parcel of bulky letters. I do not know how many is the number of estates now in the office.

2580. Was any notice sent to Mr. Dallon that, unless he proved his legitimacy within a certain period, the Public Trustee would sell the balance of the estate of his mother?—No such letter that I know of was sent to him.

2581. Do you know who purchased this jewellery? Did any one in the office purchase any portion of it?—Yes; some officers did purchase portion.

2582. Can you give the names of the officers, and what they purchased?—Let me look at the account sales. [Account sales examined by witness.] I do not know of anything but a gold watch that was bought here.

2583. By whom?—By Mr. Hamerton—bought by me for him.

2584. *The Chairman.*] By his wishes and instructions?—Yes. Mr. Hamerton said at the same time if this boy made a claim for it within a reasonable time he would give it up to him—that is, if he made a proper claim—a legal claim.

2585. Do you know the price Mr. Hamerton gave for that watch?—£6 5s.: a very good price it was, I think.

2586. What class of jewellery was it—good or otherwise? I see two diamond rings sold for £1?—Very small diamonds. It was a very poor lot.

2587. What was the object of keeping this lace that we have referred to?—Because it was not worth anything.

2588. When the clothes were being sold, why not have sold it?—It was in the box with the jewellery. I did not think it worth sending. It may have been an error of judgment on my part not to have sent it.

2589. *Mr. Loughrey.*] In the event of a stranger succeeding you and Mr. Hamerton, in looking through the records in the office, would he be able to obtain a full history of any case? Take the case of Mrs. Dallon, for instance?—The private letters are not there.

2590. Just answer the question. You cannot live for ever. Supposing your successor wants to know the history of the Dallon estate, is there sufficient information here to let him know the history of the case?—I think so.

2591. What about the private letters? Is there sufficient information in the papers in the office to show the history of each and every case?—I think so.

2592. Notwithstanding that a number of private letters have been destroyed?—Yes; because it is marked there, "who is supposed to be illegitimate."

2593. On what authority, then, did you mark him "illegitimate"?—I gathered it from the private papers that I have destroyed that he was illegitimate.

2594. *The Chairman.*] Then, are the Commissioners to understand, Mr. De Castro, that your reason for destroying private letters was to save and economize room in the office?—Not entirely that, but partly that; because very often the letters are of such an obscene character that it would not be well to retain them.

2595. What is your real reason for destroying any letters?—If they were of that character I should destroy them without hesitation.

2596. Are all the letters you have destroyed of that character?—These would not be called obscene.

2597. What are those private letters you have destroyed?—Letters from Mrs. Dallon to the gentleman with whom she was acquainted.

2598. Have you destroyed letters in any other estates?—Yes.

2599. Then, has it been an instruction by the Public Trustee that you should destroy letters?—Yes, except letters we could return to relatives, if necessary; but they do not seem to care about old letters.

2600. Do you ever get letters that do not appertain in any way to business in your office? In other words, do not all those letters, even if they do contain objectionable wording, refer in some manner to estates in your office?—Oh, yes! They are found with the effects of the deceased person.

2601. Do you not think it very objectionable to destroy letters relating to business that comes into the Public Trust Office?—They are not relating to business.

2602. That is your opinion. Is it not a very improper thing to destroy any writing whatever in connection with business that comes to this office?—I think it is quite as well to destroy these letters.

2603. That is your mode of conducting business?—Yes.

2604. And that is Mr. Hamerton's idea of how records should be kept?—Yes.

2605. And you think it is a proper thing to destroy such letters?—Yes.

2606. And would you continue to do so as long as you hold your present position?—If no instruction is given to the contrary.

2607. You brought up a book which the Commissioners had not seen before, which is styled by you "Inventory of Properties in the Public Trust Office Safe." Now, what does this book refer to?—It refers to the jewellery in the drawers.

2608. Does this book contain a record of all and every property in the shape of personalty—every article that is in the hands of the Public Trust Office in Wellington?—Of every article of jewellery. It does not contain a list of some dozen or fifteen watches which belong to lunatic patients, and perhaps half-a-dozen which belong to convicts, which are in a separate box and labelled accordingly.

2609. Have you any book referring to them?—No.

2610. Then there is no record of them?—They would be on the records which were sent down to the office.

2611. But, surely, whether these articles belong to an intestacy or to a testacy, to an insane person, to a prisoner of the Crown, or to an innocent person, they should all be treated alike so far as making a record of them. Do you not treat them all alike?—They are all there, but these few sent down from Auckland are in a separate box and are under key.

2612. How long is it since they were sent down?—Two or three years. They have been kept in a part partitioned off.

2613. They have not been entered in this book, nor in any record, or in any other special book?—No. I will put them in there if you think it advisable.

2614. We are not here for that purpose, but to take things as they are and as we find them. We are not here to direct you to make any change in your system?—They might have been put in that book, but I did not think it necessary, as they are retained until claimed.

2615. How many of these detained watches are there?—A few, and very poor ones.

2616. Any clothes?—No.

2617. They are not recorded in any book?—No.

2618. Is everything else in the shape of personalty belonging to estates in the Public Trust Office recorded in this book?—Only jewellery, as a rule. I may have memoranda of parcels of papers; but that is to guide me in case of a claim being made for jewellery, and that would guide me to papers in the pigeon-holes. I have a private book of my own.

2619. Who is responsible for this jewellery?—I am.

2620. I understand from your evidence this morning that you are, in fact, the jeweller of the Public Trust Office?—I keep all the jewellery.

2621. Then you are, *ipso facto*, the jeweller?—Yes.

2622. Now, do you think that that record of the jewellery belonging to different estates from time to time is kept as it ought to be?—I have only treated it as a private memorandum-book; it has always been sufficient for my purpose.

2623. Did Mr. Hamerton ever want to know in what state the store of jewellery was?—No; he leaves it entirely to me.

2624. *Mr. Loughrey.*] And in the event of anything happening to you, how would your successor discover the jewellery there is supposed to be in the safe?—The book is always in the drawer; I never take it away.

2625. *The Chairman.*] The Public Trustee leaves the control of the entire stock of jewellery to you?—Yes.

2626. He leaves you full scope to sell when you think fit?—No; I sell under his direction.

2627. How often do you take stock of this jewellery?—I think the last time I did it was about two years ago.

2628. *Mr. Loughrey.*] In the meantime has it not all been sold? You say you keep it twelve months?—Some, longer than that; generally two years.

2629. *The Chairman.*] Have you ever sold any jewellery within a shorter period than twelve months?—If the estate is in debt, we have sold it as soon as we knew the estate was insolvent.

2630. Now, I suppose any officer in the Public Trust service in Wellington can get a sight of this jewellery by asking your kind permission?—If it is going to be sold, he can.

2631. Then, before it is going to be sold I presume it is taken out of your safe and put on a table?—On my own table. It never leaves me.

2632. Then any officers on the staff can inspect that jewellery?—If they wish to.

2633. How long does it lie on your table?—No longer than is absolutely necessary for making out a memorandum for the auctioneer.

2634. I suppose for half a day?—No, not as a rule. If there is a quantity—say a dozen watches—it takes some little time to enumerate them and write memoranda to the auctioneer.

2635. It is on the table for an hour at all events?—Yes.

2636. Then I suppose there generally is a gathering and an inspection of it by the officers who may want any article?—If a man wants anything, he comes and asks me to let him see it, and I let him have it.

2637. Then, it has become a custom of the office, when there is going to be a sale of jewellery, from the Public Trustee downwards, to inspect that jewellery, and, if any officer should want any of it, to give time to make their arrangements for the purchase of any article at auction. For unless they go there themselves, they must make arrangements?—Yes, that is so.

2638. Do not let us have any doubt about this matter, because I view it, perhaps, more seriously than you appear to do?—All jewellery before sale, no matter whether it is a single watch, goes to Mr. Hamerton for his inspection, to show what is going to be sold.

2639. Then Mr. Hamerton, as Public Trustee, has the first inspection?—He sees it first.

2640. He has first choice?—Yes.

2641. Not to put too fine a point on it, he has first choice?—Yes.

2642. That fact gives him the opportunity of first declaring whether he would take the lot or whether he would like any particular thing or not?—Yes.

2643. And, if he does, he would ask Mr. De Castro to buy it for him?—Yes.

2644. Do you know whether Mr. Hamerton has ever attended an auction himself, and bought anything himself in the room?—No, he has not.

2645. Not to your knowledge?—No.

2646. This book gives very scant particulars as to the receipts by your office of personal effects, or of their disposition, and of the articles of jewellery disposed of?—Yes; it says, "Sold by Thomas, at such-and-such a date," and then you refer to the record.

2647. *Mr. Loughrey.*] If you have no inventory, what check have you on the auctioneer?—We send an inventory to the auctioneer.

2648. Why is there not a copy of the inventory attached to Dallon's estate papers?—There is no inventory attached to them. As a rule, I write a memorandum to the auctioneer, and keep a copy of it on the papers.

2649. *The Chairman.*] It is not so in Dallon's estate. You say that unless an estate is in debt you keep the jewellery for about two years?—For twelve months, as a rule. We generally exceed that, and it is kept for two years.

2650. In Dallon's estate there were funds in hand?—The debts amount to £39 16s. 2d.

2651. The debts were not pressing?—The debts are always considered pressing by creditors.

2652. You did not sell the jewellery for fifteen months?—We did not need the proceeds of the jewellery to pay the debts.

2653. Does Mr. Hamerton ever ask for this private book of yours to inspect it?—No.

2660. You are solely in control of this important part of the Public Trust Office business—the jewellery business?—Yes.

2661. *Mr. Loughrey.*] What lapse of time takes place after an estate comes into your hands before you pay creditors?—Of course, it all depends. If we know the estate is perfectly solvent the Public Trustee can pay if he chooses; but he avails himself very generally of the executor's year.

2662. So that, although creditors may be pressing, the Public Trustee does not pay them until the end of the executor's year?—Not as a rule.

2663. *The Chairman.*] When Sir Harry Atkinson asked you to buy those watches for him, why did he particularly ask you?—Because he knew me.

2664. Why did he not ask the head of the office, the Public Trustee—I suppose he knows him too?—Yes, very well.

2665. Perhaps he asked you because you were the general and principal jeweller of the Public Trust Office?—I do not know that he did not ask me through Mr. Hamerton. I believe he did. I believe he sent me a message through Mr. Hamerton.

2666. Then, you believe that when you were asked to buy those watches for Sir Harry Atkinson the intimation came through Mr. Hamerton?—I think so.

2667. I was going to ask you whether within your knowledge any other officer or person employed in any branch of the public service, or any other Minister of the Crown, made purchases of any articles belonging to estates which were being realised?—Not that I know of. Sir Harry

Atkinson only wanted watches for his two boys, and asked if we would let him know when there was a sale.

2668. It appears that those officers of the Public Trust Office who bought jewellery of this kind have confined their attentions selfishly in the first instance to their own wants, and, secondly, to their sons' wants. Have they altogether neglected the girls?—I do not know whom they bought for or what they bought for.

2669. Do you know any articles of bijouterie or jewellery suitable for women's use that have been bought by Mr. Hamerton or other officers?—Yes. That watch in Dallon's estate was bought for one of Mr. Hamerton's younger daughters.

2670. Then, how could he have intended to give it back again after passing it into the hands of a third party?—This was what he told me—that he was not going to give it at once.

2671. As a wedding-present, perhaps?—He said he was going to get it for a birthday-gift, I think it was.

2672. There are other articles only suitable for the adornment of women that have been bought?—Yes.

2673. Are you aware the Commissioners have asked for a return of all articles purchased from time to time by officers in the service of the Public Trust Office, giving dates and fullest particulars?—I was told so yesterday. It would be quite impossible to do so. I could not, for one.

2674. Then, have you bought so many things?—Very little lately.

2675. If you refresh your memory by looking at this incomplete record made by you of jewellery that has come into your possession since you have acted as jeweller for the office, perhaps you will be able to trace it in that way. You will have to try, as your memory serves you, because, if we fail to get the information from you, we will get it in another way from the auctioneer, or some one else, as far as we can.

2676. *Mr. Loughrey.*] In that book you only put in "Box of jewellery," not the contents of the box?—No. The contents are in the records. I think from the correspondence generally you get the contents.

2677. *The Chairman.*] Now, before that important transaction was carried out—I mean, Sir Harry Atkinson buying watches—were watches sent up to him for inspection?—I took them up to him.

2678. Then, he inspected them before he bought them?—Yes.

2679. With his usual shrewdness, he would not buy "a pig in a poke," even in watches?—No. He told me how much he would give for them.

2680. Now, in the case of any articles which have been purchased for ladies by officers of the Public Trust Office, have the ladies ever had an opportunity of inspecting them?—The ladies would go to the auction-room and see them, of course.

2681. They never came into this office to see them?—No.

2682. *Mr. Loughrey.*] Will you show me from the papers in Dallon's case where the inventory is—that is, from the office records?—As I said before, I know the account sales contains all the items of jewellery.

2683. There is nothing in the papers to show that the auctioneer's account has been checked?—No, not in this case; but in other cases you will find memoranda detailing the things.

[At witness's request, his further examination was postponed until the following day, upon the ground of illness.]

Mr. William Leslie Morrison examined.

2684. *The Chairman.*] Mr. Morrison, what is your occupation?—I am an artist.

2685. Where are you residing now?—At Wadestown.

2686. Do you know anything about one Mrs. Dallon, who died a short time ago?—Yes.

2687. Do you know anything about her estate?—Yes.

2688. Could you explain to the Commissioners what you know in reference to Mrs. Dallon and in connection with her estate?—Yes. I have seen all the wearing-apparel and things in her boxes. That was all her effects. There was furniture also. There was a box of jewellery—a couple of gold watches, bracelet, a diamond ring and a ruby ring, two sets of pendants for the ears, and a piece of lace a yard and a half long by about 6in. or 8in. wide.

2689. What kind of lace?—I could not describe it to you.

2690. Was it fine lace?—Yes. There was also a gold albert chain and some other trinkets. I received the gold watch and albert chain, and sent them to Mr. Dallon. I got them from the Public Trustee. That watch and chain belonged to the son. There was a small, keyless, hunting, gold lever watch belonging to Mrs. Dallon.

2691. A good watch?—Yes.

2692. What do you think would be the value of it?—I am not an expert at telling the price of jewellery—perhaps £18 or £20.

2693. Was there any further jewellery?—No; that was all the jewellery. Then there was her wearing-apparel. I looked it all over, and there was a lot of lace—nothing less than about fifty or sixty pounds' worth of fine hand-made lace. This piece of lace which was in the casket with the jewellery would be worth about £20.

2694. *Mr. Macdonald.*] Would you know it if you saw it again?—My wife would best be able to tell as she is an expert. It is more from her opinion I go in regard to the lace.

2695. *The Chairman.*] And your wife, Mrs. Morrison, saw, perhaps, all the wearing-apparel?—Yes, and she could give the Commissioners better information with regard to that.

2696. You could only speak in a general way of the apparel?—Yes.

2697. Did you see any good, valuable dresses amongst the parcels?—Yes.

2698. Not much worn?—No, very little worn, and trimmed up with lace too.

2699. Now, have you told us about all the jewellery?—Yes.

2700. Then, how was the jewellery and wearing-apparel taken from your house?—I was told to take an inventory of the effects. Before we opened the boxes, we were told by Mr. De Castro to take an inventory, after the woman died.

2701. And you did so?—No. We found the jewellery, and I came down with the jewellery, and gave it in.

2702. Then you are quite sure you took the jewellery from the box?—I took it down, and gave it to the Public Trustee. Mr. Hamerton told me to take it to Mr. De Castro, which I did, and handed it to him.

2703. *Mr. Macdonald.*] If Mr. De Castro tells us he took the jewellery from the box in Thomas and Co.'s, that is incorrect?—It is not correct. I have got the receipt from Mr. De Castro. I will look and try and find it.

2704. When you handed the jewellery to Mr. De Castro you handed the smaller piece of lace with it?—Yes, in the jewellery-box.

2705. And that smaller piece of lace you were led to believe was worth about £20?—Yes.

2706. Do you remember a valuable bracelet being among the jewellery?—Yes.

2707. And do you remember a bangle?—No; I do not remember that. It might have been amongst the jewellery, but I do not remember. I am not sure whether there was a bangle, but there was a thin wire-looking article, I think.

2708. Will you describe the bracelet which you say was of value?—It was a gold bracelet—a large, heavy gold bracelet, with stones laid into it. I do not know the value of the stones, but by the finish and the weight of it I should think it was very valuable.

2709. And you are sure that it was a heavy gold bracelet?—Yes.

2710. It could not be mistaken for a bangle?—Oh, no!

2711. You know what a bangle is?—Yes; one of those wire things.

2712. You are quite satisfied about it?—Yes.

2713. Do you remember the colour of the stones?—Yes.

2714. What were the colours?—I think they were clear—something like dull glass. I think there were two classes of stones, light-coloured, more like a pebble.

2715. To what country did Mrs. Dallon belong?—Ireland.

2716. They may have been Irish stones?—I do not think so.

2717. Were they Scotch pebbles?—No.

2718. You think the stones were valuable?—I think they were. I am not an expert in stones, but the general finish of the work led me to believe that it was a very valuable bracelet. It was splendid workmanship, and the gold was very heavy. It would weigh your hand down. You were surprised at the weight of it when you took it into your hand. You did not expect it to be so weighty. It was a very old family relic; not a modern thing at all. It had that appearance.

2719. Well, what did you say to Mr. De Castro, or he say to you, when you finally left the jewellery with him?—I asked him to let me know when the jewellery was to be sold, and he said he would. I intended to buy some of the things.

2720. Did he say he would?—Yes.

2721. And did he let you know?—No; I never heard anything about it. I got a watch and albert about a year ago to send to the son. It was the son's own watch.

2722. Which the son had left in the safe custody of his mother?—Yes.

2723. Did you and Mr. De Castro, when you handed him the jewellery and the small piece of lace, have any discussion about the value of the jewellery?—No.

2724. Then, was that the only communication you had in respect to the jewellery and the lace?—That was all.

2725. Until recently, when you found it necessary to write a letter on the subject to Mr. Hamerton?—Yes.

2726. You did write a letter to Mr. Hamerton?—Yes, about a week or a fortnight ago, in the early part of this month, to know what had become of it.

2727. Did you get any reply?—Yes. He said it had been sold, and no record had been made of my wish.

2728. And so you lost the chance of bidding at the auction?—Yes.

2729. Mrs. Dallon appears to have lived for some time in your house?—For about six months before she died.

2730. Was she a very respectable woman?—As far as I know.

2731. And lived very quietly?—Yes.

2732. Did she die suddenly?—Yes. She was taken ill on the Friday, and she was dead on the following Monday afternoon.

2732A. Did she make any request as to her effects to you before she died?—No.

2733. She was not aware that her end was so near, perhaps?—No. She was out on the Friday all round town.

2734. Did she often speak of her son?—Yes.

2735. She was very much attached to him?—Yes. She came out from England to him. I am not sure whether she was in a situation, but she came out to him, and intended to go away to Queensland the next week to look after him. I have looked at the account sales of George Thomas and Co. I see no mention therein of the bracelet or either piece of lace. They could not have been sold. I was at the first sale at Thomas's, when the furniture and wearing-apparel was sold. There was no bracelet or lace sold that came under my notice. The wearing-apparel was sold in pieces. [Account sales of the furniture and effects produced.]

2736. Why did you not take an inventory when you brought the jewellery to the Public Trust?—I was told to take an inventory before the boxes were opened. When we found the jewellery I

immediately took it down to the Public Trustee, and he told me to give it to Mr. De Castro. I gave it to Mr. De Castro, and got a receipt for it, and I asked him if he would send up a clerk and take charge of the things, as there might be valuable things, and I did not want to be there alone. Instead of doing that he sent a couple of expresses, without anybody in charge, and took them down to Thomas's rooms—all the effects but the casket which I took to the Public Trust Office.

2737. There are three items in Thomas and Co.'s account sales: "Two bags and contents, 5s.; two bags and contents, 3s.; box and contents, 13s." Is it possible the lace was in either of the bags or in the box?—Yes.

2738. And they were sold without any reference to their containing any lace, and the lace was not exposed separately?—There was no reference to the lace at the time of the sale.

2739. Why do you think the lace was in the bags or in the box?—My wife took it out and examined it, and replaced it when we were going to take the inventory.

Mr. Alfred John Cross examined.

2740. *The Chairman.*] What is your position, Mr. Cross?—I am messenger in the Public Trust Office.

2741. Has a careful search been made for a packet of lace in the jewellery-safe?—A careful search has been made in the jewellery-safe, and the lace is not there. It is believed the lace was sold with the jewellery.

2742. Then you were instructed to deliver that message to the Commissioners?—Yes.

2743. By whom?—By the clerk who searched the safe.

2744. What is his name?—Mr. Stanley Hamerton.

2745. He instructed you to take the message which you have just delivered to the Commissioners?—Yes.

Mr. Stanley Hamerton examined.

2746. *The Chairman.*] What is your position in the Public Trust Office?—I am acting as Record Clerk at present.

2747. Have you been long in the Public Trust Office?—Now a little over two years.

2748. Did you enter the service of the Public Trust Office after leaving school?—No; I was with the New York Life Insurance Company previous to that.

2749. You sent up the messenger just now with a message to the Commissioners that a certain packet of lace could not be found in the jewellery-safe?—Yes.

2750. Do you know who looked through the safe?—I did myself.

2751. Did you look in all the drawers?—Yes, in all the drawers where the jewellery is kept, and all parcels and effects.

2752. How do you know the lace cannot be in some other part of the safe?—It is not usual to put it anywhere else.

2753. Will you now go down and have another search, and satisfy yourself whether the lace is or is not in the safe? If it is in the safe, kindly bring it up. [Witness thereupon went down to make another search, and returned shortly afterwards, and stated that he had found the parcel which he now produced, marked "Mrs. Dallon, deceased," in the safe amongst the parcels.]

2754. *Mr. Loughrey.*] In searching the safe, is that the only bundle you could find in connection with Mrs. Dallon's estate?—Yes.

2755. No other?—No. [Parcel opened.]

2756. Is there any lace in that parcel?—No.

Mr. Edward Bolton Bristow examined.

2757. *The Chairman.*] You are representative of George Thomas and Co.?—I am a partner in the firm.

2758. Have you been long connected with that firm?—Only twelve months.

2759. The Commissioners would like you to produce your book of auction-sales in connection with the estate of Mrs. Dallon, deceased. Will you be able to produce it?—I cannot say that. The message was that I was wanted at once. I came over to Mr. Hamerton to say that at the present time I could not put my hand on it. In shifting over from the old place to the present building I know that a lot of books and old papers were destroyed, against my wish, by one of the clerks, who has since been dismissed. I am afraid the book was lost. I have a copy of the account sales, and the clerk who made it up is still in our employ. His name is Nairn. The name of my partner is Mr. Haybittle, who was also a partner of the late Captain Thomas, and has been associated with him since boyhood. He can give you more information than I can furnish to the Commissioners.

Mr. Frederick William Haybittle examined.

2760. *The Chairman.*] Mr. Haybittle, the Commissioners, in the course of their investigation of the Public Trust Office, wish to get some information in reference to many sales of personalty that have been conducted by your firm in connection with the Public Trust Office, and they want to know whether you will be good enough to supply them with any information in your power. I believe also that, as you have been long associated with the late Captain Thomas, you will be able to assist the Commissioners by giving information on matters they wish to be satisfied upon?—Quite so. I am prepared to give any information I possibly can to help on your work. I am afraid there will be some difficulty in producing the books of late years, up to pretty near the time of Captain Thomas's death at the beginning of last year.

2761. Then, why will there be a difficulty?—Unfortunately, through some misconception which I can hardly account for, a quantity of our books, including some very valuable ones, were

carted away to the Destructor and burned by one of our clerks—a matter which we were not aware of until some little time after it occurred.

2762. What was the name of that clerk?—I do not think that is worth while mentioning. I do not wish to enter into questions of difficulty with our clerks. I think my statement quite sufficient, that these books were destroyed in the Destructor.

2763. We might desire to get some information from that clerk?—I do not think that is a matter which comes within the scope of the Public Trust. I have not much objection to give his name, but I do not think it is a matter which concerns outside individuals.

2764. The Commissioners are the best judges of the information they want to get?—The information you have from me is, that one of our clerks destroyed these books, including some very valuable books.

2765. Is he in your service now?—No; we have dismissed him.

2766. Is he in Wellington?—No; he has left Wellington. I do not know whether he has left New Zealand.

2767. *Mr. Loughrey.*] Do you object to give the name of the clerk?—I do not care to rake up these old sores. I do not think it is necessary. Mr. Macdonald knows the name of the clerk. He knows we had some difficulties with one of our people.

2768. We do not want to go into your private affairs at all?—I do not wish to rake up these old sores connected with an unfortunate matter.

2769. *The Chairman.*] But we want you to bear this in mind: You have been in many instances agents for the Public Trustee in conducting auction-sales. All we want you to help us in is to give us information from time to time that we require?—Well, I think I have given you sufficient information in respect to that matter.

2770. *Mr. Loughrey.*] And do you state that the book containing sales on the 20th March, 1890, is burnt?—I cannot say that, but, seeing we should have to look up half-a-dozen books, including one of our ledgers, the accountant no doubt thinks the auction-book would be among them.

2771. Supposing we send you a list of dates of transactions made by you on which we want information, would you then be able to tell us?—I should be very happy and pleased if a clerk from the Public Trust Office would come over. We should show him every book we have in our possession. We shall be very glad to do that, but I do not wish to rake up these old troubles.

2772. *The Chairman.*] We do not wish to know anything of the trouble you have had with any of your *employés?*—Anything I can do in the way of exhibiting papers, I shall do with pleasure.

2773. We have complaints about estates which may have passed through your firm in the ordinary course of selling, and we wish to satisfy those complaints by ascertaining the way in which certain estates have been disposed of. We will send over a list of the things we require.

Mr. R. C. Hamerton, Public Trustee, further examined.

2774. *The Chairman.*] Mr. Hamerton, since we last saw you, evidence has cropped up, in continuing our examination of your second officer in command, the Rev. Mr. De Castro, of rather a startling nature. That is to say, we gather from him that it has been the custom, since almost the Public Trust Office was established, to allow officers to attend auction-sales and buy portions of any estate in your hands for careful administration that is being sold by auction. Is that so?—I believe that has been so. I myself never issued any instruction upon it.

2775. Have you yourself ever purchased any article belonging to an estate?—I have asked the Chief Clerk to bid up to a certain amount for articles belonging to an estate.

2776. Then in that way you have acquired articles?—I have.

2777. And you have articles in your possession at the present time that have been so purchased?—Yes.

2778. Could you give a description of those several articles to the Commissioners?—I think I purchased three, perhaps four, gold watches and, I think, two silver watches.

2779. Did you ever buy any other article of bijouterie or jewellery?—I have an idea that there were two gold rings at one time.

2780. Both purchased on the same day?—Yes. They were very poor things, but they were called rings.

2781. Did you ever buy anything else?—Not that I am aware of.

2782. Did you ever buy any clothes?—No.

2783. The reason I ask you is because we find that the Rev. Mr. De Castro on one occasion bought a coat. So that the range of purchases by the officers is not altogether confined to jewellery?—No.

2784. Then, it was within your knowledge that the officers of the department were purchasing?—No, it was not within my knowledge. I did not know that any one was a purchaser. Well, when I say any one, I had an idea that Mr. De Castro purchased, because he did tell me he purchased some silver watches.

2785. Then, you did know that the second officer in command was purchasing?—Yes.

2786. Did you know that the third officer—Mr. Moginie—had also purchased?—No.

2787. Well, presuming you knew that Mr. De Castro was purchasing, and that you yourself had purchased, would you have objected to any other officer doing the same thing?—I should not.

2788. Do you remember the realisation by auction of part of the personalty in the estate of Mrs. Dallon?—I knew that realisation was going on, but I do not recollect the date.

2789. Well, there was a very nice ladies' gold watch sold among her effects?—Yes.

2790. And two rings?—I could not say. I know there was a gold watch.

2791. Do you remember the price those two rings you bought cost?—No; it was something very small.

2792. There were two rings sold in Mrs. Dallon's estate for £1; would they not likely be the rings that fell to you?—No; I think not. If I recollect rightly, the rings that I bought belonged to the estate of some person not a Wellington resident, but I am not sure.

2793. Do you remember that the ladies' gold watch belonging to Mrs. Dallon's estate was purchased by you?—I think so. I authorised Mr. De Castro to go up to rather a heavy price, as I thought, and I believe he purchased that watch.

2794. What was the price?—£6.

2795. Was that the price you authorised the Rev. Mr. De Castro to go to?—Yes; I am speaking from memory, but I think that is so.

2796. Then, that is the watch which her son wrote to you about from Queensland when he asked you to preserve that among other things, in order that he might get them?—If I may be allowed to look at the records I could say, but not without. I may say that if he now desires the watch he shall have it.

2797. Now, did the son not write to the Public Trustee from Queensland asking the Public Trustee to retain that watch, with other articles belonging to his mother on which he set a particular value?—He did.

2798. Then, you did not care to do that?—No, that is not the position. I did not do that.

2799. Why did you not do so? May I remind you that, in speaking of this estate before, you gave as one reason that you had doubts about this person's legitimacy? If I remember rightly, your explanation on a former occasion was that you did not consider there was any kinship?—I am not aware that the Commissioners put any questions to me in this estate on a former occasion.

2800. Mr. De Castro has stated his reason for not recognising any claim by this reputed son, and you do not remember any circumstances in connection with it?—Yes, here is a minute: "Claim cannot be established without proofs of kinship; inform writer as to box of clothing, watch, and brooch, and state these may be forwarded to him on his paying carriage."

2801. That was alluding to his own watch. Well, then, the rest of the articles were not forwarded to him. They were eventually sold at auction by George Thomas and Co.?—Yes, the particular watch and some other things. But there were many things handed to Mr. Wm. L. Morrison on behalf of that same gentleman.

2802. There are a gold locket, gold watch and chain, photograph of gentleman in walking costume, said to be the father of Arthur Dallon, two small brooches, and a parcel of letters?—Those were handed to Morrison on behalf of Dallon.

2803. And you have Mr. Morrison's receipt?—Yes.

2804. The rest were exposed to auction by Thomas and Co.?—Yes, with many things.

2805. And the watch was bought by the Rev. Mr. De Castro for you for one of your daughters. Mr. De Castro has told us to-day that your instructions to him were to buy that watch at a certain price, as you wished to make a birthday-present to a daughter?—What I wish to do with things I buy has nothing to do with Mr. De Castro.

2806. Do you think it likely you made that statement to him?—Quite likely I did.

2807. Now, what have you done with the other articles you have purchased in a similar way?—I have presented other daughters with a gold watch, and sons with a silver watch.

2808. Now, Mr. Hamerton, in your position as Public Trustee, do you not look upon the trust as a very sacred one?—Most certainly.

2809. I notice your second in command is a gentleman in holy orders?—That is so.

2810. Is that with the object of giving greater sanctity to the business of the office and the manner of conducting it?—I am not aware.

2811. You are a solicitor of the Supreme Court of New Zealand?—Yes.

2812. Do you think it is right and proper for you, or for any officer even, subordinate to you, who is employed on the staff of the Public Trust Office, to purchase or possess any article belonging to an estate that has been administered by your office?—In relation to small matters—and most of the articles are inexpensive—I cannot myself see any impropriety, on the principle of the Latin maxim, *De minimis non curat lex*, but, as regards more expensive things, I should consider it highly improper.

2813. Is the principle not the same, whether the value is large or small?—No doubt the same, but I should like to point out that there has been no purchase of realty by any one connected with the office. The only occasion on which it happened I would not allow it. An agent of mine was instructed to sell some realty belonging to an estate. He sent in his report, showing that he himself had purchased the section of land, and sent up the transfer for my execution, which was promptly refused. I would not permit him to purchase; and no purchase of realty has ever been made by any person connected with the staff, nor any portion of realty, nor any personalty except trinkets.

2814. Has any jewellery been sold privately?—Not that I am aware of. I should say no.

2815. Then, you would not allow this agent, who was really not an officer directly employed by the department, to possess himself of that estate or portion of the realty which he purchased?—That is so.

2816. In that I think you were right. But you yourself could not see any harm in purchasing the personalty portion of an estate?—Personalty of small value.

2817. Well, a watch: although it might really be worth £20, it might be sold for £3 or £4?—True; but in the open market, with a room full of people, in the full light of day, I have always thought, where the Chief Clerk chose to bid a higher price than any one else, there could not be any great harm in it. I myself have never attended an auction-sale.

2818. Those articles of personalty, before they are sent to George Thomas and Co., have always been on view in the Public Trust Office?—No; I should not call it "on view.'

2819. Have you not always seen them before they were sent to auction?—Yes.

2820. And every officer could have seen them if they liked?—They could if they applied to the Chief Clerk.

2821. And any officer desiring to possess any particular article would no doubt, in his own mind, appraise the value to the extent that he would bid?—No doubt.

2822. Did it never occur to you, from the many transactions of this class that you put in the way of George Thomas and Co., that if they were aware that you or any officer in the Public Trust Office desired to possess an article the auctioneer would not run you very hard for it?—It never struck me that the auctioneer would depart from his strict line of duty. I have too much faith in the auctioneers of Wellington to think the contrary.

2823. After all, it is a matter of degree, under such circumstances, as to how long he would dwell between bid and bid in selling by auction, particularly in small matters, where every five shillings or extra shilling would tell. Do you see it in that light?—I do not quite grasp your meaning.

2824. Well, if a watch was being sold, and the biddings were 5s., and Messrs. Thomas and Co. knew that you or some officer in the Public Trust Office desired to possess that watch, and the Rev. Mr. De Castro was seen bidding for that watch on behalf of you, is it not possible, and even likely, that Thomas and Co., catching the Rev. Mr. De Castro's keen eye, would not dwell so long as he might under ordinary circumstances?—I do not think so, because that would be against himself and against the commission charge.

2825. It would in that respect; but have you never known such things to have happened?—[No answer.]

2826. I ask you again, Mr. Hamerton, seeing that George Thomas and Co. apparently were the favoured firm that conducted such sales, whether, in the event of having a knowledge that any officer of the Public Trust Department desired to possess a particular article, they would be likely to run the bidding against that officer in order that the article should not be knocked down to him?—I really do not see that it should make any great matter.

2827. Do you consider you have a fair knowledge of the world and the ways of the world?—Well, I cannot boast of very extended knowledge. My life has been spent inside an office mostly; but George Thomas and Co. were not dependent on the Chief Clerk at all for sales. They went there without the interference of the Chief Clerk, or without any intimate knowledge on my part of George Thomas. It was a pure matter of business that I directed these sales to go to George Thomas, because they were very small, and from Mr. Woodward's time he used to take these small sales. He had not the selling of land. I do not know that he ever sold landed property for the office.

2828. I notice that many of these what you call small sales run up to £100. This very estate of Mrs. Dallon is nearly £150; so they are not such small sales. Supposing you or any officer in the Public Trust Office asked one of Thomas and Co.'s clerks to buy an article for you, do you think then that the officer who asked Thomas and Co.'s clerk to buy that article would get no advantage?—Quite likely he would.

2829. If I tell you that that proceeding has been practised frequently, would you think that estates got justice?—No.

2830. Mr. De Castro also stated that he has had occasion, by your request, to buy watches for Sir Harry Atkinson, when he was Major Atkinson and Premier. Do you remember Major Atkinson asking you to arrange that piece of State business?—No. He did tell me about a watch, and I asked Mr. De Castro to see him about it.

2831. And are you aware that Mr. De Castro took up certain watches for approval to Major Atkinson?—I think he mentioned it to me that he did so.

2832. Then, you are aware that Major Atkinson did approve of the watches, and authorised a certain price to be paid?—No; I am not aware of that.

2833. Are you aware the watches were bought for him?—I was not aware it was more than one.

2834. Then, you were aware that one was bought for him?—Yes.

2835. You are not aware that two were bought?—No. I do not say they were not.

2836. You know, then, that one was, and the negotiation first took place through you and the Rev. Mr. De Castro?—I cannot call it a negotiation.

2837. You intimated to the Rev. Mr. De Castro that Major Atkinson would like to have a watch?—I think that was so.

2838. Well, now, do you not think that in all such cases any officer in the Public Trust service at the Head Office does not get a special advantage in being able to see these articles, whether of much or little value, in the first instance?—Yes; no doubt that is an advantage.

2839. For instance, when you advertise a batch of personalty of that class you do not name the estate to which it belongs?—I do not think it has been the practice to name the estate, except where there was a considerable quantity of goods for sale.

2840. Have you ever named the estate or personalty where jewellery was concerned?—I cannot call one to mind.

2841. Now, this particular case of Mrs. Dallon: was that estate named?—I cannot say without looking the matter up.

2842. Well, it was not named: will you believe that?—Yes.

2843. Well, supposing any friends of Mrs. Dallon desired to possess any of the articles of jewellery belonging to her estate, how would they know or find out when they would have the opportunity of buying at auction when you do not name the estate?—They could not, of course. Whenever persons have expressed a wish to purchase I have requested my agent to give such persons notice when the sale would be; but in the absence of such request I must agree there could be no intimation.

2844. In Mrs. Dallon's estate, here is a letter from one William Leslie Morrison, dated the 7th April, 1891: "Sir,—Would you kindly let me know if the jewellery in the estate of the late Mrs. N. Dallon is to be sold yet, as I arranged with the Rev. Mr. De Castro to send me word when

they are to be sold, as I intend buying the ladies' gold watch, the bracelet, and the lace as a memento to my wife of the old lady.—I am, &c., Wm. Leslie Morrison.—R. C. Hammerton, Esq., Public Trustee." There is a case, it appears, where he arranged with your second in command, the Rev. Mr. De Castro, to let him know when this sale was to take place, as he was a buyer, and wanted, for certain purposes, to acquire some of the articles by way of memento. He was not informed?—There is nothing on the papers. If there had been anything on the papers the sale would not have taken place without his knowledge.

2845. We learn from the Rev. Mr. De Castro that he is the chief jeweller to the Public Trust Office: is that so—that he gets all the jewellery?—That is so. He has the custody of all those things.

2846. That is a very responsible position for a gentleman in holy orders: do you not think so?—It is a responsibility which he, as Chief Clerk, had to undertake.

2847. Are you aware that he keeps a book, which he calls his private register, of what his safe contains?—Yes, he told me that he kept it.

2848. But you never saw that book?—I have seen it. I have never examined it. He showed it to me. I have seen it open.

2849. Have you ever taken it in your hand and looked through the pages?—No.

2850. If you had, perhaps you would have required it to have been kept in a little more methodical and clearer condition, believing you to be a methodical man?—I should require that, no doubt.

2851. Well, there are very few particulars of the articles. It may all be perfectly clear to Mr. De Castro; but if he were to die suddenly, and another officer had to take it up, he would have a difficulty in understanding his memoranda and hieroglyphics?—It would not matter if the book was burnt, because all the articles appear on the estate papers.

2852. But if any article were missing, how could you tell that without going through all the estate papers in your office?—True.

2853. If an article were missing, in order to find out whether such was the case, it would necessitate your going through the whole of the papers from the time the office started?—Yes; if we had not that book.

2854. So that it would not do even for this book to be destroyed?—No; it would occasion great trouble.

2855. How do you know this book is a correct inventory?—Personally, I do not know.

2856. Because you never took stock of the jewellery?—I left that entirely to Mr. De Castro.

2857. Do you know how often he takes stock?—I do not.

2858. He never reports to you?—No.

2859. Then, he and you only have a talk about jewellery matters when you think it is time that some should be sold?—The rule of the office has been, ever since its foundation, to keep jewellery for twelve or fifteen, sometimes eighteen, months, within which time, if the estate goes out of the office, the next-of-kin may claim it. If it is not claimed within that time the rule has been to sell it and carry proceeds to the estate.

2860. So that after twelve months, as a rule, any persons interested in an estate would have forgotten all about the jewellery—would have forgotten that there was jewellery in an estate. If you keep it for twelve months at least, and some of it nearly two years, the beneficiaries in any particular estate would have lost sight of or forgotten anything about it, or that there was jewellery?—If within twelve months, or fifteen or eighteen months, as the case may be, the estate is claimed by the next-of-kin the jewellery, of course, goes in kind. If it is not claimed then it is sold, and the proceeds credited to the estate.

2861. But, speaking again of this jewellery which you have still got in stock under the charge of your reverend jeweller, and the particular estates which it is divisible into, how many of those interested in those estates in which this jewellery is divisible have not forgotten all about it, or now know nothing of it?—I do not quite grasp your question as to its tendency. The next-of-kin, either for jewellery or kind, or for money, if they ask for it in kind they get it. If there is no proof of kinship it is reasonable to come to the conclusion that no relatives are known; it is reasonable to conclude that the estate is not going to be claimed; and in order to prevent a large accumulation of jewellery, and damage by damp or otherwise, the jewellery is changed into cash.

2862. In other words, you have periodical sales of jewellery, so as to reduce your stock?—Yes.

2863. What steps does the Public Trust Office take after coming into possession of a lot of jewellery to find out the next-of-kin, or in what manner it is best to be distributed?—With the information we have.

2864. If you have no information, do you take any steps by advertising or otherwise?—The only step is by advertising in the *Gazette* here, and in London in some paper selected by the Agent-General.

2865. Some paper perhaps that is not read?—We leave it to his discretion.

2866. Who reads the *Gazette* in this colony?—Very few, comparatively.

2867. And no lists are hung up in your various offices of the jewellery and personal effects in hand?—No.

2868. *Mr. Loughrey.*] Nor of the desire of the Public Trustee to ascertain next-of-kin?—No such lists are hung up.

2869. *The Chairman.*] And when your auctioneer has a parcel of effects from your office to sell, he never heads his advertisement announcing the sale "In the estate of So-and-so"?—I have seen it so headed, but have seen it not so headed.

2870. Perhaps you may have a difficulty in finding out; but there are very few cases, if any, where these advertisements have been so headed, where personalty such as jewellery has been sold under instructions by your office. Let us now come to the principle of this business, and I may

also say the sacredness of it; for I must say I have been very much startled at what has been revealed—that any officer in connection with the Public Trust Office, or, indeed, I would go further —any officer in connection with the Government service of the colony—because this is the colony's Public Trust Office—should in any way have participated in the purchase of any portion of personalty of any estates. Has it never occurred to you in that form?—It has not occurred to me in that form.

2871. You are a lawyer. Supposing you were to make a requisition to the Supreme Court to be allowed to purchase any articles belonging to an estate, and do you not think that would be your proper course if you wished to purchase such articles?—I should never dream of purchasing, except articles of very slight value.

2872. You must put out of your mind altogether the value. To my mind it does not matter, so far as principle is concerned, whether the value is £5 or £5,000?—I agree as to the principle.

2873. Do you think you could have a good title to anything you purchased at those auction-sales, looking at your position in the Public Trust Office, unless you purchased with the consent of the Supreme Court—that is to say, acquired an indefeasible title, a title that the Court would uphold if any article you ever purchased was afterwards disputed?—No, perhaps not.

2874. What do you think any Judge of the Supreme Court would say to the Public Trustee, if he applied to be allowed to purchase certain articles belonging to an estate in the hands of the Public Trust Office that were going to be sold by auction? What reply would Supreme Court Judges make to such an application?—I must again say that Latin maxim I gave would hold.

2875. You think a Judge of the Supreme Court would agree with you?—I do not think he would take the trouble to answer a small matter of the kind.

2876. All I can say is, that I am very sorry for your opinion, looking at the position you hold, and I have no further questions to ask you to-day.—Very well.

2877. *Mr. Macdonald.*] You stated that the list of jewellery in each estate was always to be found in the papers of the estate?—Yes; it should be so, but, as a matter of fact, it is not so.

2878. Then how are we to get the knowledge?—[No answer.]

2879. We have had it in evidence to-day that there is no such inventory in the Dallon case. If you look through the papers yourself you will discover that there is not a single inventory at all of either jewellery or effects in connection with that estate?—No. I see the direction is, "Please receive and sell same by auction at an early date."

2880. There is no inventory?—No.

2881. No inventory of jewellery even?—No.

2882. I now hand you the Rev. Mr. De Castro's jewellery-book. You will see Dallon's estate. Would you consider that an inventory of the jewellery that came into the office?—Certainly not.

2883. Mr. De Castro told us that is the only inventory he possesses?—Where effects are sent to the auctioneer the invariable course is to send an officer to ascertain what the effects are, and the auctioneer or his clerk goes over the contents of the packages, boxes, or trunks.

2884. We have it in evidence that has not been done in this case?—[No answer.]

2885. *Mr. Loughrey.*] So that these papers are incomplete to that extent? They do not show the full history of Mrs. Dallon's estate, inasmuch as the inventory is missing?—In many small estates the goods are sent from a lodging-house.

2886. Would you call Mrs. Dallon's a small estate?—No.

2887. Then, look at the jewellery-sales. Would you call that a small estate?—No; I should not call it a small lot of jewellery.

2888. *Mr. Macdonald.*] You see there that the principle which you refer to has not been carried out in this estate, of taking an inventory?—No.

2889. Then we have had it in evidence to-day that the particular jewellery in this estate was brought into the Public Trust Office to yourself. You directed it to be sent out to Mr. De Castro in accordance with the practice of the office, and it was left with Mr. De Castro; but no inventory of it was taken by Mr. De Castro. The difficulty in the matter has arisen in consequence of the letter written by Mr. Morrison, in which he desires to purchase certain articles which were so left; and the fact that a valuable bracelet and some valuable lace, so left, does not appear to be accounted for in the account sales requires explanation?—I was ignorant of that.

2890. You will see the importance, therefore, of the absence of an inventory?—Of course, clearly so. But about this lace: you say there was some lace and a valuable bracelet?

2891. We are asked, in reference to the disposal of this personalty, to take a case, and we instantly pick upon one case in which a woman dies intestate, who possesses jewellery and clothing and a little furniture, which is sent to be disposed of in accordance with your usual practice. We examine this case, and discover the whole system that exists in the office, as to a clerk being sent to take an inventory, has not obtained; that the request of the very people who requested an inventory to be taken was not complied with; and that the very jewellery they brought into the office has no record made of it in the jewellery-book. All this becomes of importance in face of the fact that certain articles have disappeared?—Clearly so.

2892. *The Chairman.*] And it comes to this: that if any article coming into your possession under the present system is taken away, you would have no record of it to discover it?—That is very bad.

2893. Is that not so?—Apparently so.

2894. *Mr. Loughrey.*] When a box of jewellery comes in, and there is no inventory taken of the contents, how do you know some one has not helped themselves to any of its contents?—It is impossible to know.

2895. *The Chairman.*] And no trace can be found of a very valuable, heavy bracelet, set in stones, and a piece of lace?—[No answer.]

2896. *Mr. Macdonald.*] We have been told to-day that occasionally a large number of private

memoranda of extreme importance to those connected with the estate are never attached to the papers, but are destroyed. If either yourself or a clerk in the office thinks it advisable they should not see the light of day, will you tell us what your practice is, and the reasons that guide you?—There are no private letters destroyed without my authority; and I believe none at all unless they contain obscene language. In such cases I have required the destruction of obscene pictures, photographs, and letters.

2897. *The Chairman.*] But, supposing private letters relating to an estate, even although they contained improper language, but had certain contents relating to an estate, would you have those destroyed?—If there was anything of importance in them I should not, but if they merely relate to some action or conversation, it is very likely I should.

2898. The Rev. Mr. De Castro told us to-day he had destroyed, and had been in the habit of destroying, private letters in connection with Mrs. Dallon's estate by your instructions?—I cannot call it to mind.

2899. Well, would you deny he ever had your instructions?—I would not do that, because my memory is not sufficiently good; but I think I can say with perfect truth that I authorise the destruction of no letters unless they are obscene.

2900. *Mr. Loughrey.*] Does Mr. De Castro consult you invariably with regard to the destruction of private letters?—He should do so.

2901. Are you aware that he of his own motion destroys many letters without consulting you?—I should be surprised.

2902. *The Chairman.*] Do you not think it would be a much better form if you had kept a register from the beginning of the Public Trust Office in which you recorded particularly every article of personalty that came into your office?—No doubt it will be done in future.

2903. How is it that it did not occur to you to do it before?—It was left to the Chief Clerk, in the same way as I have left the accounts to the Accountant. The fact is, you can have no conception of the work that has been placed on my shoulders. I never had a moment's time to think of these things as they ought to be thought of, and this is one thing that ought to be done unquestionably.

2904. Has the Rev. Mr. De Castro, outside his office here, to do any professional duties in connection with the Public Trust Office? Is he required to open the office with prayer?—No; he is not called upon to do any duty of that kind.

2905. Then, I do not know why you require a gentleman in holy orders in the office?—He was in holy orders before I joined the office.

2906. *Mr. Loughrey.*] Does Mr. De Castro still preach?—Within the last year he has done so, but has not preached lately in the churches of the town. I have sent him to Christchurch some times on some matters. He preached there; and he preached also in Auckland when he went up there to inquire into the agency in Auckland.

2907. You are aware that the Commissioners have asked for a return of all jewellery purchased by officers?—Yes.

2908. Is that being prepared?—There is no record in the office of the purchases; and the only plan I can adopt is to ask the auctioneers.

2909. With the assistance of the auctioneers, and the memory of each particular officer, they will be able, at any rate, to arrive at most of the articles they have purchased?—I think so. The return may be imperfect, but I will make it as perfect as possible.

2910. *Mr. Macdonald.*] In reference to the son of Mrs. Dallon, the jewellery was not forwarded to the son in consequence of some bar being set up as to his legitimacy?—Yes.

2911. That is to say, he has no claim to the estate?—Yes; that was my impression, but I now perceive that I was in error.

2912. Is it not a very unusual thing to require from a son or a daughter who is admitted to be a son or a daughter, as in this case he writes letters, and the mother acknowledges him as her son—is it not, I say, a very unusual thing to require him to produce evidence of the marriage of his parents, his own birth, and so forth, in these small matters of personalty? Is it your practice to do so?—Yes, I think it is our practice, but there are not a great many cases such as this; but it is unquestionably our practice to ask for proper proofs before handing over the estate.

2913. You require each person, before you hand them over their £10 or £15, to produce the certificates of marriage of their parents, and of their own birth, and other evidence?—No. In small matters we content ourselves with a less costly procedure—some declaration by a person who has known that the parents were married, and that this child was born, and so on.

2914. *Mr. Loughrey.*] Is it not impossible to obtain such evidence in many cases?—No, we have not found it to be.

2915. *Mr. Macdonald.*] Is it not almost impossible for a man of forty or forty-five, whose parents may be dead, who has drifted out to the colonies—is it not almost impossible for him to get such evidence, supposing the parents had been dead for thirty years or so?—We have a few cases where we do find it impossible; and in a few cases we are waiting for the time to lapse to approach the Supreme Court for directions. But we have got directions to pay, notwithstanding deficiency of proof.

2916. Have you seen the papers in Mrs. Dallon's case?—Yes.

2917. Do you not think it an extremely hard case that the son should have been treated in that manner by the Public Trust Department, looking at the fact that, being in Brisbane, he took the trouble to cable to you not to dispose of his mother's effects, and afterwards wrote a very long and manly letter in reference to his mother, giving you the story of his mother? Letters are found from him to his mother of the most affectionate character; and yet, notwithstanding his desire, and the trouble he took by cabling from Australia, the jewellery is sold away from him, and he has no opportunity even of purchasing. It is not even valued. He asked to be allowed to purchase; he asked the department to set a value on the jewellery, and he will pay for it; but the department

simply brands him as illegitimate, refuses to argue the question, and rams the things into an auction-room?—No; we asked him for proofs. In my letter of 16th February I say, "I enclose a circular which shows the proofs of kinship required before the residue can be paid to the next-of-kin."

2918. *Mr. Loughrey.*] Does he not refer you to a number of people who knew him—Mr. Ferguson, of the Harbour Board, Wellington, and other gentlemen of good standing, who knew he was recognised as the son of this lady?—But to this day he has not appeared.

2919. *The Chairman.*] Now, Mr. Hamerton, have you looked thoughtfully at the last act of this sorrowful drama? When the very watch that belonged to this poor fellow's mother was sold, you became the purchaser of it for your daughter, and she is in possession of it to-day, notwithstanding that you had recognised young Dallon as the son of that woman whom you supposed to have borne him in illegitimacy? Has it never occurred to you that your position was altogether a very sad and sorry one in connection with this unfortunate case?—It has never occurred to me in that light, but it does so now you mention it, and as some little reparation I will consign that watch to the son if I can find him.

2920. But that will not get over your last touching act of the drama—that such a thing could have happened, that such a picture should now present itself?—I can only make restitution to him as far as I can. It is a pity it has happened.

2921. But then, of course, there are dozens of cases where the office, through its officials, have possessed themselves of parts of dead people's estates?—Well, without looking through it I cannot tell. However, so far as I can make restitution I shall. The crime does not appear a heinous one in my eyes.

2922. Then, you only think it wrong in that estate?—Simply because of the circumstances, which you have brought to my mind more graphically than was ever brought before.

FRIDAY, 24TH APRIL, 1891.

Mr. STANLEY HAMERTON examined.

2923. *The Chairman.*] You have just brought up two parcels in Mrs. Dallon's estate, have you not?—Yes.

2924. When did you get the smaller parcel?—From the Chief Clerk this morning.

2925. From the Rev. Mr. De Castro?—Yes.

2926. Did he say anything to you?—That he found it in one of his private drawers in his table.

2927. His writing-table?—Yes.

2928. In his office?—Yes.

2929. You remember yesterday, when you brought up a key of his safe that contains the jewellery? You were here yesterday, and a key of the safe was handed to you by the Commissioners?—Not by the Commissioners—by the Accountant.

2930. Then you had the key of the safe in your possession?—Yes.

2931. Do you remember my asking you to keep that key and not to allow it out of your possession?—It was already gone out of my possession. I had already given it back to the Accountant.

2932. Then you have not opened the safe, since you have not had the key since?—No.

2933. You unlocked the jewellery-safe yesterday?—Yes.

2934. And you made a search for that packet of lace that you brought up this morning?—Yes.

2935. You are sure it was not in that safe when you searched?—Yes; quite sure.

2936. Now, can you not call to mind that the Commissioners asked you yesterday not to part with the key until we met this morning?—Of course, the messenger opens the strong-room, and the jewellery-box is inside the strong-room. It is not inside another safe.

2937. How many people go to the strong-room?—They are passing in and out all day getting books.

2938. Then any one in the office can go in at any time of the day?—Yes.

2939. Do you mean to tell me the jewellery is placed in the strong-room without being under separate lock and key?—It is under lock and key in a cupboard.

2940. You had the key of that cupboard yesterday?—Yes.

2941. Do you not remember my asking you not to part with that key until you saw us this morning?—Yes, but I had already given it back to the Accountant.

2943. Then, why did you not say so at the time?—I thought you were alluding to the strong-room itself.

2943. If you thought I was alluding to the strong-room, how is it you allowed the strong-room to be opened this morning?—I had to come here early, and it was opened.

2944. Have you had any conversation with the Rev. Mr. De Castro this morning?—Yes.

2945. About the search you were making yesterday?—Yes.

2946. Will you be good enough to tell the Commissioners all that has passed between you both?—Well, when he came this morning ——

2947. Sit down, and be frank and open, because we are here for a purpose, and if we do not get our information one way we will another?—This morning, when Mr. De Castro came, I was telling him we had missed this parcel of lace, and soon after I saw him with a parcel. I told him I had searched in the jewellery-box, and through the parcels we had down there, and he told me he got it out of his drawer in his table. He told me he kept a few things there, and that this big parcel was over from the first sale, and the second parcel of lace was over from the second sale.

2948. Do you remember when the first sale in Mrs. Dallon's estate took place?—I am not quite certain, but I think in March last year.

2949. And when did the second sale take place?—That I do not know; we could turn up the records.

2950. Was it six months ago?—I do not remember that. I have very little to do with the sales.

2951. So that the last sale took place in March last year—more than a year ago—and this packet of lace has been in the Rev. Mr. De Castro's custody ever since, or ought to have been?—Yes.

2952. Do you think it is likely he has had it in his office drawer all that time?—That is what he told me, and I quite believe it, of course.

2953. Was that all the conversation he had with you?—Yes.

2954. Did he ask you where you had searched in the safe?—I told him I had searched through and through the boxes and parcels.

2955. Did he seem surprised you could not get it there?—No.

Mr. Moginie further examined.

2956. *The Chairman.*] Mr. Moginie, do you keep the key of the safe containing the jewellery in Mr. De Castro's absence?—Yes.

2957. Did you open it yesterday?—No.

2958. You parted with the key yesterday?—Yes; I handed the keys out to Mr. Stanley Hamerton, and he opened the cupboard where the things are kept.

2959. Did you see him open it?—No.

2960. Then, did he give you back the keys yesterday?—Yes; he handed them back shortly afterwards, and I kept them.

2961. You have them now?—Yes.

2962. Have you opened the safe or lent the keys for the purpose of opening the safe this morning?—Yes; I handed them to Mr. De Castro this morning.

2963. And has he got them still?—No; he has handed them back to me.

2964. And Mr. De Castro is in the office, is he?—Yes.

The Rev. Charles de Castro further examined.

2965. *The Chairman.*] Mr. De Castro, on the subject of those private letters again, can you tell me how many letters belonging to the estate of Mrs. Dallon you destroyed?—No, I could not tell you. Do you mean roughly?

2966. Yes; state roughly how many you destroyed?—To the best of my recollection, somewhere about from a dozen and a half to two dozen. There was a small package of them.

2967. Then, were any private letters at all preserved in connection with the estate?—Only those upon record.

2968. You are quite sure of that?—Yes.

2969. Now, have you been into Messrs. Thomas and Co.'s auction-room of late?—Only at your request the other day, to ask him about the commission.

2970. You called there the other day, since this Commission has been sitting?—Yes. You asked me to see him to ask whether any commission had been refunded.

2971. Did you speak with him on any other question?—No.

2972. Now, how is it in this book of yours that there is no mention of the packet of lace?—Because I said "Box of jewellery." That lace was in the box of jewellery.

2973. And the box of jewellery was in the safe?—Yes. Properly speaking, there should have been details, no doubt, of the articles, but, that book being small, I had not room to enumerate them all.

2974. Do you know there are a great many pages in your little book which have no writing on them at all?—Yes; they are all separated alphabetically.

2975. Could you not have opened another book?—Yes; no doubt a detailed account ought to have been kept of them. I quite admit that.

2976. Does this packet contain that portion of the lace belonging to Mrs. Dallon?—It is the lace. This large parcel was tied up after the jewellery was sent away.

2977. Then you were realising the last of the personal effects of Mrs. Dallon. When you found it desirable, under the authority of the Public Trustee, to sell all her personal effects, why, then, was the packet of lace not sent to auction too?—Simply because I did not think it worth sending. If you will look at it you will see it is not particularly valuable. I am not a good judge of these things.

2978. Will you open it? [Witness opened the smaller of the two parcels produced, wrapped in a clean piece of light-brown glazed paper. It was found to contain about 3 yards of lace.]—I recollect there was a hole or a tear in the lace.

2979. Your reason for not sending the packet of lace to the auction-room with the jewellery was because you did not think it was worth sending?—I did not think it would fetch anything at an auction-room.

2980. Then, what did you intend to do with it? It was part of the effects of the estate?—It should have been put in that larger parcel.

2981. It is more than twelve months since the last sale took place. Where has this packet of lace been since?—In a drawer.

2982. What drawer?—My drawer.

2983. Which drawer?—The drawer in my table.

2984. Your writing-table?—Yes.

2985. That drawer is not in the strong-room?—No.

2986. Was that a safe place to keep it in in the event of fire?—We have very limited safe-room, and we want another strong-room. The strong-room is so crammed we have not room to put it in the strong-room.

2987. Are you aware that the large parcel was taken out of the strong-room safe yesterday?—No, not out of the safe; out of the lobby between that and the safe.

2988. Are there any valuables in this large parcel?—I am not aware. There are some photographs.

2989. Have you ever looked into it?—Yes.

2990. Are there any letters in it?—I cannot recollect, it is such a long time since I saw it.

2991. At any rate, before you open it, whatever it contains, if there is not much money-value in the contents to realise, should it not have been sent to the late Mrs Dallon's son?—When he proved his title to the property.

2992. Then, perhaps, in your goodness, you would have sent him the photographs?—Anything that was left.

2993. Even the packet of lace?—Yes.

2994. Did you write to him since the sale, and say to him what effects had been left over and not sold?—I did not.

2995. Then, he was kept in the dark?—We wrote to him no more—that is, on those papers.

2996. He was kept in the dark. Is that not so?—We did not tell him. [Witness opens the larger parcel, which is found to contain a packet of private letters, writing-desk, photographs, &c. The packet of private letters was sealed up and tied with red tape, and upon it was gummed the following memorandum: "Mrs. Curtis, with whom deceased lived for sixteen years, in her letter (enclosed herein) to the son of deceased, says that Mrs. Dallon tells her to tell him that he was born on the 1st July, 1859, at 88, Upper Seymour Street, Euston Square; that his father's name was Arthur Dallon, and that he was formerly in the army. It appears, however, from the other papers enclosed in this packet, that a Major Williams could give a very different account of the boy's parentage.—C. D. DE C.—15/1/89."] I do not think you will find anything of any particular money-value.

2997. Then you did not know you had put this sealed packet away with that parcel?—I had forgotten that. These letters, I expect, are the letters showing his illegitimacy.

2998. You believed the sealed packet contained the letters that reflect upon the man's legitimacy?—Yes. The others were destroyed. They were of no consequence. These are photographs belonging to friends or relatives, and would have been sent to the boy when the others were.

2999. Then, what is the use of lumbering your strong-room—where they ought to have been—or your cupboards with them?—We must send them to the persons entitled to receive them.

3000. Were you ever going to send them?—When he made application in proper form.

3001. But you felt satisfied in your own mind that was an impossibility—you felt perfectly convinced in your own mind that he could not prove his legitimacy?—Yes.

3002. Then, you knew in your own mind that you would never be called upon to send the rest of the effects away?—Unless he proved his legitimacy.

3003. You have told us he could not?—I have told you as far as I know.

3004. You have told us those things would never go out of your possession?—There is a provision in the Act that an illegitimate son's things may be handed over to him. The things have not been handed over to him.

3005. Then there is a provision that the son of a widow leaving effects like these may have them handed over to him?—Yes.

3006. *Mr. Loughrey.*] Is the provision that all property should be handed over?—I think so.

3007. *The Chairman.*] Do you remember the section?—I think it is the Administration Act of 1879.

3008. However, you are satisfied that is the law?—Yes.

3009. Well, knowing that the law allowed the Public Trustee to send such effects—effects, I learn from you, of no value—to her son, or the next-of-kin, why were they not sent?—It is for the Public Trustee to direct that they be sent.

3010. Well, now, did you ever before sending jewellery to the auction-room, have it valued by a competent person?—No, it has never been valued prior to sale.

3011. That is to say, that if a watch was worth £20 and sold for £5, you would not be aware of it excepting on your own estimate?—No.

3012. It never occurred to you or to the Public Trustee, in order to guide you in the sale of these effects, to have valuable jewellery valued?—No; we very seldom have any valuable jewellery. It is a very rare case.

3013. But you have had valuable property?—We have.

3014. That bracelet, for instance, which is missing out of Mrs. Dallon's estate?—I do not think we could have had that. There is a note from Dallon asking for certain articles, and I have ticked those sent to him; those not ticked we never had.

3015. Did Mr. Morrison deliver the jewellery to you?—Yes.

3016. Then, you admit Mr. Morrison delivered the jewellery to you?—Yes, all the effects.

3017. He delivered the jewellery to you—into your hands?—Yes, I believe he did.

3018. If he states, as a matter of certainty, that the bracelet was among the jewellery, would you contradict him?—I say there is nothing there but what appears on the account sales. I have received nothing but what appears on the account sales. Do you think I stole it?

3019. Did you not tell the Commissioners the other day that you took the jewellery yourself from the box in George Thomas and Co.'s rooms?—I do not recollect. I rather think Morrison gave it to me. I got everything from him—the boxes and that box.

3020. If you have stated that you took the jewellery from the box in the auctioneer's rooms or

from Mrs. Dallon's box, you state what is not correct?—I am not quite sure whether Morrison put it into that box, or whether Morrison brought the box to the counter.

3021. If Mr. Morrison states that he brought the jewellery in the first place to Mr. Hamerton, that Mr. Hamerton referred him to you, and that he took the jewellery then and delivered it to you, will you say that is not correct?—No.

3022. Then that is correct?—It may be correct. I rather think it is correct.

3024. Then, if you have stated previously that you took the jewellery out of the box either at Morrison's house or at the auction-rooms, that statement would be incorrect?—If Morrison says he delivered them to me I would not contradict him, because I cannot be positive whether I took it from the box or got it from him; but I rather think I got it from him.

3025. If your memory is so defective in the matter of receiving parcels of valuable effects, how can you depend upon it in relation to one particular article of jewellery?—The box was in my possession; there it was, locked up.

3026. Then, as to the packet of lace which Mr. Morrison states is worth a good deal of money—over £12, that particular piece—if Mr. Morrison states that it is worth that, would you say that it is not?—No; I have no idea of the value; I should have thought it was not worth much.

3027. Would it not have been better, seeing it was among the effects handed to you in Mrs. Dallon's estate, if it had been sent also to the auction-room to have been sold, and so to have allowed the public to appraise it?—As it is there, it is for the son if he chooses to receive it.

3028. But you did not choose to keep the other articles which the son so much prized?—It may be an error of judgment on my part that it was not sent, but I did not think it was of any value.

3029. *Mr. Loughrey.*] Why should you keep some articles for the son, knowing or thinking he had no right to them, and sell others?—He might have proved his right.

3030. Why did you not keep the other articles?—I sold under directions.

3031. In the face of what he had written, asking you to reserve everything from sale, stating that he would pay costs and expenses for keeping the effects in his mother's estate, you sold the articles?—The Public Trustee sold; I did not sell.

3032. *Mr. Macdonald.*] Do we understand that you got a special instruction from the Public Trustee in reference to this estate?—It is on the records. I never sell anything without the Public Trustee's direction.

3033. You told me, in answer to a question of mine yesterday, that this young man was not entitled to anything, because of his illegitimacy?—Yes, I did say so.

3034. And you refused, therefore, to give him a single thing in consequence of your belief?—The Public Trustee refused to give him anything, in consequence of what he believed his illegitimacy.

3035. I presume you, and every other officer of the Public Trust Office, are acquainted with the statutes under which you are working?—I know there is a provision, but it is for the Public Trustee to act upon it.

3036. Which provision are you referring to now?—Section 37 of "The Administration Act, 1879," which is as follows: "Where, after this Act comes into operation, any female shall die intestate, leaving no husband or legitimate children, or their issue her surviving, but leaving illegitimate children or their issue, such illegitimate children or their issue shall succeed to her real and personal property in all respects as if such children were legitimate."

3037. Is not that mandatory, absolute? I want to know what your own reading of the statute is?—There is no doubt he is entitled, if he is the son of deceased.

3038. Do you think that it was honest, commonly honest, when the son of this deceased person cables from Queensland the moment he ascertains his mother's death, and requests that all her effects shall be preserved for him, and that he will pay all expenses, and you in the meantime have sold a portion of them—do you think it was commonly honest, after the receipt of that cablegram and that letter, for you to retain in your possession and sell the balance, the most treasured of the articles, and deliberately refuse to carry out the plain provision of the statute, not only as far as the jewellery is concerned, but refuse to hand over to the son the balance of the estate, and to treat his communication with contempt?—We never refused to do so.

3039. You absolutely refused to communicate with the man, and have branded him with the stain of illegitimacy, although there is a provision in the Act that, notwithstanding that stain, he is entitled to the property?—I have not said he was illegitimate.

3040. *The Chairman.*] You have said it more than half-a-dozen times—and in the face of that section of the Act—that you could not deal with this man until he proved that he was entitled to the effects?—[No answer.]

3041. *Mr. Macdonald.*] I must confess I was not aware of this provision, and, with that section staring the department in the face, their conduct in reference to this matter has been of the most monstrous character?—[No answer.]

3042. *The Chairman.*] I never heard of such a thing—never could I have contemplated that directions as they exist under the Administration Act of 1879 could have been so disregarded—that the Public Trustee, or any chief officer of his, could have treated this estate in the way that it has been treated. Now, you were conversant with the 37th section of the Administration Act of 1879?—Yes.

3043. You have told the Commissioners on each occasion that you have been before them that, in regard to this estate, you could not send to the son any of the effects now in your possession until he proved that he was entitled to them?—Yes.

3044. Are you justified, then, in coming to that opinion in the face of that mandatory clause referred to in the Act?—No; but at the same time we did not know officially, we could not prove, that he was illegitimate. Therefore we waited until he substantiated his claim as a legitimate son.

3045. Then why did you want him to substantiate his claim when you knew of no next-of-kin

nearer than himself, and clause 37 of "The Administration Act, 1879," directs what you ought to do?—[No answer.]

3046. *Mr. Macdonald.*] Did you believe him to be the son, or not the son, of Mrs. Dallon?—Yes, we believed him to be Mrs. Dallon's son.

3047. Then, the Act says he was entitled to the property, and the department ought to have given it to him?—It was for the Public Trustee to say so.

3048. It comes to this: You shield yourself, so far as this particular matter is concerned, under the Public Trustee—that you were acting under his direction. Do you throw the whole onus of the action in this estate upon the Public Trustee, as far as concerns the action in refusing to send this property to the son?—Yes. If the Public Trustee directed it to be sent to the son I would have sent it.

3049. *The Chairman.*] Let us now look at the part you have played in connection with the winding-up of poor Mrs. Dallon's estate. You were conversant with the 37th clause of the Administration Act?—Yes.

3050. You were aware that Mrs. Dallon's son telegraphed to the Public Trustee, and afterwards wrote to your office, asking that his mother's watch and other articles might be kept for him?—Yes.

3051. You are aware of that—no doubt about it?—I am aware he asked for certain articles to be kept.

3052. And those articles he asked the Public Trustee to keep from his mother's effects were sold in March, 1890?—Yes; fifteen months after the death.

3053. They were sold by direction of the Public Trustee?—Yes.

3054. And they were in your custody up to the time of going to the auction-room?—Yes.

3055. And by direction of the Public Trustee you sent them to the auction-room?—Yes.

3056. And by direction of the Public Trustee you attended the sale of those effects?—Yes, I did.

3057. You have no doubt about that?—No.

3058. And by direction of the Public Trustee you bought the watch belonging to that young man's mother?—Yes.

3059. For the Public Trustee?—Yes.

3060. For the purpose of what? Why did you buy that watch for the Public Trustee?—For the purpose of closing up——

3061. No, no. Why did the Public Trustee want that watch?—To make a present of it.

3062. To whom?—To his daughter.

3063. Then this watch that you, the second officer in control of the Public Trust Office, kept from the son of that poor woman whose estate you were administering, and you purchased it; you were the active person in bidding at auction for the Public Trustee for a portion of your trust effects?—Yes.

3064. And there were two rings sold on the same day, which were also purchased?—Not by me.

3065. However, you bought Mrs. Dallon's watch?—Yes.

3066. Now, apart from your official position here, you hold a high and sacred position, inasmuch as you are a gentleman in holy orders?—Yes; that is so.

3067. How long have you occupied the latter position?—Since 1875.

3068. Now, do you consider it consistent with your position in the Trust Office, and with the honourable and sacred profession to which you belong, that you should be a party to a transaction of that kind?—To purchasing for Mr. Hamerton?

3069. Yes, to purchasing part of the effects of a trust estate which the Public Trust Office, of which you as one of its chief officers, was administering?—I did not see any objection.

3070. Well, then, in view of the fact that the son was entitled by Act to his mother's jewellery, do you think you were justified in purchasing it either for yourself or for your head officer, the Public Trustee?—No; I think we committed an error.

3071. But, in any case, do I understand you to say you see no wrong in yourself, or the Public Trustee, or any officer of that sacred trust, purchasing parts of effects of estates which the office has to administer?—I did not see the slightest wrong in it, or I would not have done it.

3072. Then, I feel very sorry for you, if that is your condition of mind. Now, can you tell me why this packet of lace—we will not go into the question of value just now—was kept in the private drawer of your writing-table in your office, and out of the strong-room?—It ought to have been tied up with the others. Sometimes I do tie them up like that, intending to tie them up with the rest of the things; but I have not done it.

3073. Now, was it ever your intention to dispose of those packets of effects?—Not by auction certainly.

3074. Would you have disposed of them privately if you had got an offer?—No.

3075. What were you going to do with them?—They ought to have gone to the son.

3076. And the lace also?—Yes.

3077. Now, you would be prepared to send them to the son?—Yes, if directed to do so.

3078. Have you any other effects belonging to any other estates in the same condition?—I do not think so.

3079. You told us that you destroyed the private letters?—I must ask you to allow me to withdraw it.

3080. We cannot allow you to withdraw it, but you may amend it.

3081. Are these several answers you have given to the Commissioners in reference to having estroyed the letters in this estate incorrect?—Yes. I was under a misapprehension. I destroy a reat many letters, and was under the impression I destroyed those which I sealed up.

3082. Since the Commissioners have opened up that little writing-desk, and shown to you a lot of private letters, you now believe that you made a misstatement when you said you had destroyed them?—Yes, I made the misstatement in error, not intentionally, of course. There they are, as I received them.

3083. What other effects within your knowledge have been sold in connection with estates at auction besides jewellery?—Clothing and furniture. It is generally clothing and jewellery.

3084. Assorted clothing?—Yes.

3085. Even such things as musical-boxes?—I do not recollect.

3086. Writing-desks?—Yes.

3087. Musical instruments?—I do not recollect any musical instruments. We have had captains' effects, quadrants, sextants, and such like.

3088. Then you have had various kinds of scientific instruments?—Yes.

3089. Instruments for navigation?—Yes.

3090. There is no record of any of those articles in any book in your office?—They are on the records of the estate. I think there were two instances of captains dying.

3091. Then, you had assorted clothing?—Yes.

3092. Have you sold any hob-nailed boots?—We have sold a great many boots.

3093. You never had any orders to purchase boots of that class?—Never.

3094. Did you have orders for other articles?—Yes, jewellery.

3095. *Mr. Loughrey.*] Do you think that it was right and proper, you being cognisant of the section mentioned, that you should have raised any question at all as to the legitimacy or otherwise of this young man?—Well, I think we should have had the opportunity of proof.

3096. Do you think it was right or proper, knowing that section, that a question of legitimacy or otherwise ought to have crept up?—Yes, because that refers to payment to illegitimates. We gave him an opportunity of proving his legitimacy.

3096A. What difference did it make whether he was legitimate or illegitimate, as to the distribution of the effects of Mrs. Dallon?—If he were legitimate there might be other children to divide the estate amongst.

3097. Did you make inquiries?—We never heard of any other children.

3098. Look at this letter addressed to Mr. Dallon, the father of this young man, by H. C. Wilkinson, Lieut.-Colonel commanding the 16th Queen's Lancers, reporting to his father most favourably of his son, A. E. Dallon, while in the regiment?—The information I received was that there was one son.

3099. But you put "supposed to be illegitimate"?—Morrison said he supposed him to be illegitimate, too.

3100. *The Chairman.*] Now, how many articles, in the various and frequent times that you have purchased at those auction-sales, in a rough guess, have you bought?—I could not really say. It goes back to 1873.

3101. Then you have been in the business since 1873?—Yes.

3102. How many articles have you bought—fifty?—No.

3103. Forty?—I should say not twenty.

3104. You would not swear that you had not bought twenty?—No; but not more certainly, if so many; but I really could not say how many I bought.

3105. *Mr. Macdonald.*] What is your usual practice in intestate estates where you know next-of-kin exists? Do you realise personal effects?—We should realise such things as clothing, boots, &c., which we should not keep in the office.

3106. Without any reference to the next-of-kin?—Yes; but there have been cases where next-of-kin have written to New Zealand to say they would like the whole effects of a son, or whoever it may be, sent home, and they would pay expenses. We have done so.

3107. But then the sale must have taken place before the letters were received?—We might not have received the effects. A man died in Wanganui who had effects in Wanganui and in Dunedin both, and we sent home the effects at the request of the father. We had not sold, of course. We were told beforehand that the relatives would probably apply for them.

3108. *The Chairman.*] You will attend at this office to-morrow morning again?—If you want me.

3109. *Mr. Loughrey.*] Will you open that sealed packet; it is sealed by you. [Witness hesitated, saying he thought he should get the consent of the Public Trustee before opening the packet. The Chairman directed the witness to open the packet, and it was then opened by him, and disclosed a number of letters addressed to the deceased Mrs. Dallon.]

Mr. R. C. Hamerton, Public Trustee, further examined.

3110. *The Chairman.*] Mr. Hamerton, the Commissioners are still on the estate of Mrs. Dallon. The more it opens out, and the more that information is evolved from the dealings of and its connection with the Public Trust Office, the more astounding the revelations become. Now, are you aware whether there is any Act or section of an Act giving you the power to hand over to or give the benefit of estates to illegitimate children?—Yes; the Administration Act of 1879.

3111. Is that mandatory, or does it provide under certain circumstances?—Under certain circumstances.

3112. Then, you do not think it is mandatory?—I should take it to be mandatory if the circumstances would meet the case.

3113. Do you remember what the circumstances are?—Yes.

3114. I will read you the clause. [Clause 37 of "The Administration Act, 1879," read.] Well, now, is not this case of Mrs. Dallon directly in point?—Yes.

3115. Well, then, can you tell me, under those circumstances, why you disregarded her son's

letter—first his cablegram, then his letter, in reference to that portion of his mother's estate, the jewellery, &c., asking that it should not be sold?—I stated yesterday there had been an unfortunate oversight, and I see it more now; but the young man has not produced anything to show he is the son.

3116. But you have admitted it. You are aware that you have admitted over and over again that he is the son. You wrote to him about his mother's death: are you not aware of that?—I have no doubt of it.

3117. Then, looking at that section in the Administration Act of 1889, does this not seem to you not only a hard case, but a very outrageous one, so far as the treatment of this young man by your office?—It has been unfortunate, no doubt. It arose, undoubtedly, from overlooking that provision you have just read.

3118. Has it not been more than unfortunate when you consider that the very articles of bijouterie that this son in a distant land wanted to obtain, to preserve and keep in remembrance of his late mother—his mother's watch and other things—that, in spite of his very proper request, made, firstly, by wire, followed up by a nicely-worded letter, you not only rush these effects to auction when it suits the whim of yourself, the Public Trustee, and your chief officer is commissioned to go to the auction and buy the articles that the son so dearly and affectionately prized—his mother's watch among them?—He shall have that.

3119. That, at this hour, has nothing to do with it. I ask you whether it is your opinion it is not worse than unfortunate?—No, I cannot call it worse than unfortunate, because it arose out of not having in view that section.

3120. Why do you hold this position, and having had the advantage of a legal training?—Oh, I cannot excuse it.

3121. Then, Mr. Hamerton, I am not going to mince matters. I am going to put it straight to you: Do you not think that transaction is absolutely dishonest?—No, I cannot think it.

3122. Well, I do; I call it dishonest, and that is my opinion of it.—[No answer.]

3123. *Mr. Loughrey.*] Knowing that section in the Administration Act, do you not think it is very improper that any question should have been raised of legitimacy or otherwise of this young Dallon?—Well, without looking at the papers, I am not aware the question was raised.

3124. *The Chairman.*] You shall see his letter. You admitted after reading his letter yesterday that he did make the request?—I do not know that I raised any question of legitimacy.

3125. *Mr. Loughrey.*] If you look at the papers you will see that you put "Supposed illegitimate" on them? [Witness refers to the papers.]—It is on the papers only; it is not given to the outside world.

3126. The information is given to young Dallon and other persons who never suspected it. If there was no question of legitimacy raised outside the office, why were his mother's things not forwarded to him?—I see no reference at all to illegitimacy in my letters to Dallon.

3127. Were you satisfied that this young Dallon was the son of the intestate lady?—There is no reasonable doubt he was.

3128. The letters received at the office show that he was the son?—Yes.

3129. Then, why were the things not sent to him without any comment at all? He was entitled to those things, legitimate or otherwise?—Yes.

3130. Why were these articles not forwarded to him without any comment?—We always ask for proof of birth, in order to show that there is the relation of mother and child.

3131. *The Chairman.*] Well, Mr. Hamerton, you have had two auction-sales in connection with Mrs. Dallon's estate, and you have now left over two packets. This lace was in one packet, and this writing-desk, photographs, letters, and so forth—little *et ceteras*—were in the other packet. Why were these not sent to young Dallon?—We were waiting for a reply to this letter: "Your claim to the residue as sole next-of-kin cannot be established without proofs of kinship." Of course, this is based on a misapprehension—ignorance, in fact—or oversight of that clause in the Act.

3132. Now, can you seriously tell me that is a proper answer from you, who have had over ten years' experience in this office?—It is unfortunate, sir, but I tell you the truth.

3133. Had this Commission of inquiry not taken place, these articles belonging to this estate would remain in these packets for how long?—Until we had written to the gentleman again.

3134. And when would that have occurred?—It is impossible to say.

3135. Do you think ever?—I do not think we should, unless we had some news either from him or of him.

3136. Was he ever likely to write to your office again, looking at the way in which you had previously bluffed him?—I cannot think there was any bluffing.

3137. Well, what is that last letter you wrote? Read it again—"Until he has proved his legitimacy"?—No, kinship.

3138. Is that not the same thing? Do you mean until he proved that this woman was his mother?—Yes.

3139. After you and your Chief Clerk admitting she was his mother?—Yes.

3140. Are you aware this packet of lace which was tendered to you by Mr. Morrison, and afterwards handed by him to Mr. De Castro, by your directions, was in the casket of jewellery?—I am not aware.

3141. Are you aware that this packet of lace was kept back from the last sale?—I was not aware, except I see it here now.

3142. And are you aware this packet of lace could not be found in the safe, where Mr. De Castro said he kept it, and where it ought to have been, yesterday?—No, I was not aware.

3143. Then, you were not aware that Mr. De Castro produced it this morning?—He had it in his hands this morning.

3144. Are you aware he only produced it this morning?—Yes.

3145. Are you aware his story is that he has had it keeping all these months—more than twelve—in one of his private drawers of his writing-table in his office?—I am not aware of that.

3146. Very well. Now, that you are aware of it, is that proper conduct in connection with the custody of effects in any estate?—I do not think it is.

3147. Nor I; I think it outrageous.—[No reply.]

3148. *Mr. Loughrey.*] Did you go through this correspondence at all?—No, I did not.

3149. Would you mind looking at these two letters of Dallon's, in addition to those he has forwarded to you. [Letters handed to witness.] There are a number of other letters there; you might just glance at them. Look at these letters. [Letters handed to witness.] Have you any doubt at all, after looking at them, that this young man, Dallon, is the son of the intestate?—I have no doubt of it now.

3150. *The Chairman.*] Then, had you read these letters, which you ought to have done before, you would have been perfectly satisfied you were dealing with the son of the deceased woman?—I should have been perfectly satisfied of that.

3151. *Mr. Loughrey.*] What has become of the money which was obtained from the sale of these articles?—There is £33 3s. 9d. to credit.

3152. *The Chairman.*] Yet you wrote at one time to say you would send certain things on his paying expenses, did you not?—The box of his own clothing, he was told, would be sent on payment of expenses.

3153. Had you not money in hand to pay those expenses?—At this time I was under the impression that the young man did not take the estate.

3154. But then you had not read those letters?—No.

3155. Which letters had been long in your possession?—But not on the file.

3156. Is that a proper way to keep important information belonging to an estate?—No; they should have been on the file.

3157. Is it not possible other estates may be in the same position?—It is not probable at all.

3158. But now you would not say it is not so?—I would not.

3159. Have you written to this young man in Queensland to say there is so much money of his in your hands?—No, but I shall do so.

3160. Since your attention has been called to it?—Of course.

3161. Perhaps you will have a difficulty in finding him?—[No answer.]

3162. The Rev. Mr. De Castro had read these letters, because he told us he had destroyed them. He told us yesterday he had destroyed them all, and to-day he told us his statement was incorrect?—[No answer.]

3163. *Mr. Macdonald.*] Mr. De Castro also stated in his evidence that he threw the entire responsibility and onus of the refusal—the jewellery and mother's effects—to the son upon yourself?—There is no doubt I am responsible; no question about it. There has been an unhappy oversight.

3164. *Mr. Loughrey.*] So that when an estate comes into the office you have usually left it to Mr. De Castro to peruse any private correspondence he may discover, and leave it to him to prove the legitimacy?—No, the Solicitor is the officer who is first to prove.

3165. Have these documents ever been referred to the Solicitor?—Not that I am aware of.

3166. Looking at the many facts revealed to you by the Commissioners in connection with this estate, has not this young man in Queensland very grave cause of complaint?—He has.

3167. Is it not a very cruel case?—I think it is.

3168. Why was this desk retained? Why was it not disposed of with the other effects and the lace?—They should have been disposed of, but were not, fortunately as it happens, because now they will be sent to Dallon.

3169. *Mr. Macdonald.*] Mr. Larnach asked you just now whether any more estates were in the same condition? You see it raises suspicion upon many others?—No doubt. I believe honestly there is not another estate like it.

3170. *The Chairman.*] You would have honestly believed before we came here that there was no such estate?—I should have believed it. I am astounded.

3171. Well, you see the confusion your office is in in that respect?—As regards this estate.

3172. And any estate with regard to the particulars of its personal assets?—Yes, it is so.

3173. *Mr. Loughrey.*] I have gone through the papers carefully, and I have no reason to suspect there is the slightest ground to consider that this young man was the illegitimate son of Mrs. Dallon. I wish you would go through them too?—Then, if so, how account for the youth not furnishing proof?

3174. Read that letter. [Letter from Lieut.-Colonel Wilkinson to A. E. Dallon's father again read.] After reading that letter, would you not consider the son was legitimate?—Yes, looking at this letter I should.

Mrs. Mary Ann Morrison examined.

3175. *The Chairman.*] Mrs. Morrison, you knew the late Mrs. Dallon?—Yes.

3176. She lived in the same house with you?—Yes.

3177. Had you occasion to see her every day, and to be with her?—Yes.

3178. You remember when she died?—Yes.

3179. Do you remember whether she had much personal effects?—We did not know at the time that she had anything at all. We thought she was entirely without means. She allowed some of her things to be sold because she could not pay her rent.

3180. What I mean more particularly by "personal effects" is this: did you know she had a lot of jewellery?—No, we thought she had nothing at all.

3181. And did you discover after her death that she had something?—Yes.

3182. How did you discover that?—By sending to the police. Some one was with her before she died, and she wanted them to send to this place to get the things sold for her. They told her that if she was not able to get up on the Monday they would get the things. On the Monday she died, and we sent for those things on the Tuesday.

3183. Do I understand you to say that her boxes and furniture were not in your house?—No; they were at another house—at a Mrs. Jeffries's, in Elizabeth Street.

3184. Is she in Wellington?—I do not know anything about her.

3185. Then, did you send for her things?—Yes. Mr. Morrison went with a cart and had them brought to my house.

3186. And then for the first time the boxes were opened, were they?—Yes. I was going to take an inventory, because I heard they would have to go to the Trust Office, and I did it more on account of the son. I commenced the inventory, and Mr. Morrison came up and said the things were to go down as they were, and I stopped.

3187. Then, you let the boxes and contents go to the Trust Office just as they were?—Yes, except that we took out the casket of jewellery.

3188. Do you remember the contents of that casket?—Yes. In the first place, a gold watch. She had two watches sewn up in the pocket of her petticoat, and there was a purse in a little hand-bag, with a ruby ring in it and £1.

3189. And do you remember a bracelet?—Yes, I remember it.

3190. Was that bracelet a good bracelet?—Yes, it was a good bracelet. There were six links; one was broken. I measured them round my wrist, and five links fitted tightly round it.

3191. Was it a heavy chain-bracelet?—There were six medallions, with onyx in the centre—black stone with white across it.

3192. And it had five links and one broken one?—Yes. They were about 1¼in. across and 1½in. long.

3193. You are sure that it was a heavy bracelet?—Yes, very heavy.

3194. Would you know it again if you saw it?—Yes.

3195. It wanted repairing?—Yes. The old lady had been travelling about with an old lady, and I think she came in for her personal effects when she died.

3196. The jewellery was very good?—Yes.

3197. You saw the ladies' watch?—Yes.

3198. Was that a good watch, in your estimation?—Yes; a very good one—a little keyless one.

3199. A modern one?—Yes.

3200. Nearly new?—I could not say the amount of wear it had. She kept it very carefully wrapped up in leather.

3201. Did you see any lace among Mrs. Dallon's personal effects?—Yes, I saw a piece of lace which was in the casket.

3202. There was a much larger quantity?—Yes, a quantity of loose lace, not like that at all, but different kinds of lace.

3203. Are you a judge of lace?—Yes, a little judge of lace; I have had a great deal to do with it at Home. I could not tell every kind of lace, but I know good lace when I see it.

3204. Is that lace [produced from smaller parcel] hand-made lace?—It is hand-made lace. I do not know whether it is Irish point, but it is hand-made lace, and Irish make too.

3205. In parts of Ireland—Limerick—they make that lace by hand?—Yes.

3206. Would that be very costly to buy?—I should think very costly indeed.

3207. You have no idea what that would be a yard?—Quite £10 a yard. It might be more, but not under, I should think.

3208. How much is there?—About two yards.

3209. Is there any shop in Wellington that would give a fair idea of the value?—I do not know. There are no lace-shops in Wellington.

3210. But there are shops that sell lace?—Yes; but I do not suppose you would be able to buy the same quality of lace as that in Wellington. I do not know any shop here where you could buy real lace.

3211. Was the other larger quantity of lace as good as that?—Yes; and there was a lot of underclothing—children's underclothing—trimmed with real lace too. This lace seems particularly heavy. It might be worth more than what I say, but I do not think it would be under what I say.

3212. You value it at about £10 a yard, not less?—Yes, not less.

3213. You are quite sure from what you know of lace that you could not buy it under that?—No; and you could not buy lace like that in Wellington.

3214. How much lace was there in this larger quantity in the boxes?—I could not give any correct estimate, because there were so many pieces, but every piece was real lace. She had not a common piece of lace among her effects.

3215. Was it as wide as this piece?—Some as wide, some narrower, but all real hand-made lace.

3216. You do not know what became of that lace?—No. On the day of the sale we all went to see where it was. We did not see it put out at all, and we concluded it was in some box; but, as one could not tell what box it was in, and we might not get the box, we did not buy. There was no sale of the lace as lace.

3217. That is, any lace that was sold was not sold as lace—was not exposed at the sale?—No, not exposed at all.

3218. Do you remember a sealskin jacket belonging to the deceased Mrs. Dallon?—Yes.

3219. Was that a good jacket?—Yes.

3220. What was the value of that, in your opinion, if you had to buy such a jacket in a shop?—I should think about £30, if bought new; but it had been worn.

3221. Was it in good preservation?—Very good preservation.
3222. Do you know what the sealskin jacket was sold for?—Four pounds.
3223. It was very cheap at that?—Yes, I should think so.
3224. You do not know who bought that?—I am not quite certain of her face, but I was with some one who recognised her face again. I think she lives up near Kent Terrace. I do not know her name.
3225. Is there not another lady you know who knows something about Mrs. Dallon's affairs?—There was a Mrs. Sheridan who was helping me a little. When Mrs. Dallon got too ill I sent for her.
3226. Where is Mrs. Sheridan?—On Tinakori Road.
3227. Could she be found?—Yes.
3228. What is her occupation?—I think her husband is in the Native Land Office.
3229. At any rate, he is in the Government service?—Yes.
3230. How long was Mrs. Sheridan assisting you?—The old lady was taken ill on the Saturday morning. Mrs. Sheridan came in on Saturday afternoon, and again on the Sunday, and after Mrs. Dallon was dead.
3231. Then, perhaps, she communicated something to her?—No, from what I know.
3232. *Mr. Macdonald.*] Was Mrs. Dallon sensible?—No. I think until Sunday afternoon or evening she was; but on Monday morning she was quite insensible, and could not speak at all.
3233. Did she make any observation respecting her son or her effects?—No. I do not think she thought she was going to die on Sunday afternoon. I did not think so either, and I did not send for the doctor until Monday morning. She told me on Sunday she was suffering from a cold.
3233A. Are you quite sure about the price which the sealskin jacket brought at auction?—Yes, quite certain, and I know Mrs. Sheridan would be certain of that too.
3234. Were you at the auction?—Yes, because I bought some things there. There was a little broché mantle I bought.
3235. Did you find the receipt which your husband got from Mr. De Castro of things delivered to him by Mr. Morrison?—I believe I sent the receipt from Mr. De Castro on to Mr. Dallon.
3236. *Mr. Loughrey.*] Do you know Dallon's address?—Yes.
3237. *The Chairman.*] Your husband told the Commissioners yesterday that he had received a receipt from Mr. De Castro for the jewellery-casket, which he had given to you to take care of. Do you remember that?—I remember his bringing it home to me.
3238. Can you produce that receipt?—No.
3239. Where is it?—I am almost certain I sent it to the son of deceased to let him know what I had done with the things.
3240. Could you tell me the address of Mr. Dallon?—Yes: Gatton Police Court, Brisbane.
3241. And that address will find him?—Yes.
3242. *Mr. Loughrey.*] Did you see the bracelet mentioned sold on the day of the auction?—No.
3243. Was it put up?—No.
3244. *The Chairman.*] Do you remember a bangle being sold?—No.
3245. Would you call that missing bracelet in any respect a bangle?—No, certainly not.
3246. It could not be mistaken for a bangle?—No. The ladies' watch was in a hunting-case. There was quite a hard bundle of lace, about 8in. square, put in amongst the clothes. When doubled up together it was about 8in. square—not less than 8in. square. It was in one bundle amongst the clothes.
3247. That bundle was perfectly distinct and separate from the smaller parcel of lace in the jewellery-case?—This bundle was not in the jewellery-casket at all. It was just laid loose amongst the clothes.
3248. Besides that, then, there was the small parcel of lace in the jewellery-case now on the table before the Commissioners?—Yes.
3249. What was the bracelet like?—It was a bracelet of beaten gold. The links were 1⅛in. long. The links were weighty—1⅛in. in width and 1½in. long.
3250. How many medallions?—Six on it altogether. I cannot tell you how they were joined, but they were slack, they would move. The medallions were quite close to each other, and I believe were joined top and bottom.
3251. Is there anything more you could tell us about the estate? Have you any idea of the value of the ladies' watch?—I should think about £25. It was a splendid watch, and we asked Mr. De Castro—at least, my husband did—to give us a chance of buying it. He said it would go for a mere nothing, and he said he would let us know. He said it would be ready for Dallon when he proved; and that there was sufficient money to pay off claims, and that there was no necessity to sell this jewellery.
3252. But, notwithstanding that, the Public Trust Office did sell the jewellery?—Yes, and never let us know, although they knew we wanted to buy some things. I wrote to Dallon, and he said he would be very glad to hand me over the watch as a memento of his mother; but, apart from that, I would have bought it rather than let it go.

Mr. William Leslie Morrison further examined.

3253. *Mr. Macdonald.*] Mr. Morrison, when did you last see this lace and the bracelet?—The last time I saw them was the day I gave them in.
3254. When you went for young Dallon's watch to Mr. De Castro, did you see the lace and bracelet then?—No.
3255. Was the jewellery exhibited to you then by Mr. De Castro?—The box was taken out and laid on the table, and the watch and chain were picked out of the other things.

3256. Was that lace there then, or the bracelet?—I did not see them.

3257. So that fifteen or eighteen months ago there was no sign of the bracelet or the lace in the casket?—At the time I got the watch I did not see them. I missed the bracelet.

3258. Did you make any remark about it?—No.

3259. Did you make any observation about it when you left the place?—No; but I forgot to mention yesterday that in coming down with the casket to the Public Trustee I called in on Dr. Henry and showed him the contents of the jewellery-casket, and Dr. Henry examined the bracelet. He will be able to tell you what he thought of it.

3260. Could you draw a sketch of the bracelet?—Yes.

Mr. Frederick William Haybittle examined.

3261. *The Chairman.*] You are a partner in the firm of George Thomas and Co.?—Yes.

3262. How long have you been connected with the firm?—Since 1872—nineteen years.

3263. I presume before you became a partner you were employed by Captain Thomas?—Yes; I started as office-boy, and was for a long time auction-clerk.

3264. You know all about the sales that were sent by the Public Trust Office for your firm to conduct?—Yes, I think I know as much as any one would know, so far as would remain in their recollection.

3265. Had you frequently sales from the Public Trust Office of personalty effects to deal with?—Yes; we have had them pretty frequently. Unfortunately, they have been small; but they have been fairly frequent. The sales were probably better five, six, or seven years ago than they have been the last two or three years—larger estates. Lately they have been confined to a little jewellery and personal effects—coats, trousers, boots, &c.

3266. Did the Public Trustee ever favour you with the sale of any real estates?—No; anything good seems to deviate in another direction. If an aggregate were taken, I suppose that for the last two years the sales have not averaged £100 or £150 a year; that is, the total amount sold. Anything good seems to have gone somewhere else. The best sale I have had from the Public Trust Office was the late Mr. Gordon Allan's books. That was the first sale I undertook myself, and the best we have had. It took place about six years ago. It came to about £200.

3267. Then the sales you have had have consisted of personal effects, such as clothing and jewellery?—And I think in one instance I had a house, which brought £150. The sale of furniture took place at the residence. These are the only two sales of any consequence.

3268. Sometimes you have had musical-boxes and scientific instruments?—Once I had a set of solid silver knives and spoons.

3269. Do you remember who purchased?—Mr. Littlejohn bought them.

3270. Have you generally a fair attendance?—Always a pretty good attendance. People recognise that these sales, as distinct from pawnbrokers' sales, are genuine, and consequently there is an overflow of people.

3271. Does the advertisement announcing these sales state that they are by order of the Public Trustee?—Yes.

3272. And does it indicate the estate which is being dealt with? You only act as instructed by the Public Trustee?—Yes. I think the great majority are simply advertising "George Thomas and Co. have received instructions to sell a large number of valuable personal effects, including," &c.; but in one or two instances the name is mentioned, as in Gordon Allan's, but in the others no name is mentioned.

3273. Have you ever been asked by any one in your employment, when these sales occur, to buy for any officer in the Public Trust service?—Personally, I have never bought, myself; but there is no doubt, if you subpœna one of my clerks, he would be able to give you information on that score. I believe that something now and again has been purchased by outside individuals.

3274. I am alluding to gentlemen in the actual service of the Public Trust Office?—Yes; I believe that certain purchases have been made on their behalf.

3275. You spoke of another clerk in your service. Would you object to give us his name?—Mr. Nairn.

3276. You will have no objection to his giving evidence?—Certainly not. He has recognised a good many people come into our auctions who probably cannot attend, and they say to him, "Nairn, I would like to buy such-and-such an article. Will you secure it for me if I cannot attend?" Probably he has taken a transaction of that sort.

3277. Have you ever seen, during the conduct of any of these sales, any of the officers of the Public Trust Office present bidding?—Yes, probably in a remote case. It is not a general rule.

3278. Do you remember which officer you have most frequently seen?—I could not distinctly state.

3279. Have you ever seen Mr. De Castro bidding?—Certainly.

3280. More than once?—Yes.

3281. Several times?—Yes.

3282. Do you know whether any of your employés have bought at any of those sales for themselves?—Oh, yes! I should say they have taken advantage of the opportunity afforded now and again—not often—to buy a good pair of boots, a bundle of linen, or something of that sort.

3283. Did any of the firm ever buy anything?—Yes, I bought a watch myself; I have got it on me.

3284. A gold one?—Yes.

3285. What price did you give for it?—I bid £15 for it.

3286. That is a higher price than usual?—It is a keyless watch, and a very good one.

3287. Do you know the estate it belonged to?—I could find out the name. There was an old

station-agent here named Samuel Vennell. There was a very massive gold chain attached to this watch, and he wished to secure the two articles, and he and I ran each other for the watch, and I secured it for £15, and he got the chain, a very good one, for £7 or £8. They belonged to a Napier hotelkeeper, who was at the Pier Hotel playing billiards, and, leaning over the table, he ruptured himself and died. That was the estate.

3288. Did you ever buy anything else, that you remember?—I think I bought one or two little lines occasionally.

3289. Do you remember any one in your employment buying a packet or parcel of fine lace among some effects belonging to a Mrs. Dallon?—No. If I remember right, that stuff was bought by a little fellow named Marks. He used to have a shop down there by Burrett's corner, about three doors further on from Burrett's. He bought it.

3290. In looking through the account sales from Messrs. Thomas and Co., no lace appears as having been sold. That is to say, if it was sold—and we were led to believe it was sold on that day—it must have been sold with the contents of one of two bags?—Now, I can well remember it was not recognised at the auction as being of any very great value, but was sold as a lot. If I remember rightly, two or three bags were sold.

3291. As an experienced man of business, do you not think that it would likely draw more people to the sales, and hence more competition, if the auctioneer conducting the sale were allowed to name the estate to which the goods belonged?—No, I do not think so. Probably in some cases it would, but in others it would not. A great many of these sales we have consist of the personal effects of prostitutes; and in others they are barmaids' effects. I think the majority of cases lately have been barmaids—the great majority of them. The last sale I had of any decent proportion was in the estate of a barmaid. I think if we advertised their names it would not tend to increase the number attending them.

3292. From your experience of the property of indifferent women, barmaids, &c., am I to infer that they are the only class that die intestate?—I could not say that. I am not prepared to give an answer; but all I can say is, that the great majority of boxes sent in belonged to people of this class. We seldom get any respectable estates.

3293. You never get an inventory from the Public Trust Office, with the articles they intend to send or send to you for sale, before the sale?—They give us instructions to either send to the Hospital, or the Police Court, or some hotel, for the personal effects of Mr. or Mrs. So-and-so; and we will send and get them at once. Then an officer comes across and removes what he considers should not be sold, such as letters, albums, photographs, &c., and then he takes an inventory, with one of our clerks, of the balance.

3294. But the Trust Office has often occasion to send you parcels of jewellery for sale from the Head Office direct? Do they then send an inventory?—Yes. It is said, "Sell a watch and ring, and return the account sales to me."

3295. Then the Trust Office do not appear to have kept any copies of the inventories sent to you?—They must have. I observe by the letters they are in copying-ink. I could produce a great many of them.

3296. As far as I can discover, there was no inventory in the last sale made on account of Mrs. Dallon's estate, conducted by you in March last year. There were a good many articles of jewellery sold on that occasion, were there not?—If jewellery, there should be an inventory.

3297. It can be neither satisfactory to you nor to the Trust Office not to have an inventory?—An inventory certainly should be sent, and my experience has been that inventories have been sent.

3298. *Mr. Macdonald.*] Do you remember that last sale in Mrs. Dallon's estate?—I cannot say I call it to mind.

3299. There is a gold watch there, sold for £6 5s.——

3300. *The Chairman.*] That gold watch, I may tell you, was knocked down to Mr. De Castro for Mr. Hamerton, and Mr. Hamerton's family have it in their possession to-day?—I cannot say I can remember the sale.

3301. Notwithstanding that so many of these sales of effects belong to estates of indifferent women, a considerable eagerness appears to have existed on the part of officers in the Public Trust service to acquire some of those articles?—I am not prepared to say anything about the eagerness. Probably if you look over the sales for the past twelve months you might find a buyer there.

3302. Well, judging by the cause and the effect?—One thing seemed to strike me: If they made up their minds to have a line they did not scruple to bid up for it. They always seemed, as far as the auction-value is concerned, to go a little over the value of the article. Supposing I had a watch in my possession for three months, and knew it was a good timekeeper, it would be human nature to say, "Well, I know what this is, and I am prepared to give 5s. or 10s. over anybody else."

3303. The Commissioners have evidence that that watch, sold for £6 5s., was value for between £20 and £25?—I do not believe it, because if there had been a watch going for £6 5s. and worth between £20 and £25, there would be some more bidding. It is unsatisfactory evidence.

3304. *Mr. Macdonald.*] You mentioned that a man who had an opportunity of testing a watch for three months would give a little more. You mean, the facilities of the Trust Office for inspecting articles give them the advantage of knowing all about them?—I should say it ought to; but if there is a watch worth from £20 to £25 going for £6 5s., it is ridiculous—as an auctioneer, it is ridiculous. Auctioneers are always on the war-path to make a little money.

3305. *The Chairman.*] Presuming that they are, it is hoped they only desire to make money in a regular way?—Would not that be a regular way—that auctioneers or auctioneers' agents would be very foolish to let a watch, value £20 to £25, go for £6 5s.?

3306. *Mr. Macdonald.*] An auctioneer would not be justified, when selling in his own room, even if he saw a £25 article going for less, to buy it himself or through an agent?—Oh! I do not know.

3307. It is clearly contrary to law?—He must not buy it himself, but plenty of others there would.

3308. Now, as to a ladies' hunting, gold, lever keyless watch, in good order and little worn, would it be surprising to find a watch like that worth £20?—You could hardly give an idea unless you saw the watch. There are so many descriptions of watches. I have ladies' keyless hunting levers selling at £2 10s., and £2 even. It all depends on the gold. It may be nine-carat. If it is a Rotherham watch it might be worth £20. But very important evidence on this point would be the evidence of the watch itself. Get it, and, as men of business, examine it and find your own ideas about it.

3309. It really does not matter what the value is, so far as this watch is concerned. It is the principle of the thing, the quarter or direction in which the watch has gone, which we have to investigate?—[No answer.]

3310. Is it not possible for you to assist us in reference to that last jewellery-sale?—The books I have at the present time go back to June, 1890, and there are a good many sales in those books.

3311. We should like, if possible, to trace the buyers of that jewellery. I may explain the reason for that. There is a valuable bracelet missing in the estate of Mrs. Dallon. It is extremely doubtful whether that bracelet, as far as we can gather, ever went to you to sell. So that if we could trace the buyers of the whole of the jewellery there, we should know exactly whether you ever submitted that bracelet.

3312. *The Chairman.*] I do not think the bracelet ever reached the auctioneers.

3313. *Mr. Macdonald.*] I do not think it ever reached them?—If it reached us it would be here.

3314. But it is not here?—I should say, speaking from memory, I never sold such a bracelet. I now produce account sales of this sale in Mrs. Dallon's estate on the 28th March, 1890, as follows: Dress-case, cash, 6s.; bangle, Cleary, 2s. 6d.; sundries, cash, 2s.; gold locket, Kean, Newtown (connected with 'Bus Company), £1 3s.; gold watch, Hamerton, £6 5s.; earrings, Franklyn, 5s. 6d.; gold rings, W. Hill, 11s.; two diamond rings, E. J. Hill, £1; two rings, J. M. Cleland, 14s.; two earrings, Cooper, 10s.; sundries, R. Butt, 1s. 6d.; locket, R. Butt, 2s. On the same day, in Dickson's estate, silver watch, De Castro, 8s.

Mr. Thomas Sherriff Ronaldson examined.

3315. *The Chairman.*] What is your position in the Public Trust Office?—Ledger-keeper I am called.

3316. Do any other duties devolve upon you?—Yes, of course. In fact, I do not really keep the ledger, as far as it is concerned.

3317. Explain as fully as you like. Do not be under any reserve. The Commissioners want to see the condition the office is in. What information have you to tell us about it?—When an estate is reported, I have simply to see that the estate is realised, or assets realised, and claims in connection with it paid. If there is a title I have to get it put straight; in fact, to see that the estate is administered, claims paid, and next-of-kin or other parties paid.

3318. Then, you are one of the officers who are called managers?—I have never been called manager. I am simply known as Ledger-keeper. I have charge of the intestate branch.

3319. The Accountant of the Public Trust Office has told the Commissioners that there are five officers who keep the ledgers, who are in charge of separate and distinct departments, who are called or looked upon as managers. Are you one of them?—Yes, I am one of them.

3320. Now, in your position, does it come within your duties to know when any effects belonging to an estate in realty or personalty is to be disposed of?—It does.

3321. Do you know how personalty belonging to any estate in the Trust Office is disposed of?—I do, or should.

3322. What is the course pursued in disposing of it?—As a rule, it is sold by auction. Of course, if there are relatives, and they wish to have it transferred, it is transferred if the estate is solvent.

3323. Presuming it is not going to next-of-kin or relatives, it is sold by auction?—Yes.

3324. Do you know how long it is kept before it is sold?—Jewellery and that sort of thing is generally kept from a year to two years.

3325. So that a large stock accumulates?—Yes.

3326. Have you anything to do with the keeping of that stock?—No.

3327. Do you know any of such personalty that has been sold at any time privately within your knowledge?—Not in Wellington.

3328. Do you know of any sale out of Wellington?—I cannot exactly name a case, but I think there were two or three cases where we have had things valued at the request of a friend or relative, and sold at that value.

3329. To which auctioneer in Wellington are these effects generally sent?—Thomas and Co. get most of the jewellery.

3330. Does any other auctioneer get any sale of personal effects?—Yes. There is a sale of a few things coming off on Saturday. Mr. Sidey is selling.

3331. Has he had many sales?—No.

3332. But some?—Yes; I believe so.

3333. Do you know of any other firm?—Laery and Campbell.

3334. Have they sold jewellery?—Yes.

3335. Any other auctioneer?—Well, I do not recollect any more.

3336. Has Mr. Sidey sold jewellery?—No; I think he has sold in the way of clothing.

3337. And perhaps other effects, not jewellery?—Yes. He may have sold jewellery, but I cannot at the moment remember whether he has or not.

3338. When any effects are sent to any auctioneer, by whose authority are they sent?—The Public Trustee's.

3339. In the first instance?—Yes.

3340. Then, who is the next officer who sends, or who takes charge?—Mr. De Castro, the Chief Clerk.

3341. The Rev. Mr. De Castro?—I believe he is.

3342. And he is the head jeweller of the establishment?—Yes; he looks after all the jewellery.

3343. You have no silk-mercer on the premises, because you have got clothing and lace on the premises?—So I hear.

3344. *Mr. Macdonald.*] Were you not aware of it?—I was not aware of it. I keep a record of all the assets and claims.

3345. *The Chairman.*] Then, you keep a record of all the assets and claims in connection with estates?—Yes.

3346. So that you ought to be familiar with all the personal effects belonging to an estate?—Yes.

3347. Have you ever attended any of these auction-sales where these effects have been sold?—Yes, on one or two occasions.

3348. At which rooms?—Thomas's.

3349. Any other one?—No; I do not remember having done so.

3350. Did you ever buy anything yourself at Thomas and Co.'s?—I have.

3351. What article?—I bought a watch.

3352. Anything else?—Yes. I believe I bought, not for myself, but for a gentleman, a dress-coat and waistcoat—at least, I instructed the auctioneer to buy it for me, and I believe it was bought in my name.

3353. Anything else?—I do not remember anything else. I do not think I bought anything else.

3354. I suppose when you made those purchases you considered it within your rights and being the custom of the office to do so?—I never thought anything about it. I did not give it a moment's thought.

3355. Did you know whether any other officers had bought goods?—Oh, yes; I heard of other officers having bought goods.

3356. Did many of the officers buy?—I think most of them bought something or other.

3357. Who else besides Mr. Moginie, Mr. Wilson, the Solicitor, and yourself bought?—Well, of course, Mr. De Castro has bought.

3358. The Rev. Mr. De Castro has been a very large buyer apparently?—He bought a good many articles, I think; that is hearsay evidence.

3359. What other officer bought?—Mr. Stephens.

3360. Is he in the office now?—Yes.

3361. Any one else?—They all might have bought. I think Mr. Pyke bought a watch.

3362. Is he in the office now?—Yes.

3363. Then, it never occurred to you that it was somewhat out of place for any employé of the Public Trust Office to make such purchases?—No, it did not.

3364. *Mr. Macdonald.*] You keep the Assets and Claims books?—Yes.

3365. Is it your duty, as keeping a correct record of the assets of an estate, to take an inventory of all personalty in reference to the estate in the first place?—It is not my duty to take an inventory, but to note such an inventory as I get.

3366. Whose duty is it to make an inventory?—The police, as a rule, make inventories.

3367. What steps do you take when you hear of the death of an intestate in Wellington?—We write to the police for a report.

3368. Do you remember the estate of Mrs. Dallon?—I do remember the estate.

3369. Was any inventory taken there?—Not by me.

3370. Do you know of any clerk who took an inventory?—No.

3371. Did you inspect the personalty at any time?—I did not.

3372. Do you know anything of the personalty of your own knowledge?—I do not.

3373. Did you attend the auction-sale?—I did not.

3374. Do you ever check over the jewellery that remains in the safe with your Assets book?—I do not.

3375. Then, you may have a series of assets in your book that really do not exist?—I suppose I may. They never come to my hands at all.

3376. What is the object in keeping that book?—To enter assets and claims in.

3377. Is it supposed to be kept accurately as a record?—It is.

3378. How is it balanced?—There is no balance at all, so far as that is concerned.

3379. How have estates in your book closed then? Have you ever balanced?—No.

3380. Why?—It would be a waste of time if I did it. It is really a diary, a mere memorandum-book.

3381. Of no value as showing the real position of matters?—No.

3382. That, I suppose, is the reason why, when you start with an estate being a bank deposit of £500, you change that into a deficiency bill of £400, and when you pay £100 away in connection with claims you run a line through it?—It is simply a rough diary. We have all sorts of representations. If I get a record from an agent or a policeman, "This man owns three cows," down goes "three cows." If I hear afterwards that he had only one cow, the pen goes through "three" and "one" is substituted. I make an explanatory note that it is only one cow.

3383. Instead of being a mere diary, it would be more valuable if it was an exact record?—You must have some rough book of the sort.

3384. Where is the clean book, so to speak?—We have no such book. This book is kept as clean as it can be under the circumstances.

3385. This is your only record of assets and claims?—It is.

3386. There is no attempt made by the department to keep any other book in a more complete form?—There is not.

3387. And the whole appearance of that book is decidedly rough?—It is decidedly rough.

3388. You told me your Assets and Claims book is a record of any jewellery or effects belonging to any estate?—Yes.

3389. *The Chairman.*] In regard to jewellery and other effects, they are not under your control?—They are not.

3390. They are kept by Mr. De Castro?—Yes.

3391. Supposing any articles so kept were to disappear, could you detect them?—I could not.

3392. So that if you were now to go through your Assets and Claims book, and make me out a list of all personalty in the shape of jewellery, wearing apparel, and other effects pertaining to that class of property which men and women die possessed of, would the list you make out show what ought to exist in Mr. De Castro's safe?—It should show.

3393. Is that ever checked periodically?—It is.

3394. *Mr. Macdonald.*] Could you make out such a complete list?—I could not. An agent will forward, "Silver watch, &c.," or "Silver watch, chain, &c." That is all I hear of it. The "&c." might embrace anything. I have to be content with that in my Assets and Claims book. I do not see it then, as a rule.

3395. Do you not know that after a parcel of jewellery is taken from Mr. De Castro's safe, under instructions of the Public Trustee, it is placed on Mr. De Castro's table for inspection?—I do not know that.

3396. Do you know that if you wanted to see the jewellery, and asked Mr. De Castro to let you see it, he would let you see it?—I dare say he would.

3397. Do you know that officers of the department have inspected jewellery going to sale before it went to the sale?—I believe they have.

3398. And they have made up their minds as to the value of any article that they desired to purchase?—I believe such is the case.

3399. Do you ever remember inspecting anything of that kind?—I inspected the watch I am wearing now before I bought it.

3400. Where did you inspect it?—I saw it before it went to the auction-room.

3401. Then, when Mr. De Castro has these parcels of jewellery prepared to go to the sale, does he give notice to the officers?—Oh, no! at least, I do not know.

3402. He does not blow a horn?—Not that I am aware of.

3403. He gives them an opportunity of seeing it?—Yes, if they wish it.

3404. *Mr. Loughrey.*] Supposing a case of jewellery comes into this office, to whom would it be handed?—To the Chief Clerk.

3405. How would you make your entry in your Assets and Claims book?—Mr. De Castro would give me "Silver watch and gold chain, &c."

3406. An "&c." would not show what the *et ceteras* are?—No.

3407. By whose instructions do the agents sell?—By the Public Trustee's.

3408. If an estate is solvent, the jewellery is sent down to you?—Yes.

3409. *Mr. Macdonald.*] Have you ever had instances of personalty being sold privately?—I do not recollect. I believe outside of Wellington it has been so sold once or twice.

3410. Have you no record in this office of the personalty of the various intestate estates that have gone through the office? Could you point out to the Commissioners any book which contains a complete detailed record of the personalty of every intestate estate that has come into this office?—I could not.

3411. Has such a record ever been kept?—Not that I know of. The Assets and Claims book is the nearest approach to it.

3412. And that by no means satisfies that position?—I do not think it does.

3413. So that it might be possible for many articles to come into the office in connection with an estate—that is, the personalty—without their being at all recorded, and to disappear without the office knowing much about them?—I dare say they could, if any one was rogue enough to do it.

3414. *The Chairman.*] Then are you not at the mercy, so far as correctness of any inventory you might make in your Assets and Claims book in regard to personalty, such as "jewellery, &c.," of the Rev. Mr. De Castro and his safe?—I certainly am, undoubtedly.

3415. Is that a satisfactory way to have valuable assets kept?—I do not know who else could have charge of them. If they were under me they would be at my mercy, just as they now are at his. He is supposed to have a small book of his own, in which he enters up all these things.

3416. Have you ever seen that book?—I have.

3417. Have you ever compared your assets and claims, and balanced that part of the assets and claims with his book?—Never.

3418. Have you ever looked into his book?—I may have for one article, to see if it was there.

3419. Do you know in what style he has kept that secret book?—Yes.

3420. Do you think it is kept in a proper style to give information to the office when wanting it if he were away?—No, I do not. You would have to refer to the safe to see what was there.

3421. Then, this secret book appears to have been commenced at a recent date?—I could not give an idea when.

3422. You never saw the inside of the book?—Yes, but I never examined it.

3423. Will you take that book and examine it, and tell me whether it is a proper book to keep as a record of a valuable amount of personal effects? [Mr. De Castro's private memorandum-book

of articles in safe shown to and examined by witness.]—There is just about as much information here as there is in my Assets and Claims book.

3424. There is a good deal of "&c." in there too, is there not, Mr. Ronaldson?—Yes.

3425. So that if you took that book now in your hands, supposed to be a record of particular articles in detail, and you wanted to check the articles with it, you could not possibly check it?—I could not possibly. I do not see any more particulars in it than in my Assets and Claims book.

3426. Do you think your system of rough details in your book, or in that book, is a proper method, and an accurate method, of keeping the records of personalty that come into the Public Trust Office?—I certainly think they ought to be kept better.

3427. Do you think the system is a proper record?—I should certainly say not.

3428. *Mr. Loughrey.*] Should there not be a proper inventory?—Yes.

3429. If this jewellery had been handed to you, would you have taken an inventory?—Yes, undoubtedly.

3430. Would it not be a very easy matter to abstract any valuable article from those parcels?—I think the more valuable, as a rule, are shown in that book, so far as I can see.

3431. *The Chairman.*] Supposing a valuable article was not entered in the Rev. De Castro's private book, what is to trace it then?—Nothing whatever.

3432. You have to depend upon the integrity of the officers?—You want some system, in case the officer dies.

3433. *Mr. Macdonald.*] Will you read the entry in Dallon's estate: "Box of jewellery, parcel of papers, &c." Would you look at that account sales of George Thomas and Co. You see a number of articles mentioned there as having been sold on the 28th March. Supposing that a valuable bracelet had disappeared between the office and the auction-room, how could you trace it?—I cannot see that you could trace it at all.

3434. *The Chairman.*] And the bracelet which we find is missing in Mrs. Dallon's estate might have been included in the "&c."?—Yes, as far as I can see.

3435. *Mr. Macdonald.*] Having looked at that, what is your opinion of Mr. De Castro's book now?—I think it is of very little value as a record. I am quite aware it is a very unsatisfactory way in which the matter is conducted. I should either be in charge of intestacies or not.

3436. You have felt it is an unsatisfactory way. Have you remonstrated?—In a conversational way, I dare say I have expressed dissatisfaction.

3437. You have felt considerable dissatisfaction?—I have, undoubtedly.

3438. *The Chairman.*] You are nominally in charge of an important branch of the ledgers, and yet you are not in charge?—In that respect I am not. I have to take it "as read," so to speak.

3439. Do other officers post your ledgers?—My cadet. Of course, the entries come through me first.

3440. *Mr. Loughrey.*] So you have no knowledge of what is comprised in the parcels?—None whatever. They never come before me.

3441. *Mr. Macdonald.*] Although, in point of fact, you are in charge of intestate estates, and therefore responsible for recording the assets, the jewellery department does not lie with you?—It does not.

3442. *The Chairman.*] In other words, the Rev. Mr. De Castro does not trust you with the jewellery?—It seems so; or anybody else.

3443. Or particulars of the parcels?—Not except they are scheduled by the agents.

3444. Does he favour you with the particulars of his "&c.s"?—No.

3445. *Mr. Loughrey.*] The "&c.s" give you no more information?—No more than you see yourself.

Mr. Thomas Teague Stevens examined.

3446. *The Chairman.*] What position do you hold in the Public Trust Office?—I am Ledger-keeper.

3447. Similar to the position of Mr. Ronaldson?—Yes; wills and trusts, M to Z.

3448. How long have you been in the Service?—I think, about nine years in December next.

3449. Now, will you explain to the Commissioners what your duties are in relation to wills and trusts, seeing that you are in charge of the ledgers that keep those accounts?—I have to repeat what I said in my personal report. I have, I may say, the management of an estate in all its particulars, from its incoming to its outgoing, provided it goes out during my term of office; and my first duty, when an estate comes in, is to read the will or the trust deed, because it may be an estate under a trust, and make such notes of either or both as may be necessary for my future guidance; and then I enter up the estate in a book called Assets and Claims book; and, as the estate progresses in the way of receipts or correspondence, I deal with it as may be necessary. If it is a matter of not very great importance I deal with it without reference to the Trustee; if important, I refer to him.

3450. What do you do with respect to the personal effects and chattels?—That would depend entirely upon the position of the estate and direction of the sale. If the estate were solvent there would be no necessity for selling the personal effects, or any part of the estate.

3451. Presuming you have to sell, what then?—Then we should sell.

3452. But before you sell the effects that come into the office that appear to go through your Assets and Claims book, have you any control of those effects—jewellery, for instance?—No, I have no control whatever of it.

3453. Where does the jewellery go?—The Chief Clerk has charge of the jewellery. It is part of the estates in my ledger that he has control of. I have a minute of particulars in my Assets and Claims book, but beyond that I have no right to assume the charge of the jewellery.

3454. Have you no right to ask any questions about it?—Yes, I should say I have a right to do so.

3455. Do you ever look through your Assets and Claims ledger and see the various estates in which a lot of jewellery has been accumulating? Do you look to see if it is all right?—When jewellery comes in I satisfy myself that the inventory of the jewellery and articles agree, and then these articles go out of my charge.

3456. Then, who keeps the inventory?—I have the inventory.

3457. Then, the inventory and the jewellery part company?—Yes.

3458. Where do the articles go?—I think Mr. De Castro has the box.

3459. And you do not see them afterwards?—If a will says that every article is to go in a certain direction, and the estate is solvent, and the estate will permit the jewellery to go in that direction, it is my duty to see that it goes in that direction.

3460. After you have taken the inventory and the jewellery-case to Mr. De Castro, do you see the jewellery again?—Yes. It may be my duty to send it to the party who takes it under the will. In that case I see it.

3461. But if it happens that the jewellery is to be sold?—I do see it. I must see that the jewellery agrees with the assets and claims which first reached me.

3462. *Mr. Macdonald.*] Your Assets and Claims book does not always contain full inventories of all the jewellery?—I should not like to say it.

3463. Would you say it did?—My book contains all the entries of jewellery. I should like to say this: We get very few articles of jewellery in our estates. The nature of our estates is not such as would bring many articles of jewellery.

3464. Are you aware you sell a great many articles of jewellery?—Yes.

3465. Then how is it you do not get many articles into your Assets and Claims book?—

3466. Do you mean to tell us that the personalty in ——'s estate consisted of only one gold watch?—That is the whole, so far as I know.

3467. Did this gold watch ever come into your possession?—It did not.

3468. Have you any proper inventory of jewellery which came in to you under a will which you had to realise by auction?—I cannot think of a case.

3469. This Assets and Claims book is after all merely a record book. You make no attempt to balance it with your ledger?—We enter the properties as they are reported, with the values reported. In the case of a sale of any articles, it would be a singular instance if the reported value and the selling value agreed.

3470. These Assets and Claims books are, after all, only memoranda-books?—Yes; they contain very full memoranda.

3471. You make no attempt to balance them or make them agree with the ledger? No man from this book could arrive at the exact position of any estate?—Not at the exact position, but he could arrive at the approximate position, because the Assets and Claims book would contain certain articles which on realisation would be transferred in the shape of cash to the ledger, and the difference would be in the value of property as reported and the value as realised; but there is a close connection between the Assets and Claims book and the ledger.

3472. What is the object in running your pen through the various assets?—This is an estate out of which a man gets so much, and he will continue to do so until the whole is absorbed. We have to realise the investment to keep up the payment.

3473. Why put your pen through it?—Because it no longer forms part of the estate.

3474. Is that not a rough-and-ready system of keeping a book?—It is only a rough-and-ready book.

3475. *The Chairman.*] Ought there to be such rough-and-ready books in a department like this?—I do not see anything improper in that Assets and Claims book.

3476. *Mr. Macdonald.*] You have got to pick out by a laborious process the real fact that £180 stands in securities, there being represented in different amounts that sum rubbed out at various periods. Do you think rubbing-out in that fashion is a cleanly or correct way of keeping books?—It is quite in keeping with the purpose for which the book was created.

3477. If we understand from you that it is a rough-and-ready book, and only a rough diary, then one can understand that being done; but, if you contend it is a correct book, then do you mean to tell us, from that point of view, that this sort of thing is correct?—It is correct, I take it.

3478. Think of an accountant or book-keeper in an ordinary merchant's office, when a bill was paid, running his pen through it. Is that not exactly what you do there? When you change an investment, instead of writing it off and making a balance on the other side, you run your pen through it?—The nature of our work is such as not to be described as ledger-keeping or book-keeping in any form, and the entries crossed out do properly appear, and are dealt with, in another book, kept by another clerk. It is the Special Investment book, kept by Mr. Buckland. My object in making such entries in that book is that I may economize my time. I know at a glance what money there is in an estate, and, instead of going to another book with which I am not so well acquainted, I can refer to my Assets and Claims book and see the exact position of the estate. Considering that time is a very important matter with us Ledger-keepers, we devise the easiest method we can, consistent with correctness, for getting at a result.

3479. Could not that information be contained in your ledger?—The entries do appear in our ledger now.

3480. Then to a certain extent it double-banks the work?—Yes, but it focusses the work at once. The advantage is in focussing the work, and seeing what the position of an estate is.

3481. Would not that book be much more valuable if it were kept accurately—that is to say, that at the starting-point, when you get an estate into your hands, you entered carefully everything in the way of personalty and realty, and the estimated value of it, and all claims opposite? Set out the exact amount realised on one side, and on the other side set out the claims and the exact amount

paid on the realisation of assets; and then you can see whether they agree with your entries in your ledger. Would not that be a more proper way of keeping the book than that?—There must be a large amount of unnecessary writing in a book like this.

3482. Would it not be much more satisfactory, both for yourself and the Public Trustee, to be able to add up the columns on realisation, and see that the amounts stated as assets when the estate first came in unrealised agree with the amounts shown as having been realised by actual cash-payments into the ledger?—When an agent reports he sends in a general report which sets out the assets of the estate. We copy his general report into our Assets and Claims, and we state here the value of the assets as reported by the agent.

3483. You make no attempt to balance this book in any shape or form upon realisation of the estate, nor do you see that it agrees with your ledger?—The entries in the Assets and Claims book are the amounts carried into the ledger.

3484. There may be amounts in the ledger which are not there?—Yes, there are interest and receipts, showing that the estate has run on for many years.

3485. If I wanted to know what the income of an estate was from your Assets and Claims book, I could not tell?—The Assets and Claims book was not intended to do that, but the Mortgage Register would show you the investments on account of each estate, and the interest upon investments.

Mr. Alexander Watt examined.

3486. *The Chairman.*] Mr. Watt, you are employed by Messrs. Kirkcaldie and Stains?—Yes.

3487. Who are very large silk-mercers and drapers, and deal with soft goods and all things pertaining to that trade?—Yes.

3488. I presume you understand that trade thoroughly?—I have been twenty years at it. I have been at Marshall and Snelgrove's, in London.

3489. Do you know hand-made lace?—I do.

3490. Is hand-made lace very valuable?—Not at the present day. It is valuable, but not so valuable as it was twelve years ago.

3491. Does the value vary according to the width of the lace and the weight of it, and the fashions?—Yes.

3492. Would you call that [small parcel of lace in Mrs. Dallon's estate] good lace?—It is real Irish crochet.

3493. Is that valuable lace?—We have it in stock at 6s. a yard. Twelve years ago we could have got 12s. a yard for that lace; to-day it has a slow sale at 6s.

3494. You would be prepared to sell me the same lace as this at 6s. a yard?—Yes; and I would say a cheap lace at that price.

3495. And quite as good as this?—Yes.

3496. Is your lace hand-made?—Yes. Real Irish crochet is all hand-made. We have lace at £1 a yard, which we reduced at stock-taking to 10s. There are fully three yards in the piece produced. There are laces now sold in London at from one to three hundred guineas a yard.

Saturday, 25th April, 1891.

The Rev. Charles Daniel de Castro further examined.

3497. *The Chairman.*] Well, Mr. De Castro, on the subject of this packet of lace which you sent up to the Commissioners yesterday, where did you say you found it?—Tied up in a separate package in my drawer.

3498. In your writing-table?—Yes.

3499. Not in the strong-room?—No.

3500. Was there any other article with this, belonging to other estates?—I think not. I put away a lot before I went away.

3501. Mr. Stanley Hamerton, when he brought the parcel up yesterday, told the Commissioners there were other articles in your private drawer—that you had told him so?—No; I said there were from time to time, not now.

3502. Will you tell me this—how long this packet of lace has been in your drawer?—I cannot say. It has been in my possession since the time the jewellery was sold—March last year.

3503. In fact, before the jewellery was sent to the auction-sale?—Yes.

3504. Long before?—Yes.

3505. Then the lace has been in your possession since the jewellery-casket came into your possession?—Yes.

3506. How long has it been in the drawer of your writing-table?—It would be separated from the other things when the jewellery was sold.

3507. Did you put it in your drawer when you separated it from the casket, and sent the jewellery to the auction-room?—Yes, because I had no instructions to sell the lace. I did not know there was any value attaching to it.

3508. Now, Mr. De Castro, has that lace been out of the Public Trust Office since it came in?—[A pause.] No; it has been in the drawer.

3509. I wish you to answer me: have you never taken this lace out of the Public Trust Office since you first received it in the office? [A pause.] Why do you hesitate?—I did take it out once.

3510. Where did you take it to?—I took it to my own house, and asked what the value of it was.

3511. How long was it at your own house? Long? How long is it since you took it up to your own house?—Some time ago; I cannot tell now.

3512. Will you tell me that you did not take it to your own house many months ago?—Yes, some months ago.

3513. And did it not remain at your own house for some months?—Some little time; I cannot say exactly.

3514. Now, tell me this, Mr. De Castro: Did you not bring that lace down from your own house yesterday morning? Why hesitate?—Yes, I brought it down from my own house yesterday morning. It had been there some months.

3515. You brought this lace down from your own house yesterday morning?—Yes, and put it in my drawer.

3516. Yes, you put it in your office drawer only yesterday?—Yes.

3517. Then, the lace was not in your drawer when you told us it was?—I have been ill, and had not an opportunity to bring it back again.

3518. You have had it at your own house for many months?—I do not recollect.

3519. Six months?—I do not think so.

3520. Will you swear you have not had that lace at your own house for six months?—I will not swear.

3521. Then, you may have had it many months?—Yes.

3522. What did you take it to your own house for?—To know what the value of it was.

3523. Have you an Expert in lace at your own house?—Because ladies know the value.

3524. Have you taken anything else to your own house to ascertain the value?—[No answer.]

3525. Are you sure that you never took or sent that missing bracelet we want to know more about to your house?—On my sacred oath I am perfectly certain I know nothing of it.

3526. Then, you told the Commissioners yesterday that this lace was in your office drawer the whole time—I repeat, that both yesterday and to-day you said that this lace was in your drawer in your writing-table in the office the whole time from the time the jewellery was sold, locked up, and in your custody?—In my possession.

3527. In your drawer—you said in your drawer?—In my possession.

3528. In your evidence yesterday you said in your drawer?—For a considerable time.

3529. But also, for a considerable time it was up at your own house?—On account of my illness I have not been able to bring it back.

3530. If the Commissioners had never made the searching inquiry they have in respect of this lace, would it not be still at your house?—No. Of course, I am not officially back here. I should bring it back as soon as I came back.

3531. But there is no record of this lace in this private, secret record-book of yours. It is, I presume, among the "&c.s"?—"Box of jewellery, &c."

3532. Then, the lace was in the "&c."?—Yes.

3533. Then, you do take some of the "&c.s" to your own house?—No; it is an exceptional case.

3534. Then you did call this "&c."?—Yes.

3535. Then we will call this lace "&c.," just to earmark it?—Yes.

3536. And you kept it at your own house for some months?—Because I have been away ill.

3537. You brought this down yesterday morning and put it into your drawer?—Yes.

3538. Then would you have brought this lace yesterday morning if you had not known that the Commissioners were searching vigilantly for it?—Yes; I intended to have brought it the morning before. I did not want it. I had not the slightest use for it or anything of the sort. I brought it home just to satisfy myself if it was of any value.

3539. At what time are you in the habit, even in the best of health, of coming to your office in the morning?—It is nearly half-past 9.

3540. It is very unusual for you to come before 9?—Between 9 and half-past 9.

3541. Why were you here yesterday at 9?—I was not.

3542. You were in this building yesterday morning at 9?—I was not in this building until close upon 10.

3543. When you first came up into this room a few days ago to interview the Commissioners, do you remember making the remark that you hoped the Commissioners would be merciful with you?—Yes; I asked Mr. Loughrey, as my head is in such a state, any severe questioning makes my head ache.

3544. Was that your only reason?—Yes. Last night I hardly had any sleep, and I had to see Dr. Collins.

3545. Do you ever dream about jewellery?—No.

3546. Then you have never seen phantoms standing by your bedside demanding their watches and other jewellery?—No, I am sure.

3547. Do you never expect to see those sort of phantoms?—No.

3548. Now, you wrapped up this lace yesterday morning in a glazed brown-paper wrapper, and you put the name of the estate on it?—Yes.

3549. What did you do with the wrapper when you opened it in this room?—I threw it away.

3550. You took it downstairs?—Yes; I only took it out of your way.

3551. Then you took from the Commissioners' room the brown-paper wrapper and the red-tape?—I did not take the red-tape.

3552. You took the brown-paper wrapper, with your handwriting upon it, away with you yesterday from this room?—Yes; I thought it was in your way—a piece of waste-paper.

3553. You thought the paper was in our way? What size was it?—A piece of brown paper about 1ft. square.

3554. Why did you think a foot square of brown-paper was in the Commissioners' way?—I thought it was a piece of waste-paper.

3555. You remember it was a piece of glazed paper?—Yes.
3556. And had your handwriting upon it?—Yes.
3557. And you took it away without intimating to the Commissioners that you were doing so?—I thought it was merely a piece of waste-paper.
3558. Was it not the paper in which you had wrapped the lace?—Yes.
3559. What right had you to take it away?—Because I thought it a piece of waste-paper.
3560. What did you do with that paper?—I tore it up and burnt it.
3561. Are you in the habit of tearing up brown-paper every day that is used in wrapping up articles of jewellery?—If it is no longer of any use.
3562. But, you having brought that wrapper around the lace to the Commissioners' room, seeing the lace was left with the Commissioners, what right had you, without intimating your intention to the Commissioners, to take that wrapper away?—I am very sorry if I did anything wrong. I thought you saw me take it away.
3563. How could the Commissioners see you?—It was on the table, and I did not know you wanted it?—It was no use to me.
3564. Did you, when you bought at the auction-sale last year that ladies' watch for the Public Trustee, buy anything else?—No.
3565. Are you sure you did not?—I am quite certain.
3566. Did you not buy a silver watch on that day?—Not that I know of. I am speaking of Dallon's estate. I do not know whether there were any other effects sold.
3567. There were effects in the estate of Dickson?—Then I will not say. I do not know.
3568. Did you at that time buy a silver watch?—I do not recollect.
3569. Did you ever give 8s. for a watch?—Yes; I recollect a little watch for which I gave 8s., and great rubbish it was.
3570. That was the same day you officiated for the Public Trustee, and bought the watch for him by instructions?—I do not know that it was the same day.
3571. It was the same day. That watch for which you gave 8s. was in the estate of Dickson?—I do not know whether it was or not, or whether it was one of our estates.
3572. It was one of your estates. If you wish to refresh your memory you can see it recorded in the auctioneer's books?—I recollect that watch.
3573. Have you resold any article that you bought in that way at any of these auctions?—No.
3574. Then you must have a large stock?—No; what things I have bought I bought for myself and other people.
3575. But you have been buying for so many years?—But I am certain I did not buy twenty articles.
3576. Do you think a three-bushel bag would hold them all?—All I bought was a few watches. I have three or four boys grown up. As to the little watch, it was very little use when I got it.
3577. And that is the way in which you present your boys with necessary articles of that kind, such as watches?—Yes.
3578. Now, would you be prepared to disgorge or to give back the whole of those things you have purchased from time to time at auction in these several dead men's and dead women's etates?—Some of them are worn out, I think.
3579. Supposing they are not, would you be prepared to disgorge them?—They are not in my possession. The boys have grown up, and some of them have been married long ago. I think Dallon's sale was the last I attended.
3580. Would you like to part with the coat you bought and have still got?—I have no objection, but would rather keep it.
3581. It is a good deal worn?—Yes.
3582. Tell me this, and I want you to look at the question I am about to put to you calmly and seriously: Do you think, when the public become aware, as they must do, that you and your superior officer and officers below you in the service of the Public Trust Office have been systematically and continuously buying parts of estates of dead men and dead women which the Public Trust Office is to administer—do you think that it will inspire confidence in the public mind to the benefit of the Trust Office?—I cannot see any objection to myself or others attending the sales and bidding as any of the public.
3583. Then do you think it will inspire confidence in the public mind when the public becomes aware of it?—I do not think it will damage it.
3584. Do you think it will do the Public Trust Office good, and help new business to flow into it?—I cannot see how it can affect it in any way.
3585. Do you think then, Mr. De Castro, seriously speaking, if that is your opinion of the morality of those transactions, that you are fitted to continue to hold the high office you do?—Yes, I do.
3586. *Mr. Loughrey.*] Are you quite satisfied that you tore up that wrapper which you removed from this room yesterday?—Yes.
3587. What did you do with the pieces?—Threw them away.
3588. In reply to Mr. Larnach, did you not state you burnt them?—I threw it in the grate.
3589. Was there a fire there?—Yes.
3590. *The Chairman.*] When you destroy pieces of paper like that, are you in the habit of burning them?—If there was a fire in the place I would.
3591. Then you would get up from your chair and go to the fire and burn them?—There is a waste-paper basket. I might put it in there.
3592. It is rather an unusual thing to go and burn a thing unless you have a particular object in it?—I do not think so.

3593. *Mr. Loughrey.*] Who keeps the books in connection with the watches, &c., that come into this office?—I keep them. We shall have a better book than that [referring to his private-jewellery-book].

3594. Who keeps the accounts of the intestate estates in the office?—They are divided between two Ledger-keepers. They have the Assets and Claims books.

3595. They are kept there?—Yes.

3596. Do you give the officers who keep Assets and Claims books any information as to the jewellery that comes into the office?—I generally say I have so much jewellery, watch and chain, or so-and-so, but I did not give details of all those things in Dallon's estate, because we always look at it that "Box of jewellery" is sufficient to go in the books.

3597. What is to prevent any one helping themselves if there is no inventory?—No one can touch it except myself. I have the key of it.

3598. And there is no inventory?—There was no inventory in this case.

3599. Do you not think it would be for your own protection that a full inventory should be made and furnished to the clerk who keeps the Assets and Claims book?—Yes, I think it would be a very good plan. I shall do so.

3600. So there is no guard at all on such articles?—None. If Mr. Morrison says, and I have no doubt it is correct, that he handed this box of jewellery to me, he surely would have provided himself with an inventory.

3601. *The Chairman.*] He (Mr. Morrison) has a knowledge that he got a receipt from you, but he has sent that receipt to Mrs. Dallon's son, to show him he delivered the casket to you. That receipt has gone to Queensland?—It should be a detailed receipt detailing all the articles handed to me.

3602. Have you ever been in the habit of making out detailed lists of articles handed to you?—No.

3603. Why did you not in this case?—I am sorry I did not.

3604. Did it suit you not to do so?—There was no suiting about it. There was the box of jewellery and the articles accounted for.

3605. Has it ever occurred to you to make out such inventories?—Generally speaking, I got a watch or a watch and chain. They are entered.

3606. "&c." appears to comprise a great lot of articles, according to your ideas of inventories?—Certainly, in valuable things.

3607. *Mr. Loughrey.*] In the absence of an inventory, how do you account to relatives for these articles?—We take them from the account sales.

3608. Suppose the office does not send all the articles to an auction-sale, but that some are abstracted, what then?—Who could possibly do that?

3609. Who takes them to the auctioneer's?—I have generally done so. I have generally taken them in a box.

3610. Have clerks ever taken them down?—Yes.

3611. *The Chairman.*] How about the packet of lace, &c.? Who could tell it was at your house for many, many months?—I admit the force of your remarks. It ought to have been entered.

3612. What is to prevent any person, knowing that no inventory of articles exists, abstracting anything he pleased?—Nothing more than that there would be an inventory sent to the auctioneer with them.

3613. In this case of Dallon's, was there an inventory?—I do not think there was, and that is a puzzle to me.

3614. Since you admit the force of my remarks in this one question alone, how are the public to know there are not other cases of a similar kind?—There are not.

3615. How is the public to know and judge, will you answer that?—You mean of things being away?

3616. Yes. How are the public to know and judge?—[No answer.]

3617. *Mr. Loughrey.*] How are they to know you have sent everything to the auctioneer's?—There are the account sales.

3618. *The Chairman.*] The account sales of what the auctioneers receive from you. How is the public to know, seeing your treatment of effects in regard to Dallon's case?—The public could not know, of course.

3619. What suspicions would likely arise? Would not a suspicion be likely to arise, and justly so, that there were other articles not accounted for?—Possibly it would.

3620. Did any one communicate with you the evening before you brought down this packet of lace to the office that the lace was wanted?—No.

MR. STANLEY HAMERTON further examined.

3621. *The Chairman.*] Will you be good enough to repeat concisely before Mr. De Castro, and in his presence, the message you brought up to the Commissioners yesterday when you brought up the brown packet said to contain lace. Now, yesterday is not long ago. You can easily remember verbatim what you stated to the Commissioners when you brought in that packet of lace as having received it from Mr. De Castro?—I stated that Mr. De Castro told me he got the parcel out of the drawer in his table.

3622. And what else did he tell you to say, or what else did he say to you when he gave it to you?—He said that the larger parcel was over from the first sale, and the smaller parcel was over from the second sale.

3623. Did he say where the smaller parcel had been all this time?—In his drawer. I understood him to say it had been in his drawer the whole time.

3624. You have no doubt about that?—No. Well, of course, I do not know anything about that. I understood him to say so.

3625. Now, there must be no prevarication. I want you to state distinctly—be under no fear, but state distinctly—what passed between you and Mr. De Castro?—Well, I understood him to say the parcel had been there all the time.

3626. You have no doubt about that?—No.

The Rev. Charles Daniel de Castro further examined.

3626. *The Chairman.*] When does your leave expire, Mr. De Castro?—On the 20th June.

3627. Are you going out of town immediately?—I expect to go shortly.

3628. *Mr. Loughrey.*] Were the private letters that you state were found in Mrs. Dallon's estate referred by you to the Public Trustee?—No, not that I know of. I think I showed him afterwards those I put in the sealed cover. I am not sure about it.

3629. Is it not usual for the Public Trustee to inquire to see all letters?—Not private letters.

3630. So you formed the conclusion yourself that this young man was the illegitimate son of Mrs. Dallon?—Yes.

3631. And you were well aware at the time of "The Administration Act, 1879"?—Yes, the clause I pointed out yesterday.

3632. *The Chairman.*] Then, you looked upon the character of that unfortunate woman as rather tainted from those circumstances?—Certainly.

3633. Well, you did not think her watch was tainted when you bought it for the Public Trustee?—No, I did not.

3634. *Mr. Loughrey.*] And, notwithstanding that you had full knowledge of that section of the Act, and notwithstanding you had a letter from the son desiring you to preserve her effects, you ordered these things to be sold?—The Public Trustee ordered them to be sold.

3635. *The Chairman.*] Do you and the Public Trustee ever consult together on those matters of sales?—Yes.

3636. Then I have no doubt you had consulted in this case?—Yes, as to whether we should sell or keep. Do you want that book [referring to his private jewellery-book in possession of the Commissioners]? will you allow me to take it?

The Chairman: This is your secret, private book. I cannot part with this book.

Witness: There is an entry to be made in it of a watch.

The Chairman: Then send up particulars of that watch, and they can be entered here.

Mr. R. C. Hamerton, Public Trustee, further examined.

3637. *The Chairman.*] Mr. Hamerton, can you call to mind what articles you have in your possession that you purchased at the different auction-sales belonging to deceased persons' estates?—Yes. There are four gold watches and three gold chains; there are two silver watches and two silver chains; two rings, and I am not quite sure whether there is a third.

3638. Nothing else?—I do not call anything else to mind, unless Mr. De Castro bought some small oval photographs of streets in a cathedral city. I cannot call it to mind. The jewellery was all out of estates.

3639. Speaking of Mrs. Dallon, you have supposed her to have an illegitimate son?—Yes.

3640. In that case you would look upon her as somewhat tainted—that her fair fame had been tainted?—Yes. You mean to say the world would look upon it in that way.

3641. Yes. Now, Mr. Hamerton, did it occur to you that the watch you bought for your daughter was tainted?—It did not occur to me.

3642. Well, now, would you be prepared to disgorge and give up all those articles you have bought belonging to dead men and dead women?—Most clearly.

3643. If you did, do you think that would recompense all those people who may be interested in those particular articles?—No; the damage is done and cannot be undone.

3644. Then, Mr. Hamerton, let me put this very seriously to you. As a man arrived at a fair age of life, and of considerable experience, do you think, when the public come to know of these transactions that have taken place in connection with yourself, your second officer, your third officer, your Solicitor, and other more subordinate officers as to your dealings with the estates of deceased men and women, and in your acquisition of effects belonging to those estates, that such transactions will be likely to inspire confidence in the Public Trust Office?—No. Since I first saw you I have thought very seriously over it, and I cannot think that it will inspire confidence.

3645. Do you not think that they are likely to do a great deal of harm?—I think it must do so.

3646. Well, now, I want to say this to you: Mr. De Castro has been again before the Commissioners this morning, and I wish you to hear read the evidence which has been extracted from him. I may premise my remarks by stating that you are aware that the Commissioners made minute inquiries yesterday in respect of a packet of lace. You are aware of that?—Yes.

3647. And that through your son, Mr. Stanley Hamerton, a message was conveyed to the Commissioners from Mr. De Castro, handing in a packet of lace, and stating where it had been found, and where it had been kept since the last sale of jewellery in March, 1890, in the estate of Mrs. Dallon. Now, when you have heard the evidence of Mr. De Castro it will then be my duty to ask you how you intend to act, because, in my opinion, and, I believe, in the opinion of my colleagues, when you have heard what Mr. De Castro has revealed this morning, you will agree with the Commissioners that the matter requires prompt action—not only prompt, but very decisive. Will you, Mr. Grey, now read your shorthand notes, in order that Mr. Hamerton may learn the nature of the evidence of the Rev. Mr. De Castro to which I have just referred. [Mr. Grey read his shorthand notes of the evidence given by Mr. De Castro that morning.]

3648. Now, Mr. Hamerton, you have heard the evidence given by your second in command, and knowing the position you hold as head of the Public Trust Office, it is for you to act as you may think best. We thought it our duty, as Commissioners, to let you have the earliest information of such evidence that to our minds appeared so startling and revolting?—Might I ask for a copy of that evidence?

3649. Yes; I think you can have a copy of his evidence. He is not to be allowed to interfere with it?—No.

3650. *Mr. Loughrey.*] Were there any fires lighted in the office yesterday?—Not that I am aware of.

3651. If there were fires, would you know?—Not necessarily. I seldom go out of my room.

Mr. Moginie further examined.

3652. *The Chairman.*] Mr. Moginie, do you remember when you first saw Mr. De Castro in this building yesterday morning? Was he here when you came?—No, I do not think he was. It must have been about a quarter-past 9 when I first saw him.

3653. Do you remember if you had any fires in the office yesterday?—No, I do not think we had, with the exception of perhaps a kerosene-stove used for heating water; but that is not a fire exactly.

3654. Not a fire you can burn or throw papers into?—No.

Mr. A. J. Cross, Messenger, further examined.

3655. *The Chairman.*] Do you remember at what time yesterday morning you first saw Mr. De Castro on the premises? Was he rather earlier than usual?—No; I could not tell.

3656. You did not notice him?—No.

3657. *Mr. Loughrey.*] Were there any fires lighted in the building yesterday?—No.

3658. *Mr. Macdonald.*] Who is the first obliged to be here in the morning? At what time do you appear yourself?—Generally about half-past 8.

3659. About what time were you here yesterday morning?—At twenty-five minutes to 9.

3660. Who was the first clerk you saw here?—Mr. Stanley Hamerton and Mr. Arthur de Castro, a son of the Rev. Mr. De Castro. I saw them both.

3661. At what time?—About twenty-five minutes to 9.

3662. Do they usually go to the office as early as that?—They have been coming down to put the records away in the safe.

Mr. Arthur de Castro examined.

3663. *The Chairman.*] At what time were you at your office yesterday morning?—Half-past 8.

3664. Do you usually come at that time?—No.

3665. Did your father come down to the office with you?—No.

3666. At what time did he come?—I do not remember.

Mr. Stanley Hamerton further examined.

3667. *The Chairman.*] Mr. Stanley Hamerton, you were in the office early yesterday?—At half-past eight o'clock.

3668. At what time did you see the Rev. Mr. De Castro in the office?—It was about half-past 9.

3669. Was he not here earlier yesterday than usual?—No, he was later than usual.

3670. Then, how soon after he came to the office yesterday did he hand you that parcel of lace?—About 10 o'clock, I think. He gave me the lace just before I came up.

3671. Where did he give it to you?—In the passage downstairs.

3672. And then it was he told you the story about its having been in his office drawer?—Yes.

3673. Did he not say, as we understood from you the other day, that there were some other things with it?—Not in the same parcel.

3674. But in the same drawer?—Nothing else.

3675. Are you perfectly sure about what he stated to you in respect to the parcel having been in the office drawer continuously from the time the jewellery was sold?—Well, I should not like to be sure about that.

3676. Well, state again to us what he really did say?—As I was coming upstairs I had the parcel I had the day before. I asked him if I should bring up the small parcel too.

3677. *Mr. Macdonald.*] One moment, before you go any further. You say you asked him whether you would bring up the small parcel too?—Yes.

3678. How did you know anything of the small parcel at this stage?—Because I had seen it in his hands a few moments before.

3679. Had you any conversation with him about it?—No.

3680. How did you know what parcel it was?—It was marked "Mrs. Dallon."

3681. You must have been very close to him?—I passed him several times in the same room.

3682. Was he holding the parcel in his hand in the same room?—Yes.

3683. Which room?—In the record-room.

3684. You said it was a parcel belonging to the Dallon estate he had in his hand?—Yes.

3685. *The Chairman.*] Did you see him or communicate with him in any way on the previous evening?—No.

3686. Sent him no message?—No.

3687. No communication that you are aware of was sent to him from this office?—No. I was coming upstairs with the large parcel, and I asked him if I would bring up the small parcel at

the same time. He said I had better bring it up, and to tell you that it was in the drawer of his table.

3688. Did he say anything else?—Well, he went on to say that the larger parcel was over from the first sale and the smaller from the second sale.

3689. *Mr. Macdonald.*] Anything else besides that?—No.

3690. *The Chairman.*] Then, what impression did it form on your mind when he told you, in reference to the smaller parcel, that it was and had been in his drawer? Did you suppose from what he said that it had been in his drawer for a long time, or that he merely put it into his drawer for the purpose of taking it out again?—I thought he had put it there after the sale, and perhaps had forgotten about it, and just discovered it in his drawer.

3691. *Mr. Macdonald.*] What clerks see Mr. De Castro first when he comes into the office?—I generally see him first. He works in the same room. There are three of us in the same room—Mr. De Castro, myself, and the cadet, Mr. Purdie.

3692. Are you sure he was not there before half-past 9?—He did not come into my room before then. He may have been in the office before then, but I did not see him.

3693. *Mr. Loughrey.*] Did you not see him until he came into your room?—No.

3694. *Mr. Macdonald.*] Who would be most likely to see Mr. De Castro first?—There are such a lot of officers about that they might see him before he came into our room.

MONDAY, 27TH APRIL, 1891.

[Mr. R. C. Hamerton, Public Trustee, asked the Commissioners whether he could get the Rev. Mr. De Castro's private jewellery-book, which the latter called an inventory of jewellery, in order that he might take it downstairs. The Chairman inquired what it was wanted for. Mr. Hamerton said he wanted it in order to assist him in making out the return of the articles which had been sold. The Chairman said that Mr. Hamerton might have the book later on.]

Mr. STANLEY HAMERTON further examined.

3695. *The Chairman.*] Mr. Stanley Hamerton, you have just brought upstairs to the Commissioners particulars of some effects which you wish to enter into Mr. De Castro's private safe-book?—Yes.

3696. Well, you can take the book to the table and make the entries you require. [Entries made by witness.] Now, Mr. Hamerton, you have made these entries, and they are correct so far as you are aware?—Yes.

3697. Are there any other articles of personalty in the possession of the Public Trust Office that are not entered up in this book?—No, unless they have come by to-day's mail.

3698. Are you aware that a list is being made out of the effects, such as jewellery, "&c.," which are in the safe?—Yes.

3699. Is that being done?—I do not know whether it is commenced yet. It is in Mr. Moginie's hands.

3700. Now, I want to carry your memory back to the afternoon of Thursday last, when you were searching for that lace. Is there a son of Mr. De Castro's working near you?—Yes.

3702. Was he aware that you were searching for the lace?—Yes.

3702. Did you tell him that you could not find this lace, and asked him if he knew anything about it, or what his father had done with it?—No.

3703. You mentioned something, did you not?—I merely said I was looking for the lace, but I did not say anything else.

3704. He was aware you were looking for the lace; there is no doubt about that?—No.

3705. *Mr. Loughrey.*] Was the messenger also looking for the lace?—Yes.

3706. *The Chairman.*] Has the Rev. Mr. De Castro been in the office this morning?—No, I have not seen him.

3707. How far away does he live from the Public Trust Office?—He lives at the top of Willis Street.

3708. Would it take long to communicate with him?—No.

[Mr. Hamerton, Public Trustee, having returned to the Commissioners' room, the Chairman said: Mr. Hamerton, you may have this book. Let us have it again to-day, and you will please be good enough to see that no interference is made with any of the writing in this book; and if any articles should come in while it is in your possession, please have them entered where indicated, with the fullest particulars. You are not to allow the book to leave your possession.]

Mr. ARTHUR DE CASTRO examined.

3709. *The Chairman.*] Now, Mr. Arthur de Castro, do you remember Thursday afternoon last?—Yes.

3710. Do you remember Mr. Stanley Hamerton searching diligently for a packet of lace?—Yes.

3711. And what did he say to you when he could not find it?—He said nothing to me.

3712. Were you aware that he was searching for the lace?—Yes.

3713. That was in your father's possession?—Yes.

3714. Do you live with your father?—No.

3715. Did you see your father on Thursday evening?—No.

3716. Are you quite sure?—Yes.

3717. Did you see any of your family on Thursday?—One from the country.

3718. Where do you live?—In Hankey Street.

3719. Close to where your father lives?—Yes.

3720. Did you not send a message or some communication in order to let your father know that this lace was wanted?—None whatever.
3721. To no one?—No.
3722. You are sure of that?—Yes.
3723. Did you see your father when he came to the office the next morning?—Yes.
3724. Did you say anything to him then?—No.
3725. And you had no communication whatever with him on the subject of this lace?—None whatever.
3726. And yet you knew that it was wanted?—Yes.
3727. Do any more of your family live with your father?—Two younger children.
3728. Is your father at home now?—Yes.

Mr. W. L. Rees, M.H.R., examined.

3729. *The Chairman.*] Mr. Rees, you have attended here to-day to put before the Commissioners a short statement of certain grievances which are within your own knowledge, and exist in the Gisborne district?—Yes.
3730. Perhaps the easiest mode of dealing with the matter will be to ask you to make a statement, as briefly as you think it desirable, in reference to any of those matters, and the working of any of the agencies?—I only know of the Gisborne agency. I know of no other agency at all. I have been living in Gisborne and practising there as a solicitor for many years, and the conduct of the agency in Gisborne has been a very serious source of annoyance to many people, and, in my opinion, very wrong. In the first place, the agent in Gisborne, although the statute law prevents the Public Trustee from interfering in politics at all, is an ardent party politician, and lends all the assistance of the Public Trust Office and all the influence he has to party politics. During a late election he acted as chairman of Mr. Arthur's committee, to whom I was opposed at the time. It was publicly known. He drove all about the country canvassing. The Public Trust Office has immense influence in the country districts on account of its lending moneys, collecting moneys, and so on. This agent of the office at Gisborne canvassed very strenuously. That is one cause of complaint. The next is that, so far as I know, in Gisborne, even in the lending of moneys from the Public Trust Office, political questions and political parties came into view, and those who were opposed in politics to the party this agent espoused had very little hope of getting money; in fact, very few of them applied, but when they did apply they were refused. The next cause of complaint arises from the fact that without the payment of, in many cases, heavy fees to the agent there is no hope of getting a favourable report from the Trust Office. I know of an instance where a gentleman wished to borrow a large sum of money. He wanted to get the money as cheaply as he could, and he made an application to the Trust Office, at first for £20,000. The security was undoubted, but his application was refused. He had declined previously to pay any procuration-fee. Directly he said he would pay the fee of one hundred guineas the application was granted. He said he would not have to pay a procuration-fee if he applied in Wellington, but he had to pay Captain Chrisp. Then, another thing—I suppose this would apply to all agencies—the Maoris do not receive fair-play from the Trust Office in the administration of moneys at all. I applied for moneys on security that was undoubted, as I will show the Commissioners presently, on behalf of two Maoris—Wi Pere and another. They shear twenty thousand sheep. Therefore, their income is between £3,000 and £4,000 a year. They only applied for £1,500 or £2,000, on freehold security, and it was refused. The next day I got it from a bank. Of course I had to pay a little more, but any bank would have lent the money; but because Wi Pere and I were opposed to the party in power we were refused. It was necessary to buy freehold estate which they were purchasing, and they wanted this loan. There was between two and three times the security in value, and any bank would have advanced the money. I myself applied for a loan, but was refused, and no reasons were given. I had absolute security. I got the money also from the bank. There was no reason why the loan should not be advanced if the Public Trust Office was administered in the interests of business and commerce. In the face of all these facts, I complain that the Public Trust Office has been used as a political weapon; and I was strengthened in that by the fact that this Captain Chrisp, the agent at Gisborne—although it was perfectly known to Ministers that he was acting politically for Mr. Arthur, one of their supporters, while he was the agent, and using all the influence he could on Mr. Arthur's behalf—was created a Justice of the Peace when the late Government were going out of office. It is illegal for the Public Trustee to enter into politics, and I believe it is illegal for his agents to do so, because they are the Public Trustee in the place, and have immense influence. The whole administration of the Public Trust Office at Gisborne is unsatisfactory to the public and the legal profession who have to do with the borrowing and the payment of money. I say that advisedly, and the other members of the profession are perfectly prepared to say the same.
3731. *Mr. Macdonald.*] Is that the fault of the agent or of the department?—That I do not know. We believe it to be governed by favouritism and political considerations, and not in the interests of the public, for the investment of moneys on the best terms. I do not think the administration of the department is at all fair. The Public Trust Office ought to be like the Land Office, and conducted altogether irrespective of parties and party politics. Directly the security is passed by the valuator, and the character of the applicant for a loan is good, then he should be entitled to get the money.
3732. Presumably that is the case now?—It is not, although it ought to be. I say absolutely it is not the case.
3733. Of course it is very difficult to avoid the prejudices and personal feelings of men entering into these considerations?—There are two officers in Gisborne, and I suppose it is the same in

other places—one for the Government Insurance, and the other for the Public Trust Department. The Postmaster of the place acts for the Insurance. Then this comes in: that if you apply to the Trust Office, and are refused there, mainly through the action of the agent, then if you apply to the Insurance they always refuse if the Public Trust Office refuses.

3734. Do you know the reason of that?—Because they are practically the same Boards. I think that the placing of trust funds in the hands of a few men, as now, is detrimental to the public service.

3735. Of course it is open to considerable argument whether a Board of Civil servants is the proper Board to determine loans?—I do not think it is. However, that is my opinion. I can say positively that as far as Gisborne is concerned there is very great dissatisfaction. People who want money will go and pay 1 or 2 per cent. more to private lenders rather than apply to the Public Trust Office, believing, before they apply, that their applications would be refused on account of political matters. That is a feeling which people ought not to have, but it is well founded. When the agent was defeated for the Harbour Board by public vote the late Government put him upon the Harbour Board as their nominee.

3736. That is a very unusual procedure, to put a defeated candidate on the Board, unless there was some special object in it?—There was none in this case, except that he was a political supporter of the Government.

3737. Then, the late Government did reward their supporters?—They made Captain Chrisp a Justice of the Peace just before they went out—a man utterly unfit for that position. I may safely state that it has been a very sore point with the people up in Gisborne that they could not avail themselves of the Trust Office.

3738. One result of our investigation has been this: that the securities at Gisborne have been extremely unsatisfactory?—Those who borrowed were nearly all political adherents of the late Government party you will find. Those were the people who succeeded in obtaining money on loan through the Public Trust Office. They are, as a rule—nearly always—political supporters of the late Government, so far as the district of Poverty Bay is concerned.

3739. Do you mean to infer from that that they received larger advances than would otherwise have been the case?—Yes, I do.

3740. And that it is not a matter of surprise that the security is not "panning out" as it should do?—Not the slightest, to any one in Gisborne.

3741. *The Chairman.*] You stated that the transaction of £20,000 negotiated by the Gisborne agent had not been advanced?—I do not know that the money has been paid yet, but the loan has been agreed on.

3742. Then the negotiation for the £20,000 was either completed or in course of settlement?—It is in course of settlement now.

3743. And you stated that, in order to get that advance, the borrower had been black-mailed by the agent to the extent of £100, or a hundred guineas?—Yes. The same borrower had been refused by the agent previously when he declined to pay the fee.

3744. Then, in fact, until he agreed to pay one hundred guineas?—Partially that. First of all, the agent would not make the application.

3745. What was the name of the proposer of the loan?—Captain William Harry Tucker, late Mayor of Gisborne. The securities were ample.

3746. Are you sure the Public Trustee has agreed to lend the money?—Mr. Tucker tells me so; and I have got an order to give the securities.

3747. How long ago is it since the application for the loan of £20,000 was made?—Very recently; within six months—within twelve months, at any rate. Another thing I should like to mention. There are bitter complaints from New Plymouth all the way down to Wanganui about the refusal of the Public Trustee to sign any leases for the last two years—any leases at all. He will sign nothing. I believe the reason is that he has been told legislation is impending. They allege that numbers of people selected lands which have been surveyed for the purpose of settlement, and the Public Trustee flatly refuses to sign any more leases at all, although no title can be given without his signature. It is a great detriment to the settlement of those lands. Thousands of acres would be taken up by people waiting to take them up, but they cannot get a title; and the Natives complain very much of the Public Trustee having the management—a man they never see, and know nothing about. They think the man ought to be on the ground.

3748. I find an application here from Thomas Chrisp, inquiring whether the Board would be likely to grant £20,000 at 5½ per cent., and there is a reply from the Public Trustee requesting details, which details apparently were supplied. The statement appears, that the property is at present mortgaged for £20,000 to the executors of the late Robert Rhodes?—It is not £20,000, it is £18,000. The mortgage altogether is between £18,000 and £19,000. There may be some arrears of interest. So far as I know, the security is good. It is a perfectly proper transaction. Mr. Tucker is always able to pay interest and principal. What I complain of is, that the agent would not have recommended it unless he got a big fee.

3749. Did the procuration-fee also include the fee for valuation?—No.

3750. There is nothing on the papers to show that Chrisp refused to send the application. It seems to have been simply declined, with thanks?—He had ample security to offer, and there is not the slightest reason why he should not get the money. Mr. Tucker is a man of high reputation and of considerable property, and of absolutely good credit.

3751. *The Chairman.*] Then, was the £20,000 refused?—No, because Mr. Tucker at last consented to pay the procuration-fee. The £100 has either been paid or is under promise to be paid.

3752. Mr. Rees, you spoke of the legal profession in Gisborne having felt much aggrieved at the agent's mode of doing business?—Yes.

3753. Now, tell me this: is the legal profession comprised of a large number of men at Gisborne?—There are ten or twelve of the legal profession in Gisborne.

3754. Then, taking them as a whole, would you call them, as a body, a reputable body of professional men?—Certainly.

Mrs. C. D. De Castro examined.

3755. *The Chairman.*] My good lady, you are the wife of the Rev. Mr. De Castro?—Yes.

3756. The Commissioners are sorry to have troubled you, but there is a matter that they think you might perhaps desire to throw some light upon. A parcel of lace belonging to a trust estate has been kept at Mr. De Castro's house for some months. Do you know anything about that lace?—I know that Mr. De Castro brought up a piece of lace before last Christmas, and he asked me what the value of it was. I said I did not know anything at all about the value of it, as it would be of very little use to any one who had not a child to put it on her dress. I believe it remained in the pigeon-hole in the study. It was in a piece of paper, and I believe it remained in a pigeon-hole in the study. I remember perfectly his bringing it to me, and showing it to me. He asked me the value, and I said I could not tell the value. It looked to me more like crochet lace.

3757. Now, do you come from Ireland?—I come from Dublin, but do not know anything about the value of lace.

3758. But some Irish lace is valuable, is it not?—I do not know. I did not know that there was any particular value attached to it. That is what took place, and I never heard anything more about it. I remarked that lace used to be fashionable; but that it was too wide for a child's dress.

3759. Did Mr. De Castro say anything to you or make any remark about this lace on any day last week?—He told me you had made a great fuss about it, and that you said it was very valuable. I said I did not think anything of it. It never was touched.

3760. How long have you been married to the Rev. Mr. De Castro?—Just twelve months.

3761. Do you remember any articles of jewellery that he might have taken to his house from time to time?—He never took home a single thing, except one watch on his boy's birthday, this time twelve months. Nothing else ever came into the house—never a single thing, I can swear solemnly, since I have been in it.

3762. Are you aware that Mr. De Castro has purchased a good many articles of jewellery continually for some years past?—Never since I have been married to him. We have no money to spend on anything but common necessaries.

3763. Now, did he not give you a wedding-present of jewellery?—Never a wedding-present, never an iota. There was a bracelet missing, he told me. I never knew anything about it. I got a very handsome bracelet as a wedding-present from a gentleman who is inspector of the Loan and Mercantile Company.

3764. Would you be willing to show it to me?—Yes; and give you the gentleman's address who gave it to me. As far as my house is concerned, he never gave me an iota of a wedding-present except himself.

3765. Did you give Mr. De Castro a wedding-present?—No.

3766. You gave him, of course, what was one in yourself?—I was wondering if that could possibly be construed into anything. I kept a boarding-house before I was married, and when I was married the gentleman gave me the bracelet as a wedding present. He bought it in Dunedin.

3767. What day was it that you heard the Commissioners were making very searching inquiry about the lace and the bracelet?—Friday, I think.

3768. On Friday evening?—I really could not tell you. Mr. De Castro was ill. Four weeks ago he could not stand on his feet. It has weakened him altogether, and his head. For eight weeks he was very ill, and I have had a hard tussle to save his life at all. He is very weak, exceedingly weak. But for nursing he never would have been alive. I have had to stay in his room for twenty-two hours. He is weak both in head and body, and has been very much upset by having to come down here. As far as that lace was concerned, there was nothing in it, except that he brought it up, and I never saw it since.

3769. I suppose that Mr. De Castro knew the lace was there all the time?—I suppose he did. We never spoke of it.

3770. Then, directly it was inquired after by the Commissioners, I suppose he knew where to put his hand at once upon it?—I suppose he did. He never gave it to me. He asked me what the value of it was.

3771. Now, how long before Christmas day was it that he took the lace up to his house?—Just before Christmas. It never was opened since.

3772. What sort of parcel was the lace in?—I think a little brown-paper parcel.

3773. Do you remember the writing on the inside of the paper?—I do not. He brought it in, threw it on the table, and I said, "Oh, it is very pretty." He said, "Do you know the value of it?" I said I could not tell, but that it would be of no value except to a person who had a child to put it over a velveteen dress.

3774. Then, you have no child?—No; and it was of no value whatever. To my knowledge, it remained in the pigeon-hole in the study ever since—never was touched.

Mr. Moginie further examined.

3775. *Mr. Macdonald.*] The ledger you are opening now is folio 194, Maria Dallon, intestate estate. I see here the entry balanced, and a credit at the Bank of New South Wales of £15 19s. 10d.?—Yes.

3776. I see no reference in the original report of the estate to any bank account possessed by her at which any sum of money was lying. There is no record of any application to the bank, or statement as to how this balance arose?—It would be the balance of the current account.

3777. Where is the bank-book?—I suppose the officer in charge would have that.

3778. Why is it not attached to the papers? Is it not the business of the department to attach the whole data to the papers?—That practice is not followed in one estate out of hundreds.

3779. We simply want to know about this estate. Why does no reference to this £15 19s. 10d. appear in the papers?—The reference should be made in the general report, but it does not appear to contain the information.

3780. If I tell you there is no reference in the Assets and Claims ledger to that bank account, what have you got to say then?—Of course, the only explanation is that there has been an oversight, and that it has been left out.

Mr. Ronaldson further examined.

3781. *Mr. Macdonald.*] Are you in charge of this Intestate Estates ledger?—Yes.

3782. I see entered in it a balance to credit in the Bank of New South Wales of £15 19s. 10d. I see no reference to that in the report or the papers or your Assets and Claims ledger?—I expect it is in the bank pass-book downstairs.

3783. How is it there is no reference to that in the papers?—[No answer.]

3784. Will you bring up the bank pass-book?—Yes, if I can lay my hands on it.

3785. Do you not think it ought to be attached to the papers? At the present moment the papers in the estate have not the slightest reference in any sense or shape to the fact that you received £15 19s. 10d.?—The ledger shows it, of course.

3786. Do you not think the papers ought to show it?—Well, I do not know that they nee d.

3787. And yet the papers are supposed to be the story of the estate?—Pretty well.

[Mr. Macdonald asked the witness to bring up the bank pass-book, and he withdrew for that purpose. Shortly afterwards, Mr. Ronaldson, Ledger-keeper, returned and said, "I am having a search made for the bank pass-book, but it may be some time before it is found."]

Mr. Macdonald: Please get a copy of it from the Bank of New South Wales.

Mr. R. C. Hamerton, Public Trustee, further examined.

3788. *The Chairman.*] That return I spoke to you about this morning, and another that the Commissioners asked for at the same time, of all personalty in your possession, ought to have been furnished by this time. It is nearly a week ago since we asked for them—22nd April—and we ought to have had them before this. When are we to get them?—If you say you must have that at once I will put the men on to it; but we are very much overworked.

3789. We want that return at once; and also, as I told you this morning, a return of all the articles of personalty that have been purchased by the different officers of the staff. That latter return can be furnished, perhaps not exactly, but pretty well, from the memories of the individuals themselves?—They cannot give the names of the estates.

3790. Never mind. Where they cannot remember, leave it blank and let them explain, and the estates and further particulars can be filled in afterwards. Send up to the Rev. Mr. De Castro immediately, and meanwhile tell him that he is not to go out of town—tell him he is not to leave Wellington without the knowledge and consent of the Commissioners?—Very well, I will do so.

Thursday, 30th April, 1891.

Mr. Thomas Redmond examined.

3791. *The Chairman.*] Mr. Redmond, what are you?—For the last seventeen years I have been storeman to George Thomas and Co. At present I am a messenger in the Buildings. The firm has been "George Thomas" for most of the time, "and Co." is only a recent addition.

3792. Now, will you tell the Commissioners what your duties were while you were employed at Captain Thomas's?—Well, I was head storeman there. I kept accounts of everything coming in and going out, but principally attended to the auction-sales; regulated goods of all descriptions, and held them up for inspection at the sale.

3793. How long is it since you left Captain Thomas?—Twelve months—the month after Captain Thomas died. I left on the 15th of March, 1890.

3794. You knew all about the various lots of effects belonging to these dead people's estates which from time to time went in there for sale?—Yes; I think I handled every one of them.

3795. Are you aware there was a clerk in that employment who misbehaved himself in connection with his duties?—Yes.

3796. What is his name?—A. Martelli.

3797. Do you know where he is?—I believe he is on the survey on the Wanganui River at present.

3798. Do you know what he did or did not do to give offence to his employers?—I left about a month before he did. I had some words with Mr. Haybittle after Captain Thomas died. Mr. Haybittle seemed not to wish to have me any longer. He gave me an excellent character, which I now hold. I cautioned Mr. Haybittle some time previously about Martelli. I did not think him honest towards his employers.

3799. Did you notice any dishonesty in respect to Martelli in connection with the estates of deceased persons that Messrs. Thomas and Co. had the sale of?—I could not say that I did.

3800. Were you aware that gentlemen on the staff of the Public Trust Office dealt in those effects?—Oh, yes! Everybody at the sale was aware of that.

3801. Do you remember any books being destroyed belonging to Messrs. Thomas and Co. before you left?—Not since Captain Thomas started in business after he failed.

3802. Did you ever hear since you left Thomas and Co.'s that any books had been burnt or destroyed?—No.

3803. I suppose you know most of the officers by sight who are employed in the Head Office of the Public Trust Office?—Well, I have never had anything to do with any of them except Mr. De Castro. He was the principal man. I was well acquainted with him. Mr. Hamerton I know very well.

3804. Do you know Mr. Wilson, the Solicitor?—No.

3805. Do you know Mr. Moginie, the Accountant?—No, not personally.

3806. Was the Rev. Mr. De Castro a frequent visitor at the auction-room?—He attended all sales on behalf of the Public Trustee. I do not think, speaking from memory, there was a sale conducted under the Public Trustee without Mr. De Castro being there. In fact, we used to wait sometimes for the arrival of Mr. De Castro.

3807. Why did you expect him to be there?—As far as I knew, I thought it was necessary for him to be there, so as to be able to see what prices the things fetched.

3808. Was he a frequent buyer?—He bid in the usual way, the same as other people.

3809. Was the Rev. Mr. De Castro very friendly with the late Captain Thomas?—Yes; very friendly.

3810. Were they on very friendly terms?—Yes.

3811. Now, would it be part of your duty to have the handling of all those effects, as storeman?—Yes; but they usually came in in bulk, and I was always instructed. In fact, I knew my business so well that I took it for granted the usual course was that if they came from any part of the city they remained intact until Mr. De Castro came and saw the goods opened. Anything which he thought necessary to take out and keep with regard to the people's friends I understood him to say he took them.

3812. Then, he frequently took things out nominally for the benefit of deceased persons' next friends?—Nothing more than papers.

3813. Did he never take a watch out, or a bracelet?—He has taken watches on several occasions, and said they were not to be sold at present, but would come in later on.

3814. Can you call to mind his taking a bracelet on one occasion?—No, I cannot.

3815. You have frequently seen him withdrawing watches from among the effects sent to Thomas and Co.'s?—Yes, saying they should not be sold at present, but would come later on.

3816. I suppose those watches would perhaps be some of the best of them?—Sometimes we would have a lot of different people's things come in together. As a rule, these would be in the estate of some gentleman who was known or had friends.

3817. Do you know whether Captain Thomas ever bought anything?—Very seldom. He bought very little of anything. He was not fond of jewellery in any shape.

3818. Do you know if Mr. Haybittle bought?—Yes, he bought.

3819. Was Mr. Bristow there in your time?—No.

3820. Did not Mr. Nairn buy?—Yes, on several occasions, in the usual way. I have a watch now that I bought several years ago.

3821. Was it a good watch that you bought?—An ordinary watch.

3822. Do you remember what estate it was in?—I think the watch belonged to a gentleman in Christchurch. I gave £2 for it.

3823. I suppose some very good things used to go into your auction-room from the Public Trust Office?—Yes, a lot of good things, and a lot of rubbish.

3824. There were some very valuable things?—Yes; a valuable ring and a gold watch now and again.

3825. Extra good?—Yes.

3826. Perhaps you remember some valuable jewellery belonging to a widow named Mrs. Dallon going into your auction-room?—No; I do not remember.

3827. Are private sales sometimes made?—I do not think so. I have never known it with Public Trustee goods. It might be done unknown to me.

3828. Supposing a private sale were made by Captain Thomas or Mr. Haybittle, such might have happened without your knowledge?—Yes; but I do not think they would do that without consulting Mr. De Castro.

3829. Then supposing that Mr. De Castro were willing that a sale should be made privately, do you think it likely it would be done?—If Mr. De Castro said so by all means it could be done.

3830. Were Mr. De Castro and Captain Thomas particularly intimate?—Yes; they were very old friends.

3831. And they were both looked upon as very good men?—Yes, they professed religion enough. I always found Captain Thomas a very good man.

3832. Was he very religious?—Yes.

3833. And of course the Rev. Mr. De Castro is very religious?—I cannot say about that. I am supposed to believe so.

3834. *Mr. Macdonald.*] Do you say that no private sales have taken place?—Not to my knowledge.

3835. Were you never familiar with any instance of watches or jewellery being taken out by Mr. De Castro from the sale without going to auction, and a price being fixed upon them?—The only way that might be done would be this: If Mr. De Castro or Captain Thomas or Mr. Haybittle came to any compact like that they would not allow me, as storeman, to know anything about it. I have known instances where people said, "I like that watch or ring; I will give so much for it." They might knock it down sharp at the time of the sale to Mr. De Castro or anybody else. I never knew an article to be taken out and kept until the returns were sent. That would be done in the office, and would not be known to me.

3836. Can you call any special instance to mind where that was done?—I cannot at present.

3837. Was Mr. De Castro often in Captain Thomas's private office?—Oh! yes; Mr. De Castro bought in the usual way, the same as others, and he often bought books.

3838. How many articles do you think Mr. De Castro bought during all your seventeen years' term of service with Thomas and Co.?—It would be impossible to tell; but there was scarcely a sale there was anything of note in but what he bought—clothing and books, and everything, in the usual way, the same as any other bidder.

3839. You had a good many hundreds of sales in your time at Thomas and Co.'s?—Yes, a good many in seventeen years.

3840. How many articles do you think he bought during that period? Two or three hundred, do you think?—I do not think he bought so much.

3841. Were you surprised to see Mr. De Castro buying clothes?—Well, they would be such things as new underclothing. He would not buy them except they were new.

3842. Was he a good customer at these sales?—He was a very fair customer. The public used not to like it very much. They used to object to it. They would say, "He knows what it is; we will not bid for it."

3843. So that the fact of his buying stopped competition?—I do not know that, but they would say, "Oh! he knows the value of it."

3844. Did he stop other people from bidding on many occasions?—Well, they did not like it. They felt he had no right to bid, or something to that effect.

3845. In fact, the public sense of the community was against a man from the Public Trust Office buying at all?—Yes, that was the public sense; but, still, I never saw Mr. De Castro get anything but what he bid for, and paid for in the usual way. They had a right to overbid him if they wished. I have never seen Mr. De Castro get anything out of the usual form of bidding.

3846. What department had Mr. Martelli in Thomas and Co.'s?—There was no fixed system there, and there never was. Sometimes he used to take the sales, make out the account sales, and take the cash. Sometimes he would regulate the sales along with me.

3847. Do you remember the sale of Mrs. Dallon's furniture, clothes, and other things? It was possibly the largest intestate estate you had for many years?—There was no sale of that name that I remember. The last sale of any note was that in an estate belonging to a man named Duggan. He used to be a warder in the gaol.

3848. Were you in Captain Thomas's employment on the 12th January, 1889?—I was. [Account sales in Mrs. Dallon's estate handed to witness.] I recollect this sale; it was held in the old building. I recollect it by this lot of feathers. I gave 2s. for them. People were afraid there might be some disease amongst them. They were ordinary bed-feathers, and nobody would bid for them.

3849. Do you remember that sealskin-jacket there?—No; I cannot call that to mind.

3850. Do you remember what the bags had in them?—The bags were sold as they stood.

3851. Did you open them at all?—I opened and saw through them.

3852. Do you remember what was in them?—Pieces of lace and trimming.

3853. Do you know who bought them?—I cannot say.

3854. We were told a Mr. Marks bought them, a dealer living near Burrett's old corner?—I do not think there was a Marks there at that time.

3855. Do you remember any particular item there?—No; only these feathers.

3856. Who was the clerk who took the sale?—I think it was Martelli. The account sales produced are in Mr. Nairn's writing. He is chief clerk at Thomas and Co.'s now. Martelli wrote a very small cramped hand.

3857. You cannot recollect any of the articles, or who were the buyers?—I could not think of them or the buyers the day after the sale until my attention was called to a particular thing.

3858. Do you know anything about some books being sent from Thomas and Co.'s to the destructor by Martelli in mistake?—No. If they were sent to the destructor it was after Captain Thomas died and the winding-up of the estate and the arranging of the new partnership. There were no books burnt or destroyed when I was there, except a number of books when he failed. We took a lot of his and O'Shea's books away. I left Thomas and Co.'s employment on the 15th March, 1890.

3859. When did Martelli leave?—I think, in June following—two or three months after me.

3860. *The Chairman.*] Have you seen Mr. De Castro or any one from the Public Trust Office within the last few days?—I was at the railway-station a little while ago with a letter from the Buildings, and I met Mr. De Castro on the platform.

3861. Have you seen any one belonging to the Public Trust Office within the last month, or had any communication with any of the staff?—I have seen them here, but never opened my lips to any one. I was at the railway-station this morning about 11 o'clock. I went down with three letters from the Buildings, and I met Mr. De Castro first on the platform, and I went up and shook hands with him. I knew he was ill for so long a time, and I asked him how he was getting on. He said he was very weak. I asked him when he was going back to business. He said, "Oh! the Commissioners have not done yet. They have been investigating through the auction-sales, saying I should not have bought things."

3862. Did he open the conversation with you?—[No answer.]

3863. Did he volunteer the information to you that the Commissioners were still sitting, and were investigating about the auction-sales?—Yes.

3864. And what else did he say?—After that his wife passed on the platform. He said, "Oh! there is my wife." He went away, and I saw him no more. When I returned to the Buildings I was told Mr. Grey wanted me at once down at the Public Trust Office. I could not help thinking it was something about the auction-sales.

3865. Now, did Mr. De Castro say anything else to you?—Not a word. His wife came up, and that cut off the conversation as quickly as it commenced. That was all that passed between us. I walked away when his wife passed the gate outside. He said, "There is my wife." He walked away and I walked away also.

Mr. HAMERTON, Public Trustee, further examined.

3866. *Mr. Loughrey.*] With reference to this inquiry about the private letters in Mrs. Dallon's estate, I wish to draw your attention to a letter dated the 21st April, 1888, from a Mrs. Curtis. I would like you to read that letter. It is one of the private letters obtained from Mr. De Castro's safe. [Letter read by witness.] Please read aloud that portion of it which refers to the lace, and Mr. Grey will take it down?—"I am quite ready to keep to my offer about the lace. If you send it back to me, I shall send you £5. I do not like to think it may go to anybody else."

3867. Would you, after reading that letter, come to the conclusion that the lace was valuable?—Yes, if this lace produced is the lace referred to.

3868. *The Chairman.*] Are you aware that the reason that Mrs. Dallon kept that lace separately from her clothing, and kept it in her jewellery-casket, was because it was more prized than any other of her articles of clothing?—I was not so aware.

3869. Are you aware she kept that lace in her jewellery-casket?—I cannot say that I was aware of it.

3870. Now, Mr. Hamerton, we have been told by Mr. Morrison that when he brought to the Trust Office that casket which contained jewellery and that piece of lace, he handed it to you, and you looked over the things?—It is quite possible; I do not recollect.

3871. You remember the other day that you admitted that you sent him with this casket of jewellery to Mr. De Castro at the time he brought it here?—Yes; it is likely; I cannot call it to mind.

3872. Then, seeing the matter in that light, do you not think it probable that that piece of lace is the lace referred to in that lady's letter?—I should think it is.

3873. And had you read that letter previously, would you have come to that conclusion?—I should.

3874. Now, looking at the fact that Mr. De Castro has told the Commissioners that he read all the private letters, and that he burned a great many that he looked upon as unfitted to keep, do you think it likely that letter escaped his attention?—If he read them all it ought not to have escaped his attention.

3875. Well, then, do you think it very probable, looking at the circumstances surrounding this particular matter, that the Rev. Mr. De Castro had a knowledge that that lace was of value?—Well, I should not like to say whether that letter was impressed upon Mr. De Castro's mind. If he read that letter he must have had a knowledge that the lace was of value.

3876. Well, then, looking at the circumstances in another light—that these letters were confined in Mr. De Castro's private keeping for all these months—more than a year—ought he not to have informed himself of the contents of that letter before dealing with the estate? Why hesitate with the answer?—I was hesitating for this reason: that it is quite possible a man might read a letter amongst a very large number of letters and not take particular notice of an expression contained in that letter.

3877. Well, read the expression again: "I am quite ready to keep to my offer about the lace. If you send it back to me I will send you £5, as I do not like to think it may go to anybody else." That letter was written by a lady in England to Mrs. Dallon. Now, Mr. Hamerton, as a sensible man, do you think it likely that the Rev. Mr. De Castro has not read that portion of this particular letter that has been in his keeping for more than a year?—I should say that he would have read it.

3878. Then, so far as regards any particular expression in any letter, do you think, presuming that the Rev. Mr. De Castro read this letter, that this particular portion may have escaped his memory and attention?—Yes, that is what I think.

3879. You really think it has escaped his attention?—I think it may have done so.

3880. And if he told you that it had, would you believe it?—I know perfectly well in reading over numbers of official letters——

3881. I am only asking your opinion. If the reverend gentleman told you it had escaped his attention would you believe it?—I should believe it.

3882. Well, how was it that the particular lace did not escape his attention?—Well, as I understand—I do not know whether I have a right to say.

3883. I merely ask you how was it that this particular lace did not escape his attention?—[No answer.]

3884. Are you quite well acquainted with the fact that he had the lace in his house for a considerable time?—The understanding that I have is that he took it home to inquire of his wife her opinion of the value. Well, I believe that statement, and I further believe that lace would have been returned if his illness had not come on.

3885. You do?—I believe it.

3886. And you believe that that lace which the reverend gentleman took to his house many months ago to find out the value of it would have been returned?—I do.

3887. Are you aware how many months it remained at his house?—It was several, but I do not know the number.

3888. Are you aware that it was more than six?—I was not aware.

3889. Very well. Are you aware that it was more than three?—No, I am not.

3890. Are you aware that it remained several months?—Yes.

3891. Do you know the size of that lace?—I see it there.

3892. You see it is a very small packet. How long would it take for any lady to value that lace?—A minute.

3893. Then, as the sacred custodian of the effects of dead people, this lace being a portion of them, was Mr. De Castro justified in keeping that lace even twelve hours at his house?—No.

3894. Was there any excuse for it?—No.

3895. And yet you believe that he intended to return it?—I do.

3896. Then, why did he not return it when the Commissioners first called upon him to come before them and give evidence?—I could not say.

3897. Are you aware that he was some days in town at his own house, in Willis street, before he met the Commissioners?—Yes.

3898. Perhaps you were informed by his wife that the lace was in a pigeon-hole in his study?—I was not.

3899. Well, you are aware that Mr. De Castro was many days at his own house in Wellington since returning from the country?—Yes.

3900. And you are aware he was at the Public Trust Office frequently between the time he returned from the country and the day when he first met the Commissioners?—Yes, I think so.

3901. Then, how was it that he never brought the lace back until the last morning on which he was under examination—last Saturday?—I could not say.

3902. Then, are you aware that he has told the Commissioners lie after lie in connection with this lace?—I think the Commissioners called my attention to it on a previous occasion.

3903. Do you believe the statement which he then made?—I should like to see the particular statement before answering.

3904. You shall have a copy of his evidence; and I ask you again, are you still of opinion that the Rev. Mr. De Castro would have restored that lace to the Trust Office had the Commissioners not discovered that it was missing?—I am.

3905. Then, do you think, if this Commission had not now been sitting here, that it would have been in the Trust Office to-day?—Possibly not.

3906. Was it not after a diligent search had been made in the safe and in your strong-room by your officers that Mr. De Castro returned that lace to the office?—Yes.

3907. *Mr. Loughrey.*] Have you read Mrs. Curtis's letter from England to Mrs. Dallon carefully?—Yes.

3908. Have you come to any conclusion as to the position which Mrs. Curtis would likely hold in English society?—She would probably hold a good position in society.

3909. *The Chairman.*] Now, Mr. Hamerton, will you state to the Commissioners the conversation, or conversations, which you have had with the Rev. Mr. De Castro, and with Mrs. De Castro, if any, in reference to this lace matter. Be good enough to state fully and precisely?—The only conversation with Mr. De Castro was after his examination here. He came into my room and stated that the Commissioners had been questioning him about the lace, and he said that he had taken it home to inquire the value from his wife, and that of course the lace was of no value to him. Mrs. De Castro I did not converse with at all on the subject.

3910. Now, tell me on what day he spoke to you in that way?—It was the day that he was examined.

3911. It is important we should know. Was it the day the Commissioners sent for you immediately after he had been examined that he told you what revelations had been made?—I cannot recollect the date, but it is fixed on my mind in this way: that when Mr. De Castro came in he was a little flushed, and I thought from that circumstance that he had been rather pressed in examination.

3912. And you sympathized with him?—No.

3913. Well, you did about his illness?—Of course.

3914. And his agitation when he went into your room?—It was his heightened colour I noticed.

3915. Was that the last day on which he was examined here?—I think so.

3916. Had the lace come to light before that?—Yes; before he saw me.

3917. And you received his explanation?—Yes.

3918. Were you, in fact, satisfied with it?—I was satisfied with his explanation.

3919. And with his good intentions?—I was.

3920. *Mr. Macdonald.*] Mr. Morrison has told us that you yourself examined the bracelet which is missing when it came into the Trust Office. Do you recall the bracelet to your memory at all?—I cannot. Really, I do not recollect a single article that was in the box. I wish I could recollect.

3921. *Mr. Loughrey.*] Will you now give the Commissioners some further information concerning the mortgages at present existing in the office. Is this not the list which was furnished by your department to the Commissioners?—Yes.

3922. Is it a full list of all the securities?—As far as I know, it is.

3923. You have told the Commissioners that the law upon which you make advances is that advances shall not be made to more than half the amount of the valuation?—Yes; of the amount of private valuation—that is, our own value.

3924. Do you always insist on private valuation before making advances?—Yes.

3925. Invariably?—Invariably. It has been relaxed—I think five, six, or seven years ago—in two instances, I think, where the value furnished by the Property-tax appeared to be very large, and the Board did not insist in those two cases on the private valuation on account of the expense.

3926. Do you take into account at all the property-tax valuation in considering the application for a loan?—Yes; it is an element of consideration; we do not depend on it.

3927. Will you look at the list as furnished by your department to the Commissioners. The first is the Auckland Provincial District. How many mortgages have been effected by the office

there?—The number of office mortgages is twelve; the number of assets of estates is three; and the number of mortgages which were not mortgages of the office—that is to say, were mortgages entered into by private trustees—is six.

3928. I notice in that list, Mr. Hamerton, that several of them are below the property-tax valuation?—In the Auckland Provincial District the number of mortgages negotiated is twelve. Of these, at the time of lending the money, four were below the property-tax valuation, but none of them were below the private valuers' valuation.

3929. How many mortgages have been negotiated through the Tauranga agency?—Thirteen.

3930. Have the securities there fallen in value?—They have fallen very heavily indeed.

3931. How many mortgages have been effected in the Gisborne agency?—Twenty-nine mortgages have been effected by the office in this district. Of these, twelve are under double the property-tax valuation. The amount lent is not equal to one-half of the property-tax valuation at the time of lending.

3932. What is the number of mortgages effected by the office in the Napier agency?—Four.

3933. How many of these four are more than half the private valuator's valuation?—Two.

3934. How many of these advances are greater than half the property-tax valuation?—Three.

3935. Then, how many mortgages have been effected by the office in the New Plymouth agency?—Five.

3936. And of those, in how many cases is the advance greater than half of the property-tax valuation?—Two, but they are all well within half of the private valuers' valuation.

3937. In the Wellington District, how many mortgages have been effected by the Public Trust Office?—Thirty-three. Of these, thirteen are more than half the property-tax valuation at the time the loans were made, and of these, in five cases the advances made are greater than half the private valuators' valuation. The remainder are well within the half, and there were special reasons in regard to two, if not more, of the others.

3938. In the Masterton agency, what is the number of mortgages held by the Public Trust Office?—Twenty-one. Of these, six represent loans under half the property-tax valuation at the time of lending; and of these, in three cases advances have been made in excess of one-half the private valuation.

3939. In Mortgage 167 no private valuation appears to have been made?—I do not understand the matter at present, and I should like to look it up.

3940. What is the number of mortgages made by the office in the Palmerston North agency?—Fifteen. Of these, six represent loans over half the property-tax valuation, and six are over the private valuation, but I should like to explain in these six cases that they represent portions of sales of freehold in a mortgage we had there, and had to take over. These six form portions of purchase-money that were allowed to remain on the portions sold.

3941. No valuation appears to have been made in Mortgage 185?—This represents part of purchase-money of a portion of the same mortgage which we had to take over.

3942. In the Nelson agency, how many mortgages have been effected?—Two. Of these, one is more than half the property-tax valuation, and in one case no valuation of any kind appears to have been made. I should like to have an opportunity of explaining these matters later on.

3943. In the Blenheim agency, how many mortgages have been effected?—Five, four of which appear to be in excess of the property-tax valuation.

3944. In Mortgage 212 there appears to have been no private valuation?—No.

3945. How many mortgages have been effected in the Christchurch agency?—One, and in this the advance exceeds half the property-tax valuation, but is within half the private valuation.

3946. In the Timaru agency how many?—One. The advance is in excess of half the property-tax valuation, but is within half the private valuers' valuation.

3947. How many mortgages have been effected in the Dunedin agency?—Not one.

3948. In the Invercargill agency how many?—One.

3949. In the Clyde agency?—There is one, and that is in excess of half the property-tax valuation and within half the private valuation.

3950. Can you tell the Commissioners in how many cases moneys have been advanced in the Wellington District without there being any private valuation?—From this return there appear to be ten.

FRIDAY, 1ST MAY, 1891.

Mr. ARCHIBALD NAIRN examined.

3951. *The Chairman.*] Mr. Nairn, what is your occupation?—I am managing clerk for George Thomas and Co.

3952. Have you been long in the employment of George Thomas and Co.?—I have been in their employment for five years.

3953. What were your duties when you first entered that firm's employment?—When I joined I used to take the auction-sales.

3954. And have you continued to do that ever since?—No.

3955. How long did you continue to be clerk of the auction-sales?—For about two years.

3956. Will you explain what you mean by taking the auction-sales?—Well, the auction clerk's duties are to keep a correct account of all goods sold under the hammer: the names of the purchasers, and the prices realised; to receive all moneys for goods sold; to balance the auction-books and hand over the proceeds of the sale to the cashier; also to make out true account sales from his auction-book, with the amount of advertising and commission deducted. Those are the duties of the auction clerk.

3957. And, of course, to keep a record of the different vendors?—Most decidedly.

3958. Now, had you, before joining Thomas and Co., any experience in connection with auction-rooms and proceedings at such sales?—I had.

3959. Where?—In Mataura, Southland. I was partner with Mr. McGibbon, trading under the firm of J. S. Shanks & Co.

3960. Was that at the Mataura Bridge?—Yes.

3961. How long were you in that firm?—I was two years there.

3962. Did you then give it up?—Yes.

3963. Then, of the five years you have been in the employment of George Thomas and Co., you were two years in charge of sales. What have been your particular duties in that firm during the last three years?—During the last three years I have acted as salesman, traveller, and managing clerk.

3564. Do you mean by salesman that you use the hammer?—No; not here.

3965. Will you explain then what your duties have been as salesman during the last three years?—My duties as salesman do not refer to the auction business; they refer to the grain, produce, and general merchandise business.

3966. Do they refer more particularly to private sales?—Yes, those I conduct.

3967. When speaking of yourself as salesman, you refer to the making of private sales?—Yes.

3968. Now, during your experience with Messrs. Thomas and Co., you have observed that a considerable amount of business has been put in the way of the firm by the Public Trust Office?—Yes.

3969. How many sales do you think, during the five years, have annually passed through that firm's hands from the Public Trust Office?—I could not exactly tell.

3970. On an average, has there been a sale once a month or once a week?—We might have had seven or eight sales in the twelve months.

3971. Were those sales of effects belonging to the estates of dead men and dead women?—Yes.

3972. Those effects must have varied in values and kind a great deal from time to time according to the positions of the deceased persons, did they not?—Yes, they did.

3973. Well, can you tell us generally what such effects consisted of?—In some cases jewellery—watches, chains, rings, and other jewellery. In other cases it was personal clothing. I think those were about the only lines we did.

3974. And scientific instruments?—I cannot say I remember any.

3975. Ship captains' instruments?—I cannot say I recollect any of those.

3976. Musical instruments?—No; I cannot remember them.

3977. Never any jew's-harps?—No. I should not pay particular notice in any case if they were there.

3978. You know, as a man of the world, what men and women do get about them during their lives. Have you had writing-desks?—It is a very difficult matter for me to state, because we have so many other sales in the same way. I only know we have had books, clothing, jewellery, and boxes.

3979. Sealskin-jackets?—I will not be certain about them.

3980. Overcoats?—Yes.

3981. Dress-clothes?—Yes.

3982. Has the Trust Office ever favoured you with any pound notes to sell?—No.

3983. Sometimes these are found among personal effects?—As a rule, there was considerable discretion used by the Trust Office officials in that direction before the goods came my length. I do not think I ever found anything in the pockets of any clothing sent for sale. An official waited on us and went through all the pockets.

3984. Will you tell us who that official was generally?—There have been two who have gone through the things with me. The Rev. Mr. De Castro and myself have gone through them.

3985. Has he been the principal officer who directed these sales?—Yes.

3986. And therefore Mr. De Castro was very particular in searching through the personal effects to see there was nothing in the pockets of clothes belonging to deceased persons?—Yes; that is so.

3987. Do you ever remember his finding anything when making those searches?—I cannot say I recollect his ever finding money. If he found anything of any value which was not to go with the goods at the time—letters or any documents—they were all made up by me, superintended by Mr. De Castro, and handed to him to take over to the Public Trustee; and in some instances, where there were a quantity of letters and things which he thought he would have to look through, or which were very valuable, I sent over a boy with him.

3988. Then, the Rev. Mr. De Castro had the conduct of those sales that went the way of Messrs. Thomas and Co.?—I could not say that in every instance. I would have thought it; but our instructions came from the Public Trustee's Office.

3989. Did they come from Mr. Hamerton?—They were always signed "For the Public Trustee."

3990. Did Mr. Hamerton ever appear in the auction-room to make a search in the personal effects in your hands?—No, not to my knowledge.

3991. What other officer can you remember besides Mr. De Castro?—I cannot remember the name of the gentleman; but no doubt you will find it out downstairs; he was a young, fair Irishman.

3992. Was his name Ronaldson?—I believe that was the name.

3993. Had you a good attendance generally when those sales were taking place?—Yes.

3994. Do you remember what your instructions were from the Public Trustee about advertising those sales?—No; I cannot recollect, because there were originally instructions regarding advertising which were carried out all through.

3995. Well, can you tell me this: Was it your custom—because I presume you were acting under instructions—to advertise the name of the particular estate to which any of these effects belonged, or simply to advertise that certain effects would be sold?—Yes; just that certain effects would be sold.

3996. So that the name of the estate of deceased was never mentioned?—No.

3997. When these sales were taking place, do you know, of your own knowledge, whether any of the effects were from time to time purchased by officers in the Public Trust Office?—Yes, they were.

3998. Did Mr. De Castro buy many?—I would not say a great many. I know he bought several articles.

3999. Did Mr. Hamerton buy several articles?—I cannot say. I think on some occasions Mr. Hamerton did buy, but I cannot recollect.

4000. Have you the books in your office recording all those sales?—Unfortunately we have not.

4001. From what time, or up to what time, have you the books?—I do not think we have the books further back than the new partnership—since Mr. Bristow joined Mr. Haybittle, about a year ago.

4002. You think the books up to a year ago are not to be found?—I know they are not to be found.

4003. What became of them?—At the time the firm was altered, and Mr. Bristow became a partner, we had a clerk next to me named Martelli, who kept the books. Mr. Martelli, at the instigation of Mr. Bristow, took certain books and destroyed them, Mr. Bristow understanding at the time when he gave him instructions that these books were simply old books, without any value at all, and that no reference would be required to be made to them.

4004. Then, when the junior partner in the present firm commenced business with Mr. Haybittle, he gave Mr. Martelli instructions to destroy certain books, believing they were of no value?—Yes.

4005. What else happened?—Mr. Martelli—I would say inadvertently, because it was not done with any purpose—took all the old auction-books with the others—took a whole cart-load.

4006. Where did he take them to?—To the destructor.

4007. Then, I suppose there were a good many records of deceased persons in those books?—Yes.

4008. And they have gone where the parties originally interested have gone, to another place?—Yes.

4009. I suppose you never had any sales of effects from the Public Trust Office without some portion of them being purchased by some one connected with the Public Trust Office?—Yes.

4010. Do you think you ever passed a sale without some article having been purchased by some one connected with the Public Trust Office?—Several; it was the exception, not the rule.

4011. Now we must be precise in this matter, and you will excuse my asking you a little more particularly about it. You have told us that on an average you had about eight sales a year?—Yes.

4012. Now, that would give, at any rate, two sales each quarter?—Yes.

4013. Have three months passed without an officer of the Public Trust Office buying something?—Yes, certainly.

4014. Now, could you, by your books, give us a statement to that effect? Can you indicate a quarter showing the different sales where officers of the Public Trust Office have not purchased?—No; that is quite impossible now.

4015. But you could for the last year?—I think we could give that information for the last year, with the exception that some one else bought for some one in the Public Trust Office, and that we might not know.

4016. Have you not sometimes been asked in a friendly way by some one in the Public Trust Office who could not attend the sale to buy any article he might want?—Yes.

4017. More than once?—Yes; I believe upon two or three different occasions.

4018. Do you remember the names of the officers for whom you have bought?—As for having bought, I may tell you that I never bought anything for any of the officers myself; but it was not an unusual thing for one of the officers to come and put a price on a certain article and say to me, "If that goes for that price you can buy it for me; if it realises more I won't give it." In that case—whether unfortunate or not for them I cannot say—the goods always fetched a higher price than they would give. Virtually, I never got anything for them.

4019. In reality, under those circumstances, nothing ever fell to you, because the bidding was always higher?—Yes, that is so.

4020. Well, I understood you to say just now that when you were asked to oblige the officers of the Public Trust Office in that way you never bid yourself?—Oh, no.

4021. Do you mean to say that nothing was ever knocked down to you when bidding on behalf of an officer of the Public Trust Office?—Yes, I am quite certain.

4022. Have you ever bought anything for yourself?—Yes.

4023. Has Mr. Bristow ever bought anything for himself?—Yes.

4024. Mr. Haybittle?—I believe Mr. Haybittle has bought for himself.

4025. All of Messrs. Thomas and Co.'s partners and people?—I think all more or less must have bought little things from time to time.

4026. Had you much auctioneering to do at the Mataura?—Yes; I had a good deal.

4027. When you were carrying on business for yourself as one of the firm of McGibbon and Co., did you ever buy anything for yourself that was put into your hands for sale?—Yes; not directly.

4028. How did you do it?—I instructed some other person to buy for me.

4029. It came to the same thing, did it not?—Yes. That was fair bidding.

4030. In your experience, is it usual for auctioneers to buy for themselves goods placed in their hands when they see them going at what they think a cheap rate?—Yes; it is quite a usual thing.

4031. Do you think it a good principle to trade upon and to practise?—I do not know. The auctioneers have got one bid.

4032. But what is the accepted rule of that one bid?—At any time during the bidding the auctioneer can, on mentioning it, bid a certain sum and say, "That is my bid."

4033. Is it not understood that that one bid means a bid for the owner?—I do not think so. There is one bid for the owner.

4034. Have you ever read a book, that is accepted as a guide generally to well-informed auctioneers as to the rules for the conduct of sales, "Bateman on Auctions"?—No.

4035. Would you think it wrong of me, in a friendly way, to invite you to read it?—No.

4036. Then, do, for you do not think it wrong for an auctioneer, when he finds an article worth much money going cheap, to buy for himself, either directly or indirectly?—Provided he makes it known to his audience that it is his bid.

4037. Very well. When you bought those effects belonging to the Public Trust Office, was it made known to the audience that you were bidding?—The auctioneer never bought himself.

4038. Mr. Haybittle told the Commissioners that he is wearing a watch now which he had bought. And, I ask you, was that not buying direct for himself?—He did not bid direct himself. In many instances Mr. Haybittle says to me, "If that doesn't go over that amount, you can bid that amount for me;" and I have very often bought things for Mr. Haybittle in that way.

4039. I want you to deal with the principle of that kind of business. Do you think that the principle is correct for auctioneers to buy anything that is put into their hands for sale which they consider is worth buying?—Yes; so long as the public know the auctioneer is buying, or one of his staff is buying, for himself, I should not think there was anything objectionable in it.

4040. Then, I advise you again to procure, read, and study a good authority on the conduct of auction business generally?—I shall do so.

4041. *Mr. Macdonald.*] Do you remember Mrs. Dallon's estate being sold?—Yes, I do.

4042. Do you remember the bags being sold which are mentioned in the account sales which I now hand you? They are said to have contained lace?—I am pretty well certain these were sold. I am almost certain, because this is my own making out of account sales.

4043. Do you remember who bought them?—I could not recollect that. [Jewellery account sales handed to witness.] Do you remember that sale at all?—No; I recollect a sale of jewellery about that date.

4044. Whose handwriting are these account sales made out in?—In the handwriting of Mr. Little, the present auctioneer clerk.

4045. You see a bangle there?—Yes.

4046. Could that be mistaken for a bracelet in any way?—I am very much afraid it could not be mistaken for a bracelet such as the one I have heard described.

4047. Do you remember such a bracelet coming into your hands for sale?—I cannot say I recollect it. This bangle could not possibly be mistaken for a bracelet.

4048. What did the bangle bring?—2s. 6d.

4049. Mr. Haybittle told us he never saw such a bracelet, and it was of such a character he would be bound to remember it?—This is Mr. Little's auction, and I might not have seen these things at all. I never recollect such a bracelet.

4050. Who was the storeman that had the handling of those goods?—I think young Badden, who is now in Bannatyne's. I think he would show them, but I could not be certain on that point.

4051. Your books are all destroyed now, you tell us?—Yes, all the old books.

4052. When were they destroyed?—Just after Mr. Bristow came. He did not come in there until the middle of April, 1890. The books were destroyed about April, 1890.

4053. Where did Mr. Bristow come from?—He was manager of the shipping department in Johnston and Co.'s.

Mr. R. C. Hamerton, Public Trustee, further examined.

4054. *Mr. Macdonald.*] The ledger is opened at page 51, Mr. Hamerton, in the estate of Richard Winter. Will you tell us what you have charged for expenses in that estate?—Costs of order of the Supreme Court, £3 10s.; advertising order, £1 2s. 6d.; fee on order to advance, £1 17s. 6d.; 7 per cent. on £20 0s. 9d., £1 0s. 1d.; postages, 5s. Then on the policy money there is commission, £25 10s. 3d.; postages, £1; legal opinion, two guineas.

4055. Now, will you tell us how much of that was actual cash expenditure, and how much these charges were?—Cost of order of Supreme Court, £3 10s.; advertising order, £1 2s. 6d. I do not know what the two guineas is; that appears to be an office charge. That is all.

4056. What was the commission that you charged on the insurance money?—In those days it was 5 per cent. on £510 5s.

4057. Why do you charge on £510 5s.? You did not receive £510 5s. Why do you charge 5 per cent. commission on that? There is a debit entry in your ledger. To look at that you would think you paid that £7 1s. 5d.?—Yes.

4058. But the papers of the estate disclose the fact that you never did pay it; that all you received was £503, the insurance company themselves deducting the balance. Why did you charge on moneys you did not receive and never handled?—I do not know.

4059. Do you think that is a proper entry?—No, I do not.

4060. What is your commission now?—Two and a half.

4061. Not 5 per cent.?—No.

4062. Upon an intestate estate that has to remain in the office you only allow 4 per cent.?—Yes.

4063. Do you think that that is a statutory provision that might well be remedied in the way of increasing the rate or investing the estate in the ordinary way and receiving 6 or 7 per cent.?—Yes, that should be done.

4064. In a memorandum to Sir Harry Atkinson, how was it you recommended the Colonial Treasurer of the day not to make any change such as had been suggested to you by the friends of the beneficiaries? Now you tell us you have altered your mind?—Well, it is this: If the law allowed investments for each intestate estate, as it does in trust estates, we should get a larger interest for the estates, but it was considered in my predecessor's time that 4 per cent. was a reasonable amount to allow on floating balances in intestate estates. I see no reason why the law should not allow the funds of intestate estates to be invested the same as trust estates.

4065. The practical meaning to this estate is this: that whereas you can at any time invest the funds of a public trust in deficiency bills at 5 per cent., you are only paying the beneficiaries 4 per cent.; you are making 1 per cent. out of the transaction?—That is so.

4066. So that upon policy moneys of £500 you are making £5 a year?—Yes, apparently.

4067. In other words, during the six years you are depriving the estate of £30, and compound interest upon that?—Yes.

4068. Does not that seem unjust?—It does appear so.

4069. It is no matter of surprise, therefore, that the Commissioners have received letters complaining of the way in which the funds are being invested?—The Commissioners will see there is a law for my guidance, and the Order in Council.

4070. *Mr. Loughrey.*] What was the total amount received under the policy?—It appears by the ledger to be £503 3s. 7d.; that is the net amount apparently.

4071. And what were the debts of the estate?—There were debts, but they had no claim on the policy.

4072. Did you pay the debts of the intestate?—Yes; there were several dividends.

4073. How much did you pay?—£6 18s. 2d.

4074. How much have you invested now remaining from the money you received under this policy?—£469 0s. 10d. appears to be the balance.

4075. Look at the papers, and at the letters to the father of the deceased, and see if that is the amount. The amount appears to be £496 5s. 5d., so that the difference between that amount and £469 0s. 10d. would be the costs of administering the estate?—Yes.

4076. Would the Public Trustee charge two guineas for the office Solicitor's opinion?—We have done so, but we do not do so now. In this case I do not know whether it is the opinion of the office Solicitor.

4077. It is the office Solicitor on the record. Do you think it is a proper charge to make, to charge for your own officer's opinion?—I do not see that there is anything improper in it.

4078. *Mr. Macdonald.*] Is it usual?—It was, but it is not usual now.

4079. *The Chairman.*] If it was proper at one time when you charged it, why is it improper now? and why do you not charge it now?—Because there was a question raised by one of the Wellington solicitors whether we were not subjecting ourselves to the Law Practitioners Act on account of receiving fees for solicitors' work.

4080. Do you consider it proper or improper?—I do not consider it improper to charge, but if it is a breach of the Law Practitioners Act, then it should not be continued.

4081. What was the total amount of office-charges in that estate?—The expense of administering was £31 14s. 10d.

4082. *Mr. Macdonald.*] Out of that £31 14s. 10d. the principal charge is the 5 per cent. on collection; then there is Solicitor's fee two guineas, and £1 5s. 1d. for office commission and postage. You say you have now reduced those charges?—We have.

4083. This is an undisturbed estate from the commencement. Is there any reason why you should not rebate those charges?—There would be no end to the rebating if we carried it back to the commencement.

4084. Is there any real reason, as a matter of fair-play, that you should not make the reduction go back to that estate, which is a live estate, seeing that considerable complaint arises about the way in which you are investing the funds? You admit that by your statutory provisions you are not investing the money in your hands as well as it might be invested because you are barred?—Yes.

4085. Therefore, is that not a reason why you should make the debits against the estate as light as possible, seeing that you are doing a statutory injustice to those estates?—Quite so.

4086. *The Chairman.*] Is it not right, then, that in respect of this estate you should rebate the charges that you have made against it in the beginning to the amount you are now charging similar estates?—As a matter of fair-play, I quite agree with you.

4087. The amount of the policy was £500?—Yes.

4088. Then there was some deficiency of £7 odd which appears there to have been paid by the office, which made the amount £510 odd, and on that you charged your commission?—Yes.

4089. When that two guineas was entered as a debit to the account of Winter, why was it not stated in the ledger that it was an amount paid to the office Solicitor?—It was not paid to the office Solicitor.

4090. You stated here distinctly, in my hearing, that that charge of two guineas was paid to the office Solicitor?—If I made such a statement I was wrong.

4091. To whom, then, was it paid?—It was credited to Expenses Account.

4092. Why was it credited to Expenses Account? Was it because it was a fee earned by the office Solicitor?—Yes.

4093. Then the two guineas that were charged to Winter's estate were charged on account of the work done by your own office Solicitor?—Yes.

4094. Why were the particulars not stated in Winter's account in your ledger? Why was it not stated that it was paid on account of work done by the office Solicitor? Why was it not entered in that way?—I cannot say; it ought to have been.

4095. There is a balance of £460 odd?—Yes.

4096. Then, the £400, on which you allow 4 per cent., is not invested in any deficiency bill?—No.

4097. Then, the man has £460 odd at his credit in your book, and you select £400 of it and ear-mark it as an amount on which you are allowing 4 per cent.?—If I understand rightly that 4 per cent. is allowed on the floating balance.

4098. Then, if it is allowed on the floating balance, how is it that you only undertake to remit him £16 a year?—I am afraid I am rather at a loss, because these are things that come under the Accountant's view.

4099. Then are you in a fog about this account?—I have nothing to do with the accounts.

4100. Are you not responsible for them?—Undoubtedly.

4101. Whom did you recognise as next-of-kin?—The father.

4102. Did you write to him?—I am almost sure I did. Yes, I find I wrote to him on the 30th November, 1887.

4103. Did you ever write to him since then?—Yes; on the 24th of March, 1888.

4104. And since then?—Yes; on the 15th December, 1888.

4105. And since then?—The next appears to be a remittance through the Agent-General on the 3rd January, 1891.

4106. Then what is the space of time between the previous letter and that remittance?—Over two years.

4107. Mr. Hamerton, is that fair treatment of an account intrusted to you to deal with?—No.

4108. Then, do you not think it is very neglectful treatment?—I do.

4109. I understand you that it is the custom of this office to pay on the actual daily balance of such accounts?—No; we pay on the calendar quarter.

4110. Then you pay on the actual balance?—Yes.

4111. Do you remember when you did write to Mr. Winter asking him to forward you £100 if he wished you to take any steps to recover the insurance money?—Yes; in the event of his thinking an action-at-law should be instituted.

4112. This is what you wrote: "If you will remit to me £100 as a first deposit I shall proceed at once to take the necessary steps. Kindly advise me what course you prefer"?—Yes.

4113. Here was a life policy of £500 only disputed for want of the production of the actual policy. Why was it necessary to shock that poor man by asking him to send you the modest sum of £100 as a first deposit to recover a genuine policy of £500?—The company would not pay us.

4114. Why, a sharp practice solicitor would not have asked for more than a quarter of that sum. Do you not think that sum was an outrageous one to ask this next-of-kin to remit?—It might have been necessary for an action to be taken to make the company pay over the policy money.

4115. Would the company have resisted any fair claim after a certain length of time?—No; as a matter of fact, it did not after a lapse of time.

4116. Do you remember what Mr. Winter wrote you in reply? Here is what he wrote on the 21st February, 1889: "It is quite impossible for me, a poor man, to send you such a sum as £100 for the purpose of obtaining a friendly judgment." Do you know what a friendly judgment is?—Yes.

4117. If the insurance company had any doubts as to whether they should pay that policy or not, would they not have consented to a friendly suit?—Very likely.

4118. Then do you not think you made a great mistake in asking this man to remit you £100?—I might have been more moderate in the amount; no harm has eventuated.

4119. I ask again, do you think it is fair or proper treatment of a client's account intrusted to the Public Trustee to conduct to keep that client in ignorance for over two years of the state of his affairs?—No, I do not.

4120. I want you now to look at the papers in the estate of S. A. Holmes, a lunatic. You will notice that the lunatic was admitted into the Wellington Lunatic Asylum on the 24th November, 1883, and that Messrs. Buckley, Stafford, and Fitzherbert wrote to you on the 14th January, 1884, pointing out that Mrs. Holmes had freehold property?—Yes.

4121. You will notice that on the 29th April, 1884, you instructed Mr. S. Carroll to collect the rents. Mr. Charles Tringham, on the 21st April, 1884, had advanced £560 8s. 3d. on mortgage. These facts are correct, are they not?—Yes.

4122. Now, if you will refer to the ledger which is before you, you will notice that Mr. Carroll collected and handed to you rents as follows: £13 13s., £13 1s. 3d., £21 12s. 3d., £12 9s. 4d., up to the 31st December, 1884, making the total £60 15s. 10d.; out of which you disburse, up to that date, a total sum of £26 2s. 9d., leaving a balance to credit, on 31st December, of £34 13s. 1d. You will notice that other rents were collected up to the 23rd January amounting to £12 10s., and that you paid out after that £11 17s. 6d. for rates up to the 23rd January, leaving a balance to the credit of the estate of £32 8s. 1d. on the 23rd January?—Yes.

4123. There is no interest debited there as having been paid upon the mortgage from the time that Mr. Carroll began to collect the rents on the 29th April, 1884, the date of your instructions, up to the 23rd January, 1885?—No.

4124. So that, during the whole of that period, the Public Trust Office was collecting the rents and paying the mortgagee no interest?—That is so. Of course, it would have been paid if the claim had been sent in.

4125. On the 14th January, 1885, Mr. Tringham foreclosed upon his mortgage, and sold the property by auction on the 27th January?—Yes.

4126. Now, if you refer to the papers, you will find that Mr. Tringham's claim for mortgage money and interest up to the day of the sale amounted to £592 16s. 1d. In other words, the amount of the principal being £560 8s. 3d., the interest and charges that he debited up to the day of the sale amount to £32 7s. 10d., making £592 16s. 1d. What was the amount to the credit of the estate on the 23rd January, 1883?—£32 8s. 1d.

4127. Then you had £32 8s. 1d. to the credit of the estate on the 23rd January. The amount of overdue interest and charges due to Mr. Tringham on the 27th January was £32 7s. 10d; so that you had quite sufficient money in hand to pay Mr. Tringham his interest and charges?—That is correct.

4128. Then, will you tell me why you allowed the mortgage to be foreclosed and the property sold when you had actually cash in hand sufficient to pay the mortgagee his interest and carry the concern on?—I am afraid I cannot answer.

4129. I want to carry you on a little further, to show you the practical effect of that, as revealed by the papers in the estate. The property was sold for £800 on the 20th January. The charges in reference to it—solicitors, auctioneers, &c.—amounted altogether to a very considerable sum of money, so much so that the net result of the sale, as shown in your ledger, was £117 9s. after the deduction of the first mortgages and charges. When the lunatic was discharged and his maintenance paid for you had a balance of £105 16s. 10d., which you paid to her?—Yes.

4130. When you took the property in hand to manage for the lunatic, in accordance with your statutory provisions, the property was producing a rental of £130 per annum, from which the following deductions had to be made: Insurance of property, £600 for twelve months at £1 15s. per £100, £10 10s.; rates, £11 17s. 6d.; making £22 7s. 6d. to be deducted, leaving a net rental of £107 12s. 6d. out of which to pay interest upon the mortgage of £560 at 7 per cent. In other words, there was a clear profit to the family of some £70 per annum. Now, the practical result, as disclosed by the papers in that estate and by the account in the ledger, is this: that after allowing a certain deduction for wear-and-tear, loss of tenants, intervals when the property was unlet, a clear income of from £50 to £70 per annum has been destroyed to that family because the Public Trust Office failed to pay interest for nine months to the mortgagee, and allowed him to foreclose and sell the property at the very time when, according to your own books, they had all the money in hand that was required to pay him that interest?—It is so. It astounds me. I cannot understand it.

4131. As the story of that estate reflects very seriously on the management of the office, it is only fair to yourself to say that on the 22nd October, 1884, you placed a minute on these papers, "Pay Tringham amount to credit of interest," but those instructions were never carried out. Had they been carried out this property would have been preserved to this family?—We wrote to Mr. Tringham for further particulars of claim, and they never came in.

4132. The matter has been neglected by the office. You appear to have recognised at one stage of the business the importance of paying Mr. Tringham?—All I can say is that there has been an oversight.

4133. You see, Mr. Hamerton, that the thing was more serious than a mere oversight, because the property, as you will see by the papers, was put up and sold by order of the mortgagee. There was no one on your behalf to protect the property, and it was sacrificed for a mere fraction of its value. It only brought £800 gross, and it was then bringing in a rental of £130 per annum, and the property to-day, I believe, is worth nearly £1,500. The evil in connection with the matter is this: that I understand the Government of the country has absolutely been put to the expense of keeping several of these children in consequence of the father being dead and the mother unable to support them. There was no reason in the world why the mortgagee should have been allowed to sell?—No.

4134. What startles one is the fact that an income of from £50 to £70 per annum has not only been destroyed by the neglect of the office—a neglect which you some months before had by minute endeavoured to prevent—but it is a neglect which has involved a family in distress. I do not know whether you can put your finger on the officer who is responsible?—There is no doubt I must be held responsible, because I ought to see that my instructions are carried out. I have been overweighted, and important matters have been evidently neglected. I can say nothing more. If I had the time to study that record thoroughly, and to inquire of Messrs. Tringham, and Carroll, and Buckley and Co. I might be able to suggest some explanation, but I confess it appears to me a very serious oversight has occurred.

4135. It is only fair to Mr. Tringham to say that until this day he entertains a very strong opinion of the unfairness and want of consideration of the Trust Office in the matter; and I do not think, looking at the whole of the facts, that Mr. Tringham is to blame, because he appears to have advanced the money to relieve the estate of a great difficulty, and then found himself in the position of having come to the relief of the estate at the time of trouble, the Public Trust Office receiving every penny of the income and paying him nothing?—Mr. Tringham could have stepped in as mortgagee in possession.

4136. *Mr. Loughrey.*] Do you think, when it comes to the knowledge of the public how this estate has been managed, it is likely to bring business to the office?—No.

4137. Just the other way?—Just the other way, I am sorry to say.

4138. *The Chairman.*] Do you remember the first day on which you met the Commissioners telling them that everything in the office, and the books and papers, were in perfect order, and at your fingers' ends, and that you could put your hand on anything we might require at a moment's notice?—I recollect that.

4139. Well, now, do you think you could do that?—I do not think so. My experience of the tremendous pressure convinces me the system is not as perfect as I had hoped.

4140. Has it any pretensions whatever to be perfect?—What I mean is, that if I called for any paper, no matter how old, that paper would be produced in five minutes or less, but when hundreds of papers are called for at the same time, it has not proved the perfect system that I anticipated?

4141. Well, now, candidly speaking, do you not believe, and have you not been already convinced, that your Public Trust Office was and is in a thorough muddle?—You are putting it harshly.

4142. I am putting it strongly, I admit, but speaking from my experience I do not know any other way of putting it. You are quite justified in saying it was and is not, if it be not so, but from your experience can you come to any other conclusion than that it was and is in a thorough muddle?—No, I cannot say it is in a muddle; but I will say it is unable to bear the immense strain that has been put upon it during the last two months.

4143. *Mr. Macdonald.*] But you know, as a matter of fact, that one could keep the Commission open for weeks and weeks in going over estates which, not only in the Wellington office but in your agency branches, have revealed upon the face of them very grave mismanagement both at the Head Office and at the branches. I have a list here of a large number of estates. I have taken out several which are pretty fair samples of a large number that have been examined. For weeks we have been here going through the papers, and naturally have acquired a much more intimate knowledge in taking a comprehensive grasp of the whole position from the beginning than would otherwise have been the case, and the story of the Public Trust administration is one in many cases of very bad judgment, not in all cases against yourself; because in this very bad case to which I have now referred it does seem to me you were not altogether to blame for the lapse that has occurred, because you gave the order, but did not see it carried out. I have a large number of cases, but it is useless following them all up. One could go through them one after another, and reveal things that ought never to have existed, but it would only be a waste of time. One may take a typical case here and there, so as to advise a remedy. I have hosts of estates in my memorandum-book which I might keep you on for days, but I do not see what further object could be gained by troubling you with them.

4144. *The Chairman.*] Mr. Hamerton, I like to be terse and to come to the point. After what has been brought under your knowledge as to the state of confusion which the Commissioners have found in your office, do you not think the business has grown quite beyond your capacity?—It is grown entirely beyond my capacity—that is to say, what could have been managed by an ordinary man in 1880, when I was appointed, cannot be managed now, and for years I have been very much overweighted, immensely.

4145. Have you been killed with detail work instead of supervision, or by both?—I knew I was responsible individually, and I desired to do what I could to direct individually. I found out that it was hopeless, and when I recommended the change to Government I pointed out to Ministers that so much work was thrown upon me that very likely questions of importance would be overlooked. For the first time do I glean any knowledge of the state of things which Mr. Macdonald has brought under my notice, and, of course, it shocks me very much.

4146. *Mr. Loughrey.*] I have been through upwards of 700 files of papers, and the list I forwarded you the other day contains 250 cases concerning which the Commissioners wish to inquire into. Do you think, when such a large number of inquiries have to be made, out of 700 files of papers, that the office can be conducted in a proper manner? You have already been examined concerning several cases, and you acknowledged you did not know much about them. Does not the fact of so many inquiries having to be made concerning the administration of estates convince you that these estates have not been as well managed as they might have been?—That, I think, is the natural sequence to the overweight of which I complained, but I think it is only fair to myself to say that those cases were not dealt with by me.

4147. A great number of them have been?—Yes; but many of them were before my appointment.

4148. You asked for time to look through the files of papers?—Yes.

4149. Have you looked through them since?—Yes.

4150. What conclusion have you come to as to the management of the estates named in that list?—Well, I confess I only looked through the papers to endeavour, if I could, to ascertain what was the particular point in your mind, and I did not go into the whole administration of the estates. So that I am afraid I cannot reply to your question.

4151. For example, take the papers in the case of Hugh Wright, a lunatic. Do you remember that estate?—Yes.

4152. Will you read the letter from Miss Wright to you?

GENTLEMEN,— Christchurch, 22nd April, 1891.

Re Hugh Wright, a lunatic: Being the daughter and only child of the above-named Hugh Wright, and—as my father is incurable—the one most affected by the administration of his property, I wish to request your attention to this estate and its administration, and to place before you the following statements, based on documents filed in the Supreme Court, Christchurch, accounts furnished by the Public Trustee, and facts within my own knowledge.

The estate was placed in the hands of the Public Trustee in February, 1884. In 1887 it was valued at £9,000. The charges against the estate were—(1) The cost of administration; (2) the payment of debts; (3) the maintenance of the lunatic and myself. The amount of debts paid by the estate is £654; the amount required for maintenance up to August, 1890 (reduced since then), was £130 12s. per annum. So that an estate of £9,000 was only required to pay costs of administration, discharge debts of £654, and provide maintenance of £130 per year.

The result of the administration by the Public Trustee during eight years has been that the estate is now worth only £3,700. The following are some of the particulars of the manner in which this result has been achieved: The debts of the lunatic consisted of claims by three brothers made in 1888, and ascertained at £268 each; total, £804. Of this amount £150 is still due. Two of the brothers made their claim in the first instance jointly; the claim of the third brother was allowed subsequently as a matter of course, and without dispute. The claim of the two brothers was ascertained, and fixed at £536 by action in the Supreme Court. The result of the action depended upon the plaintiffs proving their case, there being no defence outside of this; yet the plaintiffs' costs against the estate amounted to £430, and the costs of the Public Trustee in connection therewith and incidental thereto amounted to £779—that is to say, that the settling of a claim of £536 cost £1,209. Altogether over £1,600 has been paid in legal

expenses since the Public Trustee has had the management of the estate. I notice also by the accounts that the estate is charged with commission to the Christchurch agency as well as to the Public Trustee. As further samples of the manner in which money has been spent, I would mention an item of £2 2s. for valuation *re* fencing and stubbing, the work itself costing £1 10s; also a charge of £3 for passage of Public Trust officer from Wellington *re* Supreme Court case, there being at the time an agent here and a solicitor acting, and no evidence being required.

I have no desire to attribute the blame of the present position of the estate entirely to the Public Trustee, because I am aware that the machinery for administering estates under the Act is necessarily somewhat costly; but it is inconceivable to me that a business man would, in the management of his own affairs, have allowed a claim of £536—whether good, bad, or indifferent—to land him in costs of £1,200, or a total of nearly £1,750; nor do I think he would have allowed his own estate to cost £1,600 in legal expenses.

With regard to the Public Trustee's dealings with myself, I wish to make the following statements: I have been unable to get any information in reference to the estate, or obtain the discharge of the Public Trustee's duties to me under the various orders of the Court without incurring the expense of legal assistance. My own application for copies of the accounts in connection with the estate were disregarded, and it was not until I engaged a solicitor to write for them that they were furnished.

In reference to my maintenance out of the estate, I think that, with an estate worth £9,000, the maintenance of myself, an only child, should never have been a matter of any difficulty. In addition, the Public Trustee has been aware all along that I am physically unable to earn my own living, and have no other source of income. Yet I have several times had to engage solicitors to protect my interests, and but for their exertions I should have been left almost destitute. Several applications made to the Court by the Trustee have been detrimental to me, and in every case the solicitor acting for me has opposed them successfully. These proceedings have involved me in considerable expense in addition to the costs allowed out of the estate. Moreover, I have had the greatest difficulty, and have been put to much expense, in obtaining payment from the Trustee of the maintenance-moneys due under orders of the Court. On the 27th February, 1889, so large a sum as £187 9s. 1d. was due to me for arrears. To get this an application to the Court was necessary, and I had to engage a solicitor, and incur expenses in addition to the amount allowed out of the estate. In March, 1890, the payments were nearly twelve months in arrear, and the Public Trustee made application to the Court for an order reducing the amount of maintenance as from 20th June, 1889, alleging that the estate was not able to pay the demands upon it. I engaged a solicitor to oppose the application, and he submitted a scheme whereby the demands were provided for, while the further diminution of the estate was prevented. This proposal was before the Trustee for months before he made decision, and it was only when my solicitor threatened further reference to the Court that he definitely consented, and the proposal was accepted as made. During the time this matter was in progress the Trustee was informed that I was in urgent need of the money and was being put to expense because of the non-payment of my maintenance; but it was not until a month after the order of the Court had been made that he forwarded the money, and then only after my solicitor had written several letters and sent several telegrams. Since the date of the last-mentioned order of the Court—viz., 29th August, 1890—my solicitor has had to write and wire repeatedly before he could get any money for me.

In reference to my solicitor's letter to you of the 17th instant, and his application to the Public Trustee of the 2nd instant, mentioned in that letter, I may say that after twice telegraphing to the Trustee my solicitor, on the 18th, received £20 from the District Agent here.

Gentlemen, I respectfully ask your attention to this matter because it seems to me that, with an estate like my father's was when it passed into the Public Trustee's hands, it is most unfair, unjust, and scandalous that I, his only daughter, and an invalid, who had every right to expect to be respectably and comfortably maintained, should now be reduced to little more than a pittance, and that, in order to retain and enforce payment of this, I should be compelled from time to time, at considerable expense, to fight as for dear life—an expression that in my case is no exaggeration. Unless some alteration is made I cannot help fearing that the whole property will be dissipated in the course of a very few years, and an estate that was four years ago ample provision for my father and myself for life—will have totally disappeared, and I, his only daughter, and unable to earn my own living, will be left destitute before I reach middle age.

Yours respectfully,

The Commissioners, Public Trust Office Inquiry, Wellington. FRANCES ESTHER WRIGHT.

4153. Is the amount of costs stated by Miss Wright correct?—No.

4154. What were the actual costs in disputing the brothers' claims?—The Public Trustee's costs were £779 1s. 11d.

4155. Does that £779 not appear to be a monstrous charge, considering that the amount in dispute was only £536?—It is large.

4156. And did not the Court also order that the plaintiffs' costs should be paid out of the estate?—Yes.

4157. You will not deny that the amount of the plaintiffs' costs which you paid out of the estate was £430?—No.

4158. So that Miss Wright's statement that £1,209 were paid in costs is correct?—No. I have a statement here showing that the cost of the relatives' litigation was £779 1s. 11d., not £1,200, as stated by her. The total costs paid by me under direction amounted to £1,111 7s. 10d., not £1,600, as stated; but I submit it cannot be held that the Public Trustee is answerable for the heavy costs of the action.

4159. *The Chairman.*] Since you have raised that question, Mr. Hamerton, has it ever occurred to you that, in your dealings as Public Trustee with the estate of the late Mrs. Dallon, you have laid yourself open to a suit in equity by her son—that you, personally, are perhaps responsible?—It has not occurred to me, but I do not deny it.

4160. *Mr. Loughrey.*] Is it a fact that two guineas were paid for the valuation of the fencing when the amount of the work to be done was £1 10s.?—The fee of two guineas was paid for work value £56, and the arrangement was that the tenants were to allow some, the owner of the adjoining property some, and the estate had to pay £7 15s.

4161. Is it a fact that on the 27th February, 1889, a large sum was due to this young lady on account of maintenance?—Yes, I believe that is so. I could not pay it because I was waiting for the order of the Court to enable me to pay.

4162. Is it a fact that this young lady has to engage a solicitor to make application to you as she states?—It need not be so, but I believe she has done so.

4163. Did she communicate with you privately?—I think she has.

4164. What is the amount allowed to her at the present time for maintenance?—She is entitled to £1 per week under the order of Court dated the 29th August, 1890.

4165. How is the money forwarded to her—at what intervals?—She received her money about a month after the order, and then she received nothing more until little less than a month ago. There is now £5 due.

4166. How do you think a young lady can exist if she only receives moneys at such long intervals?—It is an oversight; I cannot account for it.

4167. What is the income resulting from this estate, as managed by the Public Trust Office?—I cannot say without reference to the ledger.

4168. Would the papers there give the full information as to the management of the estate?—They would not give the amount of costs paid.

4169. On whose recommendation did you enter into this expensive litigation—by whose advice? Did you do it of your own motion?—We were served with a writ by the uncles of this young lady.

4170. Did you inquire into the rights of the uncles after they served the writ?—I put the matter into the hands of Mr. Martin, of Christchurch, to do what was necessary.

4171. Does the Public Trustee never try to settle actions rather than incur great costs in expensive litigation?—Yes; I have done so.

4172. Was no attempt made to settle this action?—Not by me personally. I left it to Mr. Martin, who defended the case.

4173. And did Mr. Martin receive all these costs—£779?—I believe so.

4174. Read the minute you made on the papers on receiving Mr. Martin's report of the result of the action?—It is as follows:—

Minute by Public Trustee on Position of Estate of Hugh Wright, after Order of Court of 30th Day of October, 1888, was granted.—The position, as I understand it, is as follows: The recent action has resulted in depriving the estate of all the Malvern property, and in pledging the Riccarton property to the extent of £1,300, entailing not only the loss of rent of the former land, but an annual charge of £78. The position is shown clearly in a statement prepared for Messrs. Stout and Mondy, on the 8th ultimo, attached, 89/180. It is evident that £1 10s. per week cannot continue to be paid to Miss Wright out of a net annual income of £59 10s. 8d., with the father's maintenance and incidental expenses also. There is owing for the latter's maintenance nearly £120. Either further property must be sold or the allowance to Miss Wright very greatly curtailed, and this should be pointed out to Messrs. Stout and Mondy. Pay Miss Wright £24 to 19th June instant. Pay Public Account £117 to 31st May ultimo.—R. C. H. 15/6/89.

4175. And some of the property, being mortgaged, was, in consequence of the action brought by the brothers, sold to pay the costs and their claim?—Yes.

4176. Are you surprised that Miss Wright is very much dissatisfied?—I am not surprised.

SATURDAY, 2nd MAY, 1891.

The Rev. CHARLES DANIEL DE CASTRO further examined.

4177. *The Chairman.*] Mr. De Castro, I received a letter from you addressed to me in Mulgrave Street, where I live, and you ask me if I would grant you a private interview at my house at such time as might be convenient to me. Of course you must be aware that I can hold no private communication with you or with any officer of the Public Trust Office unless in this way. Now, I shall be glad to hear from you what that certain information, which you say in your letter has been given to you, is?—Is this all to appear?

4178. Yes, it will all be taken down?—Then, I am afraid I must leave it alone. I thought I might speak to you privately. The fact is, I was informed the blunders or errors which have been discovered in your investigations have been laid to my charge, and that the whole blame has been laid on my shoulders. If that is the case, I hope you will give me an opportunity of answering any such charge made against me.

4179. Is that all the "certain information" you refer to?—Yes.

4180. All I can say is this: that the Commissioners, up to the present time, have been employed in going through the books and the work of the office, and in taking evidence. That evidence up to Saturday last, after it had been printed and corrected by the several witnesses examined, has been sent to the Government, without any opinion on its nature from the Commissioners at all. So that the Commissioners have offered no opinion as yet?—I do not say the Commissioners have thrown any blame on me, but I was told by an old friend that the blame of certain errors has been thrown on me by officers of the Public Trust Office.

4181. By more than one officer?—I do not know. I only know I am told the blame of certain errors that have been discovered has been thrown on my shoulders.

4182. I can tell you this—so far as I can speak, as having heard the whole of the evidence—that no officer who has already given evidence before the Commissioners has attempted to throw any blame upon you, in my opinion. They have merely answered plain questions put to them by the Commissioners?—That was mentioned to me, and I was obliged to see you. I rather expected you would treat it in this way.

4183. Well, Mr. De Castro, do you remember the estate of Winter, in Blenheim?—Yes.

4184. Do you remember desiring to purchase a dog that belonged to the late Mr. Winter?—There was a dog, and I asked Mr. Macalister, our agent there, if he was any good. I was so pestered with rats that I wanted to get the dog to kill them.

4185. Did you communicate with Mr. Macalister and ask him to purchase that dog for you?—He told me it was a mongrel, and there was an end of it.

4186. Then, you would not buy a bad thing?—No. He told me it was a wretched thing. I never saw it.

4187. And you are not in the habit of buying bad things?—Not if I know it, sir. I hope you are satisfied about the bracelet. I never had it. It is said the bracelet is missing.

4188. To be plain with you, I am very far from being satisfied?—I can assure you, if I never speak a word before God——

4189. Why shed tears? I am not accusing you of anything, but the position you must see is a very unsatisfactory one. The Trust Office has given no account of that bracelet, and considering that you were the custodian of that particular class of personalty effects for so many years, and there is no record or trace of it——?—I know that, and it is very bad. I am certain Morrison never

delivered any bracelet at all, and that the only valuable thing amongst the jewellery was, I believe, a gold watch.

4190. You came into the office in 1873?—Yes.

4191. In the same position you still occupy in the Public Trust Office?—Yes.

4192. And you have been purchasing portions of the personalty effects of deceased persons since you came in?—Yes.

4193. Well, now, I see the first date you have given in this return on the subject of purchases made by the officers of the department is June, 1882?—I have said before that I bought three or four watches in the early days at prices varying from £1 10s. to £2 10s. That was before 1882.

4194. The first date you give the Commissioners in this return is June, 1882?—Yes; but I have put in "Former dates unknown."

4195. You surely bought more than four articles between 1873 and 1882?—I do not think so. If I have I have quite forgotten it.

4196. Have you seen or been asked to see Sir Harry Atkinson since this Commission was sitting?—No; I have not seen him for, I suppose, fully eighteen months.

4197. Nor heard from him?—No. I believe he is in Wellington. Is there any objection to my leaving town now?

4198. I think it would be advisable for you to remain in town, at any rate, during the first half of next week. If you look in about that time the Commissioners may be able to say they have done with you.

Mr. R. C. Hamerton, Public Trustee, further examined.

4199. *The Chairman.*] Mr. Hamerton, you remember the matter of the Christchurch branch or agency, which the Commissioners were discussing with you the other day?—Yes.

4200. Do you remember a letter that was marked "Private" amongst the papers handed to the Commissioners?—Yes.

4201. You were to have communicated some weeks ago with the author of that letter on the subject of putting the contents before the Commissioners: have you done so?—I did not understand I was to do so by direction of the Commissioners. I understood it was suggested that I should do so.

4202. It comes to somewhat the same thing?—Well, I have not done so.

4203. Then, the Commissioners feel bound now to ask you to open that letter, and put the contents before them?—I cannot do so.

4204. Then I, as Chairman of this Commission, will take the responsibility of opening this letter. I find it amongst the papers, and I will therefore take the responsibility of doing that?—That letter is a confidential letter to myself, and I do not think it is right that that course should be taken.

4205. Very well, I am glad you have given us at last the benefit of your opinion upon that question of privacy. You brought up the papers in connection with the opening of the Christchurch branch a few days ago?—Yes.

4206. Among those papers is a letter marked "Private"?—Yes.

4207. What right had that letter to be there if it was not part and parcel of evidence relating to the change you had made in the agency at Christchurch? What right had that letter to be there if it did not relate to reasons that actuated you in making that change at Christchurch?—It was there for the convenience of reference if I required it.

4208. But if any other officers, or the Colonial Treasurer, or the public required the information, was it not there for convenience of reference?—Well, being a confidential communication, I claim it as my own; I claim that it should not be public property.

4209. Then, you claim to have a right to have evidence in reference to the business of the Public Trust Office—to keep a portion of it if it suits your whim, and you are to be the sole judge yourself?—No.

4210. Now, I ask you, do the contents of that letter, which you look upon as your private letter, contain matter in relation to the Public Trust Office business only?—Yes.

4211. Does it contain matter that guided you in reference to the change you recently made at Christchurch?—Yes.

4212. Then, can you sit there and tell the Commissioners that you alone have the right to that information, and that the Government of the country has not?—I merely say, being marked "Confidential," it was not intended for any one else.

4213. Why, then, is it among the papers?—For convenience of reference. It was put there for my reference, nobody else's.

4214. Are not all these documents filed on business relating to the Public Trust Office for the convenience of any authorised officer who has occasion to look at them?—Yes.

4215. Do you think the authority of the Commissioners warranted them in looking through all these papers?—Certainly; all except confidential papers.

4216. Are there any private letters relating in any way to the private business of R. C. Hamerton among these papers?—Not that I am aware of.

4217. Then, that letter you have sealed up is not confidential so far as R. C. Hamerton or his private affairs are concerned?—It may be addressed to R. C. Hamerton, not to the Public Trustee.

4218. Are the contents of that letter referring only to the private affairs of R. C. Hamerton, and not the Public Trust Office?—No.

4219. What do they refer to, then?—To the Christchurch agency.

4220. To affairs solely relating to the Public Trust business? Do not hesitate. Will you be good enough to be explicit to the Commissioners. It is no use beating about the bush?—I am not beating about the bush.

4121. I want you to come straight to the point. Are the contents of that letter on Public Trust Office business or upon the business of R. C. Hamerton?—On business connected with the Public Trust Office.

4222. Then, how can you sit there and say that the Commissioners have no right to see the contents?—Because it is marked "Confidential."

4223. Can the Commissioners come to a fair conclusion on the subject unless you acquaint them with all the facts in connection with your reasons for making the change you did at Christchurch?—I believe I did tell you.

4224. Are there any more facts in that letter which you call private?—They are opinions, not facts.

4225. Do they not relate to the reasons that caused you to make that change?—They do.

4226. Then, I ask you again, how can the Commissioners form a proper conclusion unless they have the whole facts before them?—Well, I am unable to state. I have given the facts so far as they are known to me. The only objection I have to this letter being opened is that it is marked "Confidential," and I fear it would be a breach on my part between two gentlemen to allow a letter marked "Confidential" to be read.

4227. Is it a proper thing that you, as the Public Trustee, should be guided in your opinion by either anonymous communications or other letters which you desire not to make public among the documents relating to it?—I take it, the Public Trustee should, after obtaining all the information he can, act on his discretion.

4228. Supposing, then, that the Minister at the head of the Public Trust Office desired to see that private letter, which he might find among your office-papers, would you object to let him see it?—I would.

4229. And yet it has guided you in your conduct in relation to making the important change you did at Christchurch?—Yes.

4230. Now, you gave the Colonial Treasurer certain reasons when you advocated the change at Christchurch?—I suppose so; they will be on the papers.

4231. Can you not call to mind what those reasons were?—I could not without the papers.

4232. What is the good of your memory?—It is not a good one, unfortunately.

4233. Did you consult with the Colonial Treasurer before you made that change?—I do not think I did until I took the recommendation to him.

4234. Now, I want you to state how you placed the matter before the Colonial Treasurer, and what reasons you gave to him when you did propose the change to him. Did you write a letter to the Minister?—Simply a recommendation.

4235. But you had an interview with the Minister?—Yes.

4236. I want you to state what you said to the Minister when you had that interview, and how you put the case before him?—I should very much like to refer to the written recommendation. I do not see it here.

4237. Would you like to take a little time to do that? I do not wish to press you needlessly?—It should be here. I do not understand why it is not on the papers.

4238. Perhaps you have got a private letter-book in which you answer these private communications?—No, I have got no private book at all.

4239. Would you like time?—Oh, no; so far as I can recollect—I will not profess to give it in the exact words, but will give the gist of it—I said that for a long time I had thought that the principal agencies should be officered by men in the Civil Service; that Acland and Barns were the agents of the office; that they had dissolved partnership, and that Mr. Acland had taken over the agency of the office without having previously consulted the office; that I had written both to Mr. Acland and Mr. Barns, and had received letters from them; that seeing the arrangement had pending the decision of the Government; that I had heard that a more suitable man than Mr. Acland been made between these two gentlemen temporarily I had authorised Mr. Acland to go on, and, might be obtained, and I recommended Mr. Hamilton to be appointed.

4240. Were those the only reasons you gave to the Minister for making the change?—I think I mentioned that it had been told to me that Mr. Acland was not as attentive to his office as he might be.

4241. Was that all you said to the Colonial Treasurer?—That is all I can call to mind.

4242. Do you remember when Mr. Acland was last appointed as agent?—I am not aware.

4243. Are you not aware that the appointment was given to Mr. Acland?—No.

4244. Will you look at that telegram, dated the 15th November, 1886, addressed to the Hon. Sir Julius Vogel, Christchurch?—The telegram reads: "Please authorise appointment Acland in lieu of Colonel Lean. Purpose appointing as from first January next.—R. C. Hamerton."

4245. Yet you have no recollection of that?—I have not.

4246. How can you be answerable for what is done in your office if that is the way your memory serves you to conduct the business? You told the Commissioners you looked to Mr. Barns as the agent at Christchurch?—Yes.

4247. And you said you knew nothing about Mr. Acland's appointment?—I did.

4248. Now, what do you say since you have read that telegram of yours to Sir Julius Vogel? Who appointed Mr. Acland?—Sir Julius Vogel.

4249. On whose recommendation?—On my recommendation.

4250. Then, what you stated before in reference to the appointment was all incorrect?—No, not incorrect. On the 17th November, 1886, the following letter was written to Messrs. Acland and Barns, Christchurch:—

GENTLEMEN,—I have the honour to inform you that you have been appointed agents of the Public Trustee in Christchurch, the appointment to date from the 1st day of January, 1887. Full printed instructions for your guidance, and all necessary office-forms, will be supplied to you in due course. On assuming your duties for this office,

you will please take delivery of all papers relating to the business of this office, all office requisites, and any furniture which may be the property of the department, in which behalf your predecessor, Mr. Alexander Lean, will be duly instructed by me.—R. C. HAMERTON, Public Trustee.

4251. Was that letter not carrying out the intention of your telegram to Sir Julius Vogel?—It was on that telegram.

4252. So that from the fact that Mr. Acland had a partner named Barns, and the firm was Acland and Barns who were written to on the subject, Mr. Acland, the head of the firm, was really the responsible agent for the Trust Office?—I never thought so.

4253. Yet you have sent a telegram on the subject such as you have just read?—Yes. I should like to read a telegram from Sir Julius Vogel, dated the 15th November, 1886: "R. C. Hamerton, Esq., Wellington.—I would prefer appointment being given to Acland and Barns. I see no reason why it should not be given to a firm, and it strengthens instead of weakening appointment.—J. VOGEL."

4254. Then, that is the reason you wrote the letter to Acland and Barns?—Yes.

4255. You did not tell us that before?—The real reason was that when I was going to read this telegram you said something, and it did not come out.

4256. Now, after reading that correspondence, if there was one member of the firm more responsible than the other, would it not have been Mr. Acland?—As a matter of fact, Barns did the major part of the work. I always looked to him to do it.

4257. Looking at your telegram to Sir Julius Vogel, that you were about to appoint Mr. Acland, but on his reply suggesting the appointment of Acland and Barns, would you not look upon it that if there was a difference between the two partners really the appointment was first intended for Mr. Acland?—Yes.

4258. Now, you told the Colonial Treasurer that, in your opinion, Mr. Acland was not attending to his office-duties?—No; that I had heard so.

4259. Did you tell him from what source you had got your information?—I do not think so.

4260. Will you answer this question: Is the information in that letter among the papers marked "Private" the information that gave you that opinion?—It is to a great extent. I had other opinions from gentlemen in Christchurch.

4261. Now, knowing at the time that this Commission was going to sit so soon to investigate the whole affairs of the Public Trust Office, why did you consider it necessary to make the change you did at Christchurch?—My sole idea was to endeavour to extend the business in Christchurch.

4262. But why did you not make some endeavour at the same time to extend the business at Dunedin and at Auckland?—That would have been done.

4263. Why did you commence at Christchurch at the time you did, just on the eve of the Commission beginning its work?—The simple reason of that was that the agents in Dunedin and Auckland are firmly established, and have been for some time. Mr. Acland was asked to carry on this agency temporarily after the dissolution of partnership between himself and Mr. Barns. It was on account of that temporary arrangement, if I may so term it, that the experiment was tried in Christchurch.

4264. How long had Mr. Acland been conducting the business of the Public Trust Office in Christchurch?—Not at all; Acland and Barns had been appointed.

4265. How long had Acland and Barns been conducting it?—Here is my memorandum to the Hon. Mr. Ballance:—

Christchurch Agency.—Hon. Mr. Ballance,—On examining the Commission vouchers of the Christchurch and Timaru agencies, and the copy cash-book of the latter for the year ended 30th September, I find that the receipts upon which agents could charge commission were as follows: Christchurch, £7,822 10s. 10d.; Timaru, £643 11s. 1d.: total, £8,466 1s. 11d. Three-quarters per cent. on this sum would be about £63 10s. On the assumption that the business can easily be doubled in two years, this would give a commission, then, of £127, *plus* the fees for introducing wills and trusts, which should bring the income from these two sources up to £150. Mr. Hamilton's salary is to be £250; so that by his promotion to Christchurch he should be in immediate receipt of about £315 per annum, which, if he manages well, he ought to find no difficulty in increasing to £400 in two years. But a point arises which is of importance to Mr. Hamilton, and should be settled so far as it is possible without delay: Classification of the Service will probably take place within a year. I cannot of course be aware of the basis upon which the classification will proceed, but I think it should be distinctly understood, in this case, that, for purposes of the classification, as well as for compensation for loss of office under "The Civil Service Act, 1866," the commission earned by Mr. Hamilton under his new appointment should be deemed to be a part of his salary. It will be obvious that to hold otherwise would be to place Mr. Hamilton at very serious disadvantage, for the sole reason—quite beyond his control—that the department finds it convenient to pay him partly by fixed salary and partly by results. I venture then to recommend for the two purposes mentioned—viz., classification and compensation under "The Civil Service Act, 1866"—that commission earned shall be deemed salary. Mr. Hamilton will require assistance, and I should have preferred to have sent a trained cadet from this office, but, until it is seen what measure of success attends Mr. Hamilton's administration, it will be prudent to authorise an expenditure for this service not exceeding 10s. per week. Many smart youths may be found to undertake the work at this remuneration.—H. C. HAMERTON. 21/2/91.

4266. Then, the Colonial Treasurer referred the matter to the Auditor-General?—Yes.

4267. Was that to consider the whole question?—No; merely the classification and compensation.

4268. Was it not to consider that munificent remuneration of 10s. a week?—[No answer.]

4269. Was there any other memorandum which you sent to the Colonial Treasurer?—I do not see any on the file.

4270. Then, you afterwards had an interview with him?—Yes.

4271. And you told the Colonial Treasurer then, among other reasons, that you had heard that Mr. Acland was not attending to his office duties?—Not the Public Trust Office business, but was not attending to business generally.

4272. Then, what was he doing?—One expression was that he was a "club" man.

4273. Now, do you consider that a great crime?—No; not by itself; certainly not. A gentle-

man for belonging to a club is not committing a crime; but if a gentleman is always at his club, then it is not conducive to business.

4274. Did you never belong to a club?—I do not think I have ever belonged to a club in any part of New Zealand.

4275. And yet you are in a position to give an opinion on the desirability or not of belonging to a club?—It was not my opinion. It was one of the reasons stated to me.

4276. That private letter marked "Confidential" in red ink is marked on the outside "From J. C. Martin. Received 17/11/90." Is that your writing, in red ink, marked "Christchurch agency. Confidential. J. C. Martin. Received 17/11/90"?—That is Mr. De Castro's writing.

4277. Has Mr. De Castro read that letter?—I could not say.

4278. Did he make it up and put that sealing-wax on it?—I was not aware it was sealed up in wax.

4279. Did Mr. De Castro do that?—I cannot say.

4280. You must have given him the letter open, after you had read it, to make up?—I do not think so.

4281. Then, did he take upon himself, without your knowledge, to write "Confidential" on a letter, and without your authority?—I must have given him authority.

4282. Did not Mr. De Castro read that letter?—I do not know.

4283. *Mr. Macdonald.*] I understood from Mr. De Castro that he opened all letters which came addressed to the Public Trustee and read them in the first place and passed them out, submitting those which were important to yourself, and sending those which were less important to the various departments, where they were dealt with by those in charge without special reference to you?—That is so.

4284. If that is the case, did this letter, now sealed up and amongst the papers, not reach Mr. De Castro in the first instance to be opened by him and then submitted to you?—Yes. If not marked "Confidential" on the envelope he would open it, as a matter of fact.

4285. Probably he opened it first and then submitted it to you?—The probability is so.

4286. *The Chairman.*] Then, you considered that letter a secret, and in a manner a sacred, letter?—Yes.

4287. Did Mr. De Castro also consider it a secret and sacred letter?—I have no doubt he did.

4288. Then, why was it, when he found it was necessary to seal it up, he did not use black wax?—I cannot say.

4289. Who is J. C. Martin?—He is Crown Prosecutor at Christchurch.

4290. Then, he is the writer of this letter?—I believe he is the writer, because, if the letter is the one I received, it is his writing.

4291. Will you now open it and satisfy yourself?—I prefer not to do so.

4292. I ask you, as Chairman of this Commission, to open that letter and satisfy yourself and the Commissioners. As far as our authority goes, I instruct you to do so now?—I will open it. [Sealed letter opened by witness.] It is marked "Private. R. C. Hamerton, Esq., Public Trustee, Wellington."

4293. Then, before we go further, do you find that the letter you have just taken out of this red sealing-waxed envelope has been previously opened?—Yes.

4294. By whom was that letter opened?—By me, previously.

4295. And therefore it was opened when you gave it to Mr. De Castro to put into that enclosure?—Yes, in the envelope.

4296. Will you be good enough to hand that letter to the Commissioners?—No, unless I am forced to do it.

4297. Well, is it not amongst those papers; and will you put it back amongst those papers?—Yes. [Letter put back amongst the papers by witness.]

4298. Now, Mr. Hamerton, you have opened this envelope marked "Confidential" placed amongst these papers by your instructions. You have been shown the letter just taken from the envelope, and you have stated it does not relate to your private affairs—that it merely and solely relates to the business of the Public Trust Office?—Yes.

4299. Well, as you have declined to read its contents to the Commissioners, and to remind you of its contents, and for your further edification, I will take upon myself to read it:—

DEAR MR. HAMERTON,— Christchurch, 13th November, 1890.

Barns called on me, and told me that he had been in communication with you *re* his dissolution of partnership, and that, in order to let you satisfy yourself that he was not to blame, had referred you to Stevens and myself. I then suggested to Barns that, as I know you have more work than you can get through, that I should write to you, and he said he would be glad if I would do so. I know nothing of what the relationship between the partners has been, but I do know that it has been a matter of wonder amongst business men that Barns did not get rid of his partner long ago; for, whilst Barns is a general favourite—shrewd, honest, hard working, steady, and reliable—his partner was neither hard working, steady, nor reliable, and I hear that he is now drinking like a fish, besides going in for other vice.

I have written plainly, as I know that this will not go beyond yourself, and if I can be of any assistance please let me know.

Yours truly,
JAMES C. MARTIN.

4300. Now, Mr. Hamerton, this gentleman is your trusted solicitor and adviser?—Yes; in Christchurch.

4301. And yet you consider that you can trust a man in that position who will stab his fellow-man in the dark, as this man has done?—I have every reason to be satisfied with Mr. Martin.

4302. With a man of that inclination and disposition?—I have every reason to be satisfied with Mr. Martin.

4303. Then, I will ask you this: You remember the estate of Wright?—Yes.

4304. You remember that this same professional gentleman acted for you in connection with that estate?—Yes.

4305. Did he not advise you in that estate?—Yes.

4306. Did he not receive the very heavy costs that were incurred in and partly impoverished that estate?—Yes.

4307. How much did those costs amount to?—£779.

4308. Nearly £800?—Yes.

4309. And what was the value of the estate altogether?—£3,700 now. It was £9,000.

4310. And this is the sort of professional man you believe in?—Yes.

4311. Notwithstanding that he advised you to incur those heavy charges in that small estate—notwithstanding that this Mr. J. C. Martin advised you, as your solicitor in Christchurch, to incur those very heavy charges which went into his pocket—nearly £800—in a matter of a disputed amount a little over £500?—The costs were no doubt very heavy, but they were taxed costs.

4312. They may have been; but what was, in the first instance, the amount involved—a little over £500?—I believe that was so.

4313. And yet you are satisfied with the private and underhand advice of this gentleman who incurred costs to the extent of 50 per cent. more than the original amount involved, to go into his own pocket. Now, are you satisfied with that?—I am satisfied, seeing the costs were honestly taxed by the Registrar of the Supreme Court.

4314. And you are satisfied because he condescends to write you a private communication decrying his friend?—I am not satisfied with that at all.

4315. Then, you tried strictly to preserve it as though you were satisfied, and acted on that communication?—And on other verbal communications.

4316. But did that letter of J. C. Martin's not guide you considerably?—Yes.

4317. Now, if that letter guided you, you came to this conclusion: that through that information received from Mr. Martin a change had better be made?—No, it was not on account of this information, because the change from the ordinary agent to the Civil Service agent had been decided in my mind for very many months.

4318. But this letter of Martin's in reference to your former agent decided you that it was not desirable to continue Mr. Acland any longer?—Yes.

4319. And you told the Colonial Treasurer so, although you did not tell him that you had received a letter from Mr. Martin, nor the contents of Martin's letter?—Yes, I believe so.

4320. When you parted with Mr. Acland, did you write him any letter or refer to the reason why he was to be dispensed with on so short a notice?—Yes, I think a letter was written to him.

4321. Will you read the letter you wrote to Mr. Acland, or state what you said when you parted company with him as your representative at Christchurch?—I wrote him the following letter:—

24th February, 1891.

It having been decided to introduce a new system for performing the work heretofore carried out by the agents of this office in the Canterbury Provincial District, I have the honour to inform you that Mr. J. J. M. Hamilton, of this office, has been appointed District Agent for the above district, and that he will commence the duties on the 2nd proximo. I have therefore to request you to be so good as to hand over to him all books, papers, and properties of all kinds belonging to this office when he applies for the same.

In relieving you of the responsible duties you have been performing, I take this opportunity of expressing my thanks for the exertion you have put forth in the interest of this office.

T. Acland, Esq., &c., Christchurch. R. C. Hamerton, Public Trustee.

4322. Then, when you parted company with Mr. Acland, you felt it necessary to thank him for his attentions to the business under his control?—And for his exertions.

4323. Leaving him to suppose that you were perfectly satisfied?—Apparently so.

4324. And in your heart it was some other and quite a different reason that had been propelling your action on the subject?—The simple reason was I had not that confidence which a principal ought to have in his agent.

4325. Why did you not then, as the head of this important business, at once, like a man, tell your agent you had not that confidence in him?—I did not think it was necessary.

4326. Would it not have been a more manly course, than using that deceitful mode you did use of getting rid of him?—Possibly it would have been.

4327. Had you never any fault to find with the Christchurch agency, and the manner in which it had been conducted?—No, beyond delays and inability to receive prompt answers sometimes; but, as a general rule, no.

4328. Can you point out to me any letter of your own remonstrating about delays?—I think I could if I referred to the papers.

4329. Perhaps you will have them looked up for the Commissioners on Monday. The Commissioners cannot leave the matter as finished at this stage. They desire to have much more information on the subject than they have got up to the present moment?—I shall be ready with the papers on Monday.

[Mr. Archibald Nairn, chief clerk of Messrs. Thomas and Co., auctioneers, called upon the Commissioners and informed them that the firm would be able to furnish particulars with regard to sales conducted by them on behalf of the Public Trust Office from the 29th January, 1890.]

Monday, 4th May, 1891.

Mr. Thomas Acland examined.

4330. *The Chairman.*] Mr. Acland, for a considerable time you have acted as agent in Christchurch for the Public Trustee?—Yes, my firm first, and latterly myself. I have acted solely since the 28th October, 1890.

4331. You succeeded Colonel Lean, I believe?—Yes.

4332. Now, would you kindly explain to the Commissioners when you first acted for the Public Trustee, or when you were communicated with by him on the subject of acting?—I think it

was on Christmas Day, two years before we took the appointment. Sir Julius Vogel was then the Ministerial head of the department. I think it must have been 1885 or 1886. I had just been back from England for about six weeks. Then I myself was appointed, not the firm.

4333. I find a letter dated Christchurch, 29th January, 1885, from Acland, Barns, and Co., accepting the appointment. What communications had you previous to that?—My recollection of the matter is, that on Christmas Day—a very hot day I remember—Mr. Leonard Harper sent over a message to me to say that he wished to see me particularly. I was then living at Riccarton. When I called on Mr. Harper he said, "Here is a telegram from Sir Julius Vogel, asking if you would accept the trusteeship." That would be in 1884, about a month before the letter to which you have just referred. I said that, so far as I myself was concerned, I would accept it, but I would have to consult my partner. I said, "Better let it be a partnership business."

4334. When did your partnership commence with Mr. Barns?—About 1882.

4335. Then, had you any communication from the Public Trustee between 1884 and 1885?—None beyond what I have referred to about the end of 1884.

4336. Then, you accepted the offer. I observe by a telegram from the Public Trustee that the offer was made to yourself?—Yes.

4337. And afterwards accepted by the firm, you having a partner?—Yes. We resigned, however, almost immediately after getting the appointment, in 1885, because Colonel Lean felt aggrieved at our having accepted it.

4338. Please state your reasons for giving up the appointment so soon after accepting it?—Colonel Lean, whom I had known ever since 1865, represented to me that he did not consider he had been properly treated, and I said, "If you think you have been badly treated I am not going to step into your shoes, and put any one out of a billet." I explained my reasons for resigning the appointment to Sir Julius Vogel and Mr. Harper, and they were satisfied with the course I took in the matter. Subsequently to that I found out, or was told rather, that the Public Trust Office was going to supercede Colonel Lean, and that he had been given proper notice. Then the appointment was offered to me again. The Public Trustee told me that he did not intend to continue Colonel Lean, and, under those circumstances, knowing that some one else would be appointed if I declined, I accepted the renewed offer of the appointment.

4339. How long was it after you resigned in the first instance that the appointment was offered to you again?—About two years. They said that if I did not take the appointment the Government had determined on making a change, and it would be given to somebody else if I refused it. Under those circumstances, I accepted it. That would be about 1886 or 1887.

4340. I perceive among the papers the following telegram from Acland, Barns, and Co. to R. C. Hamerton, dated February, 1885: "Circumstances will prevent our accepting for the present the appointment you have done us the honour by giving; letter by mail." That was the time that you, in deference to Colonel Lean, gave up the appointment?—Yes.

4341. Then Mr. Hamerton sent an urgent telegram to Colonel Lean to this effect: "Please continue to act as agent for the present." That was the result of your telegram?—Yes.

4342. In 1886 or 1887 you were again communicated with, and asked to accept the agency?—Yes. We then arranged that the firm should act, and not one individual member of it. That was my expressed wish. I think the appointment came to me personally, and I desired, as I had a partner, that the firm, and not myself individually, should be made the agents. That was agreed to. I have acted continuously since until the 1st March last, when I handed it over.

4343. Now, will you explain fully what were the reasons given to you by the Public Trustee for severing your connection with the agency?—I came up to Wellington about the 20th February last. I came to the Public Trustee, and saw him on various matters of detail connected with the agency. We had a long interview in the afternoon. He said, "We shall not be able to finish our business this afternoon, and you will please come again to-morrow." Amongst other things I was speaking to him about was a mortgage for £35,000, the particulars of which I brought up to him. The next morning I saw him again, at his express wish, at half-past 9. When we finished the office business Mr. Hamerton said, "I have got some other business to speak to you about. What I am going to say may perhaps be disagreeable, but it has been resolved to make changes in all the principal agencies—Auckland, Christchurch, and Dunedin. We intend to appoint men from the office—men who are in touch with us, and specially trained for the purpose." I said, "Might I ask you when you are going to make the change about our agency?" "Yes," he said; "the change will be made on the 1st of March." I said that was a rough proceeding, to say the least of it. He said it was determined to make the change long before Mr. Barns and I parted. I said, "It is your business, and I must accept it." I went and saw the Hon. Mr. Buckley, and told him about it. I also saw the Hon. Mr. Reeves, and then I went to the Premier, and told him I thought it a most shabby transaction. After seeing the Premier, I saw the Public Trustee again, and I told him that I did not want to seek the office or to keep it: I only asked to be relieved, for my own convenience, at the end of the quarter—the 31st March. I told him we made up our statements at the end of the quarter, and that it would be much more convenient to give up the agency then. He said, "I will see what I can do." I saw him again next morning, and he said, "I cannot do anything for you." I apologized for losing my temper on the previous day, when he told me he intended to make the change at the short notice I have referred to, and he said he could do nothing to alter it.

4344. How many days was this before the 1st of March?—Either six or seven days before the 1st of March. I said, "You are treating me rather worse than a decent master would treat his housemaid." He first let me tell him all about the Public Trust Office business, allowed me to propose the loan the particulars of which I have spoken of, and, when I had done all those things, he told me that the change was to be made on the 1st of March. In justice to him, I must say that he said he would give me the first refusal of any business, and would give me the valuation work in the future if he could.

4345. Has that latter promise been carried out?—No. I advise the district agent in Christchurch now. A little time ago I had an interview with the district agent—in fact, I have had several interviews with him about this particular loan. The district agent called upon me and told me they were not going to send me down to value. I said, "The Public Trustee told me I was to do it." He said, "No; we have got two other names." Mr. Hamerton was communicated with on the subject, and he wrote back to say that the Public Trustee could not alter his determination, because I had shown direct hostility to the office.

4346. Then, notwithstanding his promise to you at the time of severing your connection with the Christchurch agency to employ you as valuator, having all the necessary qualifications, he subsequently wrote expressing his determination that you should not be employed, you, in his opinion, having shown hostility to the Public Trust Office?—That is what the district agent told me.

4347. When Mr. Hamerton announced his intention of making the change at Christchurch, did he express any dissatisfaction with the way in which you had hitherto conducted the business?—No. He said, "I wish to sever the connection in a nice, gentlemanly way." When I left I said, "Now, Mr. Hamerton, are you perfectly satisfied with the way in which I have conducted the business?" and he said, "Perfectly." I then said, "Have you anything against me?" and he said, "Nothing."

4348. When he formally announced it by letter, did he state anything?—On the contrary, he thanked me very much for the energy and zeal I displayed in the conduct of the business.

4349. During the whole time the business was in your firm's hands, had you ever a letter of complaint or fault-finding with anything you had done?—No. We had friction in small matters of detail, such as must occur about all sorts of trivial things. Letters were written to us by the clerks in a style that we objected to. Mr. Barns and I thought them somewhat impertinent, and written in too formal a manner. They were letters such as no business house would allow to go out.

4350. I presume your accounts in connection with the Public Trust Office in Canterbury were always audited?—We had an audit about the beginning of the year. Mr. King, the Government Auditor, did the auditing then. He took two days. I asked him at the end of the audit if everything was right and to his satisfaction, and Mr. King said, "Yes; I am pleased with everything. This is the best office of the lot." When I came up here I told Mr. Hamerton that Mr. King was very much satisfied with everything in his inspection of our accounts. I said, "Now we are resigning we had better have a regular audit." Mr. Hamerton distinctly told me he did not want one.

4351. Then when was the previous audit made?—The previous audit was made six or eight weeks before then.

4352. The Public Trustee did not consider it necessary or advisable, in taking over the important trust again from you, to have at that period a fresh audit?—No; I suggested the audit to him for my own sake.

4353. Has he ever communicated with you since he expressed that view about having an audit?—No.

4354. Do you know a Mr. J. C. Martin, who belongs in your city to the legal profession?—Yes; he is Crown Prosecutor at Christchurch.

4355. Have you known him long?—I remember him as a lad in Harper and Co.'s.

4356. Have you had much business with him or communication with him while conducting the Public Trust agency in Christchurch?—Yes. He acts as solicitor for the Trust Office. His firm always acted in our time.

4357. I presume that he is a friend of yours and you are a friend of his?—I have never met him anywhere outside the office. I have never met him at the houses I go to.

4358. Then, are you friendly with each other in business?—Always have been. We have always had a chat when we met.

4359. Then, do you regard him when you meet as a friend?—Certainly.

4360. Have you no reason to regard him otherwise?—Not the slightest.

4361. Do you remember anything of a lawsuit against the Public Trustee in connection with an estate in your district—that of Hugh Wright, a lunatic?—Yes. Miss Wright used to come in, and Mr. Barns used to see her when she called. We were never asked to advise in that case. I remember that lawsuit in which a solicitor named McConnel, since suspended for two years, acted as solicitor in Wright's estate, and he raised a suit which the Public Trustee defended.

4362. Who advised the Public Trustee to defend that action?—I do not know who advised him.

4363. Were you ever asked to try and settle the matter?—No; we were never asked to try and make a compromise.

4364. If you had been asked, do you think you would have succeeded?—It is doubtful, with a man like McConnel to deal with.

4365. Are you aware that the amount in dispute was only £500?—Yes.

4366. And were you ever asked by the Public Trustee to advise him on the question of that dispute?—I do not think so; I have no recollection of it. It was never referred to me personally.

4367. Then, the Crown Prosecutor must have been communicated with directly by the Public Trustee?—I should think so.

4368. Do you feel that you have been very harshly treated?—I do not feel it particularly. I think that the Public Trustee ought to have been more courteous. I asked to be allowed to wind up with the end of the quarter (31st March), but he was not courteous enough to do it.

4369. Then, looking to the fact that you and your firm had been acting for such a length of time for the Public Trustee, and that the business was removed from you after a few days' notice, without receiving any satisfactory reasons for such action, do you think it is likely to injure your business?—The telegram was sent down in such a form from Wellington that I immediately went down to

the late Hon. Mr. Reeves, the Chairman of the Press Association, and said, "I cannot stand that telegram; it must be altered." Mr. Reeves sent up to the Press Association at once to have it put right. Certain information must have leaked out. The telegram in the *Press* was an inspired telegram.

4370. Was the telegram detrimental to your interests?—Yes; so much so that I went off at once to the Chairman of the Press Association. I sent Mr. Hamerton a copy of the telegram at the time, and said, "This is the result of your action."

4371. Did he reply to you?—No. I did it for the purpose of "drawing" him. I did not hear a word from him, nor had he the courtesy to express surprise that such a telegram should have gone through the Press.

4372. You must have a good number of clients, considering the years that you have been in business in Canterbury?—Yes.

4373. Would your clients consider that the sudden change, by taking away an important business like that of the Trust Office, was any reflection on you?—Of course, indirectly I heard that people talked about it, and asked how it was. I do not suppose I have lost customers through it, but it did not do me any good, of course.

4374. *Mr. Macdonald.*] One can never really tell what the effect is?—No.

4375. *The Chairman.*] Now, was this circumstance ever raised: that your particular agency, out of all others, was the one selected, just at the time the Commissioners in connection with the Public Trust business were about to sit?—Yes. I think there was a sub-leader in the *Lyttelton Times* about it, which I think I have got. There were comments in the *Canterbury Times* and in the *Star*. The *Canterbury Times* said:—

The Public Trustee.—This officer has thought proper to change the system under which the various branches of his department are carried on. Hitherto the work has been done by agents recruited from the ranks of business men of each place. Whether under the pressure of the coming Royal Commission or not it is impossible to say, but the Trustee has been struck with the necessity of replacing all these local men by officers of the department specially stationed in at least the four great centres. The improvement may be very great or it may be nothing. We know that in Christchurch, at all events, the work has been very well done by the gentleman in whose hands it has been, and at small cost, the light percentage charged paying for everything, and the work being very efficient. It is a matter entirely within the discretion of the department, which has a right to do what it pleases. We cannot understand, however, the urgency of the matter which has been pleaded. A little more notice to the persons doing the work of the department to the best of their ability would have been more courteous, and not less business-like. The matter requires explanation.

The telegram in the *Lyttelton Times*, dated Wellington, 27th February, was as follows:—

The alterations in the Public Trust Department are not confined to the Christchurch branch, similar changes being in contemplation at Auckland and Dunedin. The reason assigned by the department for the removal of the present officers is that the time has arrived when the business at important centres like the large towns should be controlled by Civil Servants, the present agents not being members of the Service. It has been represented to the department that some astonishment has been caused by the abruptness of the change. Mr. Hamerton (Public Trustee) states that these appointments have always been looked upon as temporary, and not requiring more than brief notice to the gentlemen who act as agents. The change is purely a departmental matter, and has no other significance. Mr. Hamilton, who takes charge at Christchurch, was notified some months ago of his intended removal. The officers for Dunedin and Auckland have not yet been selected.

The telegram which I complained about to the late Hon. Mr. Reeves was dated Wellington, 26th February, and published in the Christchurch *Press* on the following day,—

In consequence of the recommendations from the Public Trustee, it has been decided to appoint an officer to take over charge of the business in Canterbury. Mr. J. M. Hamilton, who has for some years been Sub-accountant in the Head Office, has been selected, and left for Christchurch this afternoon. He will take up his residence there as district agent. As the necessity of the change was a matter of urgency, it was determined to make the alterations without waiting for the report of the Commission. The latter will not be able to get to work till their appointment is signed by the Governor.

The present district or branch agent assured me that he left Wellington practically upon a few days' notice.

4376. Now, during the time you were connected with the Trust Office, had you increased its business?—Yes. I sent a statement up to Wellington on the subject. When we took the business Colonel Lean said, "It is not worth much; only £50 or £60 a year." Now it runs from £150 to £200 a year on the terms we had it. We got several good estates. People were coming to us for loans, and we could not give an answer. We got the Trust Office one very good loan indeed, and there was another going through. We got no commission on loans. If we brought a will into the office we got a guinea.

4377. As agents, were you aware that the colony was not liable for mortgages made or moneys advanced upon them?—No; I thought the colony was liable.

4378. And I presume a great many of the public thought so too?—I thought the Public Trust Office was on the same footing as the Government Life Insurance.

4379. You are a man of considerable business experience, Mr. Acland?—Yes.

4380. Do you think the system under which the Public Trustee regulated his business, and the way in which you were directed to conduct it, was one likely to facilitate the acquisition of new business?—No.

4381. Then, knowing in a great measure the ramifications of the business of the Public Trust Office, how do you think it should be conducted?—My own opinion is that it should be conducted as a bank or a large commercial institution conducts its business. There should be an Inspector, who should make periodical visits to the various centres. I think one thing wants attention. I am one of the official visitors to the Sunnyside Asylum, and the practice obtaining in the Asylum is to take the money from the patients and hand it over to the Public Trustee. The agent of the Public Trustee, in his turn, sends it up to Wellington, so that when an unfortunate patient comes out of the Asylum he is practically left destitute. It never takes less than a week to get money from the Public Trustee. We have written to the Government, and said it was hardly fair to turn men recovered from lunacy into the street without a sixpence. The officials of the Asylum, kind-

hearted fellows, give a few shillings to those unfortunate people, so that they may not be absolutely in want. The necessity for doing this should not arise.

4382. In other words, if Canterbury is of sufficient importance to have an agency or branch of the Public Trust Office at Christchurch, the agent, whoever he may be, should have the confidence of the colony, and should be intrusted, at any rate, with the custody of the patients' funds, so that at the proper time, if any funds had to be disbursed, they might be disbursed under the authority of the agent?—Yes.

4383. *Mr. Loughrey.*] If a patient on going into the asylum has money, would he be destitute on coming out?—Yes. It would all be sent to Wellington, and before it can be brought back again he is cooling his heels about the streets in a destitute condition. The asylum authorities, of course, get money for maintenance.

4384. *Mr. Macdonald.*] Supposing a man went in with £50 in his pocket, and his maintenance exhausted that £50, when he is cured he has not a shilling?—No.

4385. And if he has personal estate, it is sold in the meantime?—I am not aware.

4386. *The Chairman.*] I see from a return which you have sent up that you were first appointed by Sir Julius Vogel in 1885, and that Acland, Barns, and Co. were appointed from the 1st January, 1887?—Yes.

4387. And I observe that, since the business came into your hands in 1887, the commission received by you was as follows: 1887, £79 7s. 6d.; 1888, £153 1s. 11d.; 1889, £114 1s. 10d.; 1890, £213 0s. 6d.?—Yes.

4388. Then, if you had had more freedom of scope in pushing business, I presume you could have made business come in more freely?—Yes; because our hands were tied. Everything had to be referred to Wellington.

4389. I find the last paragraph in the Public Trustee's letter to you of the 24th February, 1891, is as follows: "In relieving you of the responsible duties you have been performing, I take this opportunity of expressing my thanks for the exertion you have put forth in the interest of this office." So that you had every reason to feel that you held his good opinion when he parted with you?—Yes.

4390. Do you think that a change having been made at Christchurch, and a manager or representative belonging to the Public Trust Office having been appointed, with instructions to visit the country districts as much as possible, he will be able to do so on a salary of £250 a year?—I do not think he will. I pointed out to the Public Trustee my objections to the change. I said, "We are always going about the country on other business of our own firm's. Your man cannot possibly leave without a sufficiently-good junior being there to take business, and this change, in my opinion, will cost you £350 additional."

4391. What do you think you would have to pay such a junior to represent the chief officer in his absence?—It would be impossible to get one under £100 to £150 a year.

4392. Would you think the munificent pay of 10s. a week too much to give a junior?—Too little altogether.

4393. The Commissioners think it fair to you to put certain questions direct which perhaps may seem at first sight a little strange; but, as certain representations have been made in an underhand manner by Mr. J. C. Martin, the solicitor for the Trust Office at Christchurch, which apart from being uncomplimentary are very derogatory to you, I beg you will excuse the Commissioners if they put one or two questions in regard to what he has said. Do you consider you are a pretty active, hard-working man of business?—Yes.

4394. More than ordinarily energetic?—I never neglected anything I could get to do.

4395. And you never had any fault found with you on the accusation of neglecting any business placed in your hands?—No. A member of the late Government, Mr. E. C. J. Stevens, came and asked me to act as trustee with Mr. McMillan, one of the Commissioners of Crown Lands, for the due performance of the contract for the Midland Railway. Mr. Stevens asked me personally to do it.

4396. That does not look as if you were a man likely to neglect business when such a strictly business man, such as Mr. Stevens, invites you to take that position?—No, it does not.

4397. Have you always been considered by your friends, and those who intrusted you with business, as a steady and reliable man?—I conclude so. I have no reason to think otherwise. I have just got a very intricate piece of business intrusted to me by Mr. Perceval, who is always a keen man.

4398. Have you ever practised any habit the reverse of being steady?—I suppose I am just like anybody else who occasionally takes a glass of grog, if I find I require it—I am not aware that I take any more than is good for me. I have been on the active management of the Christchurch Club for many years, which I dare say has been put down to me as a sin. When my partner left me, in order that I might devote more time to my business I resigned the secretaryship and treasurership of the club, so that nobody could possibly say I had any incentive to neglect my business. I have also resigned the directorship of a respectable wholesale wine company—Warre, Hoakley, and Co.

4399. Most men, Mr. Acland, have some vices—one or more: have you any peculiar or particular vice, or have you many vices?—I am no better nor worse than my fellow-men.

4400. If these and other such statements were made to the Public Trustee, are they true or false?—I consider them false.

4401. Can you say they are decidedly false?—They are decidedly false. There is one matter I would like to bring under the notice of the Commissioners. It came under my notice that the patients' effects at the Hospital were sometimes destroyed, and sometimes kept and given away to destitute patients who went out, which I considered an improper proceeding, and one that ought to be put a stop to. I mentioned this matter to Mr. Hamerton, and he entirely concurred in my advice, and told me I had done right.

Mr. R. C. Hamerton, Public Trustee, further examined.

4402. *The Chairman.*] Did you have regular audits made of the Christchurch office agency?—No; Acland and Barns's accounts were audited up here.

4403. Have you not an auditor named King?—There is an inspecting auditor named King, but he is not under me.

4404. Did he never audit Public Trust accounts kept with and by Acland and Barns?—He was supposed to audit all the accounts within his district once a year.

4405. Have you satisfied yourself whether he did or did not do that?—I have not satisfied myself.

4406. Is it not part of your duties to know that it is done? Was it not your duty to know whether that work was being done?—Possibly I should have done it. I do not know that it has not been done.

4407. Then, do you know that it has been done?—No.

4408. Did you have the accounts audited when you took over the business from Acland and Co.?—No.

4409. Did you not think it necessary?—No; excepting that the incoming agent would take over everything he found.

4410. But if there ever was a time when audit was necessary, would it not be when taking over an important part of the business from your agent and handing it to a new officer?—In our case, all moneys are paid into the bank daily.

4411. Of all other times, was it not the most important time that an audit should be made, when you were making the change there?—Yes.

4412. You did not have any audit?—No special audit.

4413. Had you never fault to find with the accounts kept by Acland and Barns?—As far as the accounts are concerned, No.

4414. Nor in their mode of conducting business?—There was a little dilatoriness now and then.

4415. Did you ever write to them pointing out dilatoriness?—I did.

The Rev. Charles Daniel de Castro further examined.

4416. *The Chairman.*] Can you call to mind the change of the Christchurch agency, making it a branch of the Trust Office, and relieving Messrs. Acland and Barns?—That was done while I was ill.

4417. You remember that before you got leave of absence you were in the office in November?—Yes.

4418. Do you remember Mr. Hamerton receiving a letter from the Crown Solicitor, Mr. J. C. Martin, in reference to Messrs. Acland and Barns?—Yes.

4419. I dare say you remember the contents of that letter?—I know the purport of it.

4420. What was it?—That Mr. Acland was not just the man to be agent for the Public Trustee—not the man to command sufficient confidence.

4421. Did you read the letter?—I believe I did.

4422. And then you put it away in a separate envelope?—I think Mr. Hamerton sealed it up himself, and he told me to put it on the records in an envelope.

4423. Is that the envelope?—The writing on it in red ink is mine.

4424. Who addressed that letter?—I think it is the writing of Mr. J. C. Martin, of Christchurch.

4425. Do you remember this letter? [Letter from J. C. Martin to R. C. Hamerton, Public Trustee, previously sealed up and marked "Confidential," produced.]—Yes, I remember that letter.

4426. Did you read that letter?—Yes.

4427. And then, by Mr. Hamerton's instructions, you put it on record?—Yes.

4428. *Mr. Loughrey.*] Did you put it in this envelope?—Probably I did. I do not recognise the writing on the envelope. I have no doubt that is the letter I read.

4429. *The Chairman.*] You indorsed it in red ink, as it is?—Yes.

4430. Did you and Mr. Hamerton consult together about the contents of that letter when you put it away, or at any other time?—I do not think we consulted about it.

4431. A letter was written to Mr. Barns, was there not, about that time?—I think there was a letter written to him.

4432. Have you not a special book where these letters are copied?—We have no private letter-book. If there was anything written to Barns it must have been a private note. There is no private letter-book, but I think you will find on the file that Mr. Hamerton says he has not written any private letter to Mr. Barns.

4433. When you are realising estates for the Public Trust Office, have you any stamp duty to pay, or have you to make schedules for the property-tax?—We have to do that in all estates, personalty and realty.

4434. How often are these schedules made?—Once a year in regular form from this office.

4435. Do you make them exactly in the same way as private estates do?—Yes; on the yellow sheet furnished by the Property-tax Office.

4436. Supposing an estate gets into your hands after you have made up your property-tax returns, would the property-tax return be sent in for that estate?—We would ask for a form, and fill it up.

4437. Do you keep copies of returns?—Only on the records.

4438. But no register?—I do not think so.

4439. *Mr. Loughrey.*] Take Storer's papers: are there such property-tax returns amongst the records in Storer's estate?—I do not see them here. The Ledger-keeper would be best able to talk on that part of the matter.

4440. *The Chairman.*] Will you look through the records in Dallon's estate, and tell the Commissioners if you find such a statement there?—No, there is not. There may have been a reason for not rendering them.

4441. Now take any estates the papers of which you see in this room—and I suppose there are papers here representing twenty estates—and you will not find such a return in one of them?—No?

4442. Take the papers in the estate of Richard Winter, deceased—are the returns there?—There are none here.

4443. Have you ever had anything to do with any of the loans for the Trust Office, in judging of the securities offered, or procuring securities for the Trust Office?—When I was in Auckland, conducting the agency for five months when Mr. Macfarlane was killed, I sent down some applications for loans. I sent down an application for a loan from Mr. Randerson. I saw that property, and part of the amount was advanced on part of the securities.

4444. Does that loan exist now?—I think it does.

4445. And it is not worth the money that was lent upon it?—Not now; but it is a fine property.

4446. Was it chiefly on your advice that the money was lent?—Not on my valuation. I received the application and sent it down.

4447. How much money was lent on it?—About or a little over £1,000.

4448. Do you know of any other properties in that direction that are not worth the money that was lent upon them?—In Auckland there is a large proportion we lent money on years ago which we could not realise now on account of the fall in prices.

4449. Do you know where those properties chiefly are?—I think, in the north of Auckland and Tauranga.

4450. Can you remember the names?—I am a very bad hand at recollecting names.

4451. Do you remember a mortgage from Burleigh? and do you think that is worth the money lent?—I do not know the property at all.

4452. Do you think that Randerson's mortgage has been paid off, or has the property been sold?—I am not sure; and I cannot say whether the property is sold. It may have been sold since I went away ill.

4453. Do you remember the amount originally lent to Randerson?—It was over £1,000.

4454. Now, Mr. De Castro, are you sure that when you were before me last you had no other communication to make to me than what you then did?—No, I had not. That was all. With regard to the bracelet, I think I shall be able to clear it up to your satisfaction. I inquired from Thomas and Co. as to the purchaser of the bangle, and they told me it had been purchased by a dealer named Cleary. I went to him and asked him if he had still the bracelet or bangle. He said he had, and that he would give it to me. He said it is a broad band with stones in the middle, and was only an imitation of gold, and that he was taken in.

Mr. Thomas Acland further examined.

4455. *The Chairman.*] Mr. Acland, have you something further to say to the Commissioners?—Yes; I wished to say that, in regard to the Asylum patients, Dr. Macgregor issued a circular in December, 1889, telling the Medical Superintendents to give the discharged patients who had no money a few shillings to keep them for a day or two. We represented the matter to him, and he remedied it as far as he could.

4456. Then, the cause of the friction in that direction was and is with the Public Trust Office?—It was then with the Public Trust Office.

4457. *Mr. Macdonald.*] In fact, every lunatic patient discharged should have £1 or £1 10s. given to him?—It ought not to come out of the charitable-aid business, but should come out of a separate fund. With regard to the method of conducting auction-sales, we used to give these small auctions to auctioneers year about, so that nobody could ever complain, which I think was a fair way of doing it. In an estate at Oxford, for instance, the local man had that sale, and as to the men in town they had it year by year.

4458. Had you occasion to sell personalty as well as real estates?—Yes, a few odds and ends. In Dr. Turnbull's estate, we sold all his things. I took an undertaking from the son that he was to have what was wanted. If the estate did not realise fair value he was to give it back to make the thing good.

4459. *Mr. Loughrey.*] At such sales as you mention, did you or any one in your office bid?—No; I should consider myself more than a fool if I did.

4460. Is it honest or proper to do it?—It is not, I am bound to say, usual.

4461. Do you think it would be proper for the Public Trustee, or any one from his office, to bid at these sales?—No. In a recent sale I saw goods go at a less price than their value. I saw a microscope and some instruments go at a less price than I considered they were worth. I saw the microscope going at 70 per cent. less than it was worth. I think it was sold for about £7, and in my opinion it was worth about £20. I was credibly informed that it cost £50. I could not do anything to protect the property unless I made a bid on behalf of the estate, which I was not authorised to do. There was one instance where a section was sold at Southbridge. It sold at £40. I was definitely instructed by the Public Trustee to protect it, and I told the auctioneer that he was to make one bid.

Mr. R. C. Hamerton, Public Trustee, further examined.

4462. *The Chairman.*] Mr. Hamerton, the Commissioners have been looking into the estate of one Storer, deceased, whose effects were advertised in to-day's paper. Do you remember that estate?—Yes.

4463. Do you remember the circumstances of Mr. Storer's death?—He died in Dunedin, whilst travelling, I think.

4464. How long ago?—About six months ago.

4465. Do you remember what his estate consisted of?—Yes; there were some gold-mining shares in Greymouth and some jewellery and clothing. I think that is all, as far as I recollect.

4465A. Do you remember the name of the company in which the deceased held those shares? Was it the Wealth of Nations Quartz-mining Company?—Yes.

4466. What do you think to be your duty in such cases as that—where estates of that nature come into your hands? What is the duty of the Public Trustee?—To sell.

4467. Did you sell?—I was about to sell the shares at 3s. 6d. per share, and was advised by Storer's partner that I should get a higher price. I think I was offered 4s. 6d. by Mr. Nancarrow, my agent.

4468. Did you get any higher offer?—No, I did not. I held on, contrary to custom, hoping we should get a higher offer. I am not aware that I got a higher offer. I think I declined, by telegram, an offer of 4s. 9d. net.

4469. Did you pay any calls in the meantime?—I agreed to pay a sixpenny call.

4470. Well, what was the result of holding on?—One shilling per share was the price at which they were sold.

4471. Then, the end of it was that, after holding those shares and refusing offers of 4s. 6d. and 4s. 9d., and paying a sixpenny call, you came to the conclusion to sell at 1s.?—Yes. It might have been entirely the reverse. Mr. Meek was one of the creditors, and he advised me to hold, saying that he thought 5s. should be obtained.

4471A. If he was in a position to persuade you to hold on, why did you not get him to give you a guarantee? Your duty was to sell, and you should have said to Mr. Meek, "If you give me a guarantee that there will be no loss I shall hold"?—In this case it has been the reverse of what was expected. I have tried to do my best for the estate. It may have been an error of judgment.

4472. There is your telegram, "Will not sell at 4s. 6d." Then you get an offer of 4s. 9d.; you declined it; then you pay a sixpenny call, and a short time after that you sell at 1s. It is really selling at 6d. shares for which you could have got 4s. 9d. Do you not think you are going beyond your duty in holding shares for speculative purposes? Your duty was to sell, and to sell by auction. If you were persuaded by a friend of the deceased to hold over, then your next duty was to say, "I can only do so on the friends of the deceased guaranteeing that I shall not have to take less than 4s. 9d."?—That would have been the proper course, no doubt.

4473. It made a great difference to that estate?—It did.

4474. *Mr. Loughrey.*] Do you remember Mr. Tucker, of Gisborne, making an application for a loan?—Yes.

4475. Do you know whether Mr. Tucker had previously applied for a loan through your agent at Gisborne prior to the letter dated the 14th March?—Yes, he did, on the 14th of March, and the application is dated the 18th.

4476. He made that application through your agent?—Yes. This is his letter:—

I had the honour to hand the enclosed proposal to your agent here, but he demanded a valuation with it, although I had previously impressed him that I should not incur the expense for valuation till I knew that you would lend on the security offered. There was also a slight difference between us as to procuration-fee. He demanded ½ per. cent., while I offered him ten guineas, telling him that, he being your agent, I looked on him as being you, and that it would be just as reasonable to offer you ½ per cent. as to give it to him.

4477. That appears to be first on the file?—Yes.

4478. Had you received any application from your agent for that particular loan mentioned there?—I think not.

4479. Does Mr. Tucker in his letter make any reference to having applied to your agent for a loan?—Yes.

4480. Mr. Tucker makes the complaint to you that your agent required a procuration-fee?—He does.

4481. Is it usual for your agents to receive a procuration-fee?—Well, it is usual in all cases except the district agent at Christchurch, and he is prohibited absolutely. As agents receive no remuneration whatever for this class of work, it was permitted to them to obtain a reasonable amount for this procuration work.

4482. Do you know what the practice is with large money companies as to procuration-fees?—I do not.

4483. You do not know whether it is usual for their agents to charge a procuration-fee?—I do not.

4484. Do you think that applicants are likely to apply for moneys when they know they will have to pay procuration-fees?—I think it operates against it, and that is one reason why I want to establish district agencies, where no such thing would be permitted.

4485. Is it a fact that your agent does not submit to you applications made for money unless he receives his procuration-fee or a promise that it shall be paid to him?—Yes.

4486. Supposing any person made application, would his application come to you through the agent?—Yes; its not being there shows it was evident the agent did not make the application.

4487. So that Mr. Tucker's complaint is in consequence of your agent not having received his procuration-fee?—Yes.

4488. I should now like to ask you a few questions about Cockroft's estate: Are you still the agent of that estate?—Yes.

4489. Do you remember a property in Lambton Quay being sold?—Yes.
4490. What were the costs of effecting that sale?—Altogether the costs would be £288.
4491. Are the conditions of sale attached to that file of papers?—They are not. They should be attached to the file of papers to make them complete.
4492. Will you look now at the auctioneer's advertisement. What are the frontages advertised there?—Ross, 17ft.; Hyde, 16ft.; Lankshear, 17ft.
4493. What was the total?—50ft.
4494. Was Ross the purchaser of a portion?—Yes.
4495. Was the land sold by the foot?—Yes.
4496. How many feet did you sell to Ross?—By the advertisement, it was 17ft.
4497. How many feet did you actually sell to him?—18ft. 1in. by Mr. Travers's letter.
4498. And actually he received only 16ft. 7½in.?—Yes.
4499. Ross paid for 18ft. 1in.?—Yes.
4500. So that you really sold him property he did not get?—Yes. I think that in all fairness to myself you ought to send for the conditions of sale and the plan.
4501. How much more money did Ross pay you than he ought to have done?—£132 14s. 2d. more than the smaller amount of frontage would warrant.
4502. Has Ross made application to you through his solicitor for a refund of the difference?—Yes.
4503. Has he received it?—He has not.
4504. I believe he has also been engaged in litigation with his neighbour in consequence of that?—I believe that is so.
4505. Did Judge Richmond, who heard the case, remark rather strongly on the action?—Yes, I understood so.
4506. So that Ross to this day has not received the full amount of land for which he paid?—No, he has not.
4507. Are you surprised that Ross is a bit sore with the management of your office?—I am not surprised.
4508. Do you intend to take any steps to compensate Ross?—Well, I think I will make a representation to the beneficiaries and ask them if they will do it. My own difficulty was this: that, having sold the land according to plan and, as stated in the conditions of sale, that there was this odd foot or 18in. to which we would not bind ourselves to give a title, he bought it for what it was worth. The inference, of course, is that, knowing we had a defective title to these 18in., he would not bid so heavy a price per foot as he would have done if guaranteed a good title to it.
4509. But had he not for a great portion of it a good title?—Yes.
4510. Did he not pay the same rate for the whole of it?—Yes; but if he had been guaranteed a good title to these 18in. he might have paid a higher price per foot than he did.
4511. Was Ross the only bidder?—I cannot say. I was not at the sale.
4512. Suppose you had sold this land privately as your own and you discovered afterwards that you had sold a portion of land that did not belong to you, would you not, in common honesty, refund to the purchaser the amount he had overpaid?—Of course I should.
4513. How, then, as agent, have you not given to Ross this amount which he had overpaid?—My difficulty was this: that the whole affair having been done in the full blaze of day, the conditions stating what they did, the beneficiaries might have held me answerable if I had returned that money.
4514. Could they hold you responsible for the return of moneys that did not belong to them?—It is fair to assume that, knowing he had a defective title to 18in., he would not give the same price for the whole as he would have done if the title had been guaranteed.
4515. Should you not, as their agent, and holding money received for these 18in., immediately have restored it to Ross?—I think that is fair, and what I should have done was to write to the beneficiaries.
4516. Do you think you are justified in sending to your principal money which you knew did not belong to him?—I think, under the circumstances, I was, although I think now I ought to have given the whole state of the case to the beneficiaries, and asked that the rebate should be made; but the conditions of sale were very explicit, and the plan very explicit.
4517. The plan was incorrect. The auctioneer in his advertisement puts down 50ft.; your plan something additional. If this gentleman buys according to your sale-plan, and it turns out afterwards that you are selling a portion of land that does not belong to you, surely the sale-plan must be wrong?—That showed the disputed title in a different colour.
4518. And notwithstanding that Ross has paid you for this extra land, and only received a smaller portion, do you still consider you are justified in appropriating the money he overpaid you?—There is an old Latin maxim *Cavcat emptor*, if there turns out to be a smaller quantity.
4519. Have you ever seen a clause attached to conditions of sale that if the area does not reach that sold there shall be compensation?—Yes. The conditions of sale were not so framed in this case. My sympathies are with Mr. Ross, and if I have an opportunity of putting it before the beneficiaries I shall endeavour to get a refund for him.
4520. Did you read the strictures of Mr. Justice Richmond when Ross was defending the action?—I did not read them, but I received intimation of them.
4521. Was it decided by that action that Ross was not the proprietor?—Yes.
4522. Was it not your duty, immediately on discovering that you had sold land not the property of your principal, to write to him recommending that Ross should be compensated?—Yes; that would have been better.
4523. How much did Ross pay for the land?—£91 a foot.
4524. *The Chairman.*] You quoted a law maxim just now. In what way in this case do you

wish to apply it?—That the purchaser had an understanding of the sale-plan and of the conditions of sale, and must take whatever risk he is running by his purchase.

4524A. Have you Broom's "Law Maxims" downstairs?—Yes, I have.

4525. Do you contend that he must take less ground than the conditions of sale offered him?—No; the conditions said we were going to sell 18ft. 1in. We will give you a title to 17ft. so many inches, but will not to the other. If Ross, under these circumstances, heard the conditions of sale, and saw the plan showing in a different colour these odd inches, he ought to have very well understood what he was doing.

4526. After looking through the papers, I think your law maxim inadmissible, as well as that last law maxim you treated us to a few days ago with regard to the sales of personal effects. When did this sale take place?—On the 21st November, 1884.

4527. That is six years and a half ago?—Yes.

4528. And you were so struck with the injustice under which Ross was suffering that you intended to communicate with the beneficiaries?—I say I will do so.

4529. Is it only now it has occurred to you that you ought to do so?—I have been impressed with the very great injustice of Ross's case, I must confess.

4530. You have stated in answer to a question put to you by Mr. Loughrey that you thought it was a hard case on Ross, and that you will make representations to the beneficiaries?—I will do so.

4531. Why will you now make representations to them?—My reason is simply because the Commissioners have brought it to my mind.

4532. Do you, or do you not, agree with the Commissioners that Ross is suffering a great injustice?—I cannot say it is a great injustice.

4533. Then, supposing you were in his place, and had 1ft. 1in. short for which you paid, would you not feel that you had suffered a great injustice?—Yes, unless there were conditions of sale which removed that injustice.

4534. I want to know from you whether Ross, after the sale, did not complain to you?—He did.

4535. That was before you remitted the money to the beneficiaries?—It was almost immediately after the sale.

4536. Then, you had not parted with the proceeds?—No.

4537. Would it not have been as well, then, to have communicated with them at once if you were in any doubt?—It would have been better if I had communicated with them at once.

4538. How long was it after that, do you think, that you remitted the money?—My impression is that the principal money has not yet left my hands. I think we are paying the income to the beneficiaries. That is my impression, but I will not be positive.

4539. Did the beneficiaries complain of the charges?—Yes; he wrote to me to that effect.

4540. *Mr. Loughrey.*] So that your principal complains of the heavy charges?—Yes.

4541. *The Chairman.*] Who were the solicitors?—Messrs. Buckley, Stafford, and Fitzherbert.

4542. Did you take any steps to have that complaint satisfied by getting a reduction in the charges?—No.

4543. Would it not have been a more business-like way of dealing with this matter, when you admit that Ross protested against the deficiency of frontage sold to him, if you had written to the beneficiaries at the time and stated that you had kept that portion of the money in your hands separate until the dispute between you and Ross was fairly settled?—It would have been the proper business course.

4544. Again, on the application of that law maxim quoted by you, how does it apply where you sell land that does not belong to you? You sell him 1½ft. more land than you can deliver. It appears to me the colonial maxim holds best with you—the strongest gets it?—There were conditions of sale, and we said, "We do not give you a title."

4545. *Mr. Loughrey.*] Supposing you sold him a whole block, and he came and said, "This does not belong to you or your principal," would it still be *caveat emptor?*—I do not think so in such a case.

The Chairman: I think your proper reading of the maxim *caveat emptor* in this case to Mr. Ross would be "Cave in."

4546. *Mr. Loughrey.*] In Hatfield's estate: I should like to ask whether or not there has been a good deal of dissatisfaction expressed concerning the management of the Public Trustee in this case?—There has been.

4547. When did Hatfield's estate first come into the Public Trust Office?—Before my day. The first letter is dated 28th August, 1873.

4548. When did you take the active management of the estate?—In July, 1880.

4549. And worked the estate for the benefit of the beneficiaries, paid income, &c.?—Yes.

4550. During the course of your management, did you find it necessary to dispose of the realty?—No, it has not been disposed of. We leased it.

4551. What were the causes of dissatisfaction? I believe some of the beneficiaries brought an action, and were successful?—Successful in two points out of eight. There were two main courses of dissatisfaction—one, that my predecessor built the present Royal Hotel partly on a leasehold from the Hospital Trustees. The lease, of course, ran out, and we were unable to make a fair arrangement with them for renewal, because we had built the corner of the hotel on their land. Endeavours were made to purchase, and my predecessor and the Chairman of the Trustees met on the ground and arranged that the Trustees would not ask a higher price for the land than for the land unbuilt on, notwithstanding that the hotel was going up, and was being put up through a mistake of my predecessor. Charles Hatfield bought the hotel already standing, partly upon leasehold land, which at this date the Public Trustee had not power to purchase, but the Hospital Trustees had power to

sell. Next session of Parliament, or the one following, I am not clear which, the Public Trustee obtained power to purchase by the Public Trust Office Act of 1876, but by a strange coincidence the session which gave him power to purchase took away the power of selling from the Hospital Trustees. Then, of course, the difficulty began, and was ended by the lawsuit brought against the Public Trustee by the beneficiary, Miss Hatfield.

4552. What was the amount Miss Hatfield recovered from the Public Trustee?—£502.

4553. And what were the costs incurred by the Public Trustee in defending the action?—We paid over £400 legal expenses. That includes everything.

4554. Then, the management has resulted in a loss to the Trust Office of about £900?—Yes, less, of course, the commissions received. The second cause of complaint was that my predecessor had an idea that if he built a row of shops from the Royal Hotel to the corner of Mulgrave Street it would bring in a very large revenue to the estate. He called upon an architect to prepare plans for buildings in wood. These plans were prepared, but shortly after they were prepared the City Corporation passed a by-law whereby it became impossible to build in wood. A second series of plans for brick shops was prepared, and then my predecessor applied to the Court, or was about to apply to the Court, for permission to borrow certain money to build these shops. The great depression in Wellington set in in 1879, and the project was never carried out. Hence the estate had to pay for these plans, I think, about £200, and without result to the estate. Those two items went against us in the Supreme Court, notwithstanding that the full accounts had been rendered to Miss Hatfield, and notwithstanding that she had signed a deed of release.

4555. When did Miss Hatfield sign this deed of release?—I think, about a month or six weeks after she came of age she signed.

4556. Before this deed of release was signed, were all the facts represented to her, and was she made fully cognizant of them?—In this case both these particular facts were made known to her.

4557. Is it your practice, before getting deeds of release signed, to disclose all the circumstances and facts to the parties interested?—No; I cannot say it is the custom.

4558. *The Chairman.*] And the jury considered there had been mismanagement to a great extent in the conduct of Hatfield's estate?—There was no jury. The Judge considered there had been.

4559. Now, again, in the matter of the Christchurch agency, in reference to that letter marked "Private," from Mr. J. C. Martin to you, Mr. Hamerton. Mr. De Castro has stated in evidence that he read the letter—before putting it into the sealed envelope. Do you now consider the letter in the same light as you did before, that it was a private letter, only for your own information?—Yes, I do.

4560. What, after having passed it to your Chief Clerk and instructed him to file it?—Yes, I do.

4561. Then, why did you pass it to your Chief Clerk to read?—I do not think I should pass it to him to read, but it is quite likely I gave it to him open.

4562. You say that your Chief Clerk had put it by your direction in the sealed envelope. The Commissioners, to be sure, examined Mr. De Castro on that point, and he stated in evidence that he had read the letter, thereby removing all doubts as to its private nature?—It is quite likely he did read it. There was nothing to prevent his doing so.

4563. He has told us to-day that he read it, and referred to its contents?—Very likely he did read it.

4564. Mr. Hamerton, to come now to the mortgages, do you remember a mortgagor named Randerson?—Yes.

4565. Does that mortgage still exist in the books of the office?—Yes.

4566. Do you keep a private letter-book?—No.

4567. Do you not think it would be advisable you should do so?—My predecessor did; but when I entered the office I held, and do so still, that the Public Trustee had no right to have any private communications—that they should be official.

4568. Then, what about Mr. Martin's letter?—I meant privately from the Public Trustee.

4569. Then, do you think that while the Public Trustee has no right to write private letters he has a right to receive them?—If they come to him he cannot help that.

4570. Do you not now think it advisable that a private letter-book should be opened immediately?—I do not think so.

4571. Have you ever known a well-regulated commercial house without its private letter-books? No; they have them, I believe.

4572. Do you know if any office could have its business properly conducted without them?—Yes.

4573. *Mr. Loughrey.*] Are your files of papers incomplete, as they do not contain the private letters?—Yes. I assume that you mean that copies should be attached to the files.

4574. Do you know that a great number of folios are missing from this private letter-book produced, which was kept by Mr. Woodward?—Yes; the following folios are missing: 8, 9, 11, 16, 18, 19, 20, 22, 33 to 41 inclusive, 46 to 49 inclusive, 52, 54, 56 to 63 inclusive, 67, 68, 70, 79 to 81 inclusive, 83 to 102 inclusive, 104, 105, 108 to 111 inclusive, 114, 115, 117 to 121 inclusive, 123 to 126 inclusive, 128, 131, 134, 135, 137 to 144 inclusive, 146 to 158 inclusive, 160 to 169 inclusive, 171, 172, 173, 175 to 187 inclusive, 189, 190, 191 to 193 inclusive, 195 to 199 inclusive, 201 to 204 inclusive, 206 to 211 inclusive, 213 to 216 inclusive, 218 to 225 inclusive, 227, 228, 230, 232 to 233 inclusive. These are missing. I do not know what has become of them, unless they are attached to the papers.

4575. Did you notice before to-day that these folios were missing?—No.

4577. Did you ever go through the letter-book before?—No.

4578. *The Chairman.*] What is the date of the commencement of that book?—16th January, 1873. That was the first date, and the last date was the 29th January, 1880.

4579. That is the first private letter-book?—Yes. This is the only private letter-book I know of. It is the first and last private letter-book of the Public Trust Office,

4580. Is this the first time you have seen the inside of it?—Yes; to-day is the first time to my knowledge.

4581. *Mr. Loughrey.*] I said I had gone through upwards of seven hundred files of papers, and had about two hundred and fifty cases in which I felt it necessary to make inquiries. I asked you then if the actual fact of my having to make inquiries did not show good grounds for some little dissatisfaction with reference to the working of the department, and you said "No." Now, I shall have to go seriatim through these cases. You have admitted that Cockroft's (Ross's) case and Hatfield's are not satisfactory. There is also the case of Hugh Wright, and that one and Ross's and Miss Hatfield's are, on your own admission, not satisfactory. In those cases you considered the parties were properly so dissatisfied. Take Miss Wright's case for instance: has she not great cause to be dissatisfied?—Yes.

4582. Has Ross cause to be dissatisfied?—Yes.

4583. And are not the other cases pretty much on the same footing, some of them not so strong perhaps.—[No reply.]

4584. *The Chairman.*] Has not Winter, senior, in England, great cause to be dissatisfied at not having heard from you for over two years as to the state of his account with you?—Yes, I think he has a right to be dissatisfied.

4585. Has not the representative of Mrs. Dallon's estate great cause to be dissatisfied?—He has; but if I may be permitted to say, I think I labour under a very great disadvantage, not, of course, intended, but I have the daily current duties of my office to attend to, and have not time to look these matters up as they ought to be looked up.

4586. *Mr. Loughrey.*] Do you remember you stated you had not attempted to look at the papers?—My current duties have required me for years to devote seven, eight, or nine hours a day to them. Now, this immense pressure comes upon me also. I have still to carry on my current duties and work up these old questions. It is a very great pressure.

4587. Do you not think it would be a very great advantage, and assist you, and particularly anybody who succeeded you, if there was attached to the papers a *précis* of the state in which your work is at the time—a *précis* of everything that had been done? Then you will not need to turn up whole files. Or you could have the particulars in books, or in both forms. If you had kept these matters under your control in a systematic way, would it matter then when such pressure as you refer to came down upon you?—Possibly not.

4588. *The Chairman.*] Then you complain that, with the immense pressure put on you by this investigation going on and the current work besides, you find it more than you can battle with?—It is.

4589. Well, I can quite understand it, seeing the confusion in which your business appears. If you had a better knowledge of how to keep your business together, and how to run a business of this kind as it ought to be run, you would not have found the difficulty you are now finding?—Possibly so. The system adopted by this office is exactly the same as that adopted in the Government offices.

4590. Then, if that be so, I say, "God help them"?—I do not say that the Government system is the best that could be adopted for this department.

4591. It has to be admitted by you that in many cases important parts of your files are missing. In Ross's case the conditions of sale and plan are missing?—That is so.

4592. Take Dallon's case: there is no inventory. The most important part of the file is missing?—That is so.

4593. And so on with numbers of papers, I find your files are incomplete. Take Mr. Acland's case. The private letters are missing, and we cannot form a clue. Mr. Acland has been retired for some reason; but your files are incomplete to the extent that some documents are not there?—I am not aware of it.

4594. Supposing we had been asked how it was Mr. Acland had given up the Christchurch agency, we could not tell until we saw the private letters?—There are none that I know of.

4595. You said that you allowed all district agents outside of Canterbury to charge procuration-fees?—Yes.

4596. Was the agent in Canterbury ever allowed to charge procuration-fees?—It was not prohibited. The Christchurch agent was the same as the other agents in that respect.

4597. Do you approve of that system?—No, certainly not.

4598. Why, then, have you encouraged it by allowing it to go on?—Simply because the agents, as a body, are not sufficiently remunerated; and, if I had prohibited procuration-fees, it would have caused discontent. The system is bad, I am willing to admit.

4599. Have you not been unfortunate in certain instances in the direction in which you have placed your agencies, by putting them into the hands of people who had very little else besides to look to for a living?—No doubt; the question of the appointment of agents has always been a difficult one to me, because I have not known a large number of men in any town.

4600. It has occurred to me that your system has been a wrong one. If I were asked to appoint an agent in any part of the colony I should go and place the matter into the best going firm suitable to accept it. Would that not be a better system?—The difficulty is that in all the smaller towns the business is probably too small to induce any man of standing to take it up.

4601. But you see that a person already in business is always ready to accept respectable business that has a progressive future in it—the very thing which any business you had to offer had—and when put before a business man who has already a standing in the community, so long as your business did not clash with his own, he would be only too glad to get hold of it, because it is a respectable connection and has the features of a progressive tendency in it?—Yes.

4602. *Mr. Loughrey.*] Did you notice in the returns for Canterbury there was only one mortgage effected through the office?—Yes.

4603. If you turn to the Dunedin agency, how many do you find there?—Not one.

4604. Do you think your agents having power to charge procuration-fees keeps you from making advances from this office?—It may have; doubtless has that effect to some extent.

4605. *The Chairman.*] Does it not open the door to a pernicious system of blackmailing?—It may do so. I do not defend the system; I cannot defend it.

TUESDAY, 5TH MAY, 1891.

The Rev. CHARLES DANIEL DE CASTRO further examined.

4606. *The Chairman.*] Do you wish to say something to the Commissioners, Mr. De Castro?—Yes; I saw Mr. Cleary this morning, and told him about producing the bracelet to you this morning. He says he will not part with it to anybody. He will not give it to me, but will produce it to you at any time. He says he has it at his house.

4607. Who is Mr. Cleary?—He is a dealer. He tells me it is a band made of links. The mistake has been in the auctioneer putting it down as a bangle. Cleary told me this morning that it was not worth ten-pence, but was a good imitation, and might have taken anybody in.

4608. If that has been the mistake, does it not occur to you that the mistake was not the auctioneer's but that of the Public Trust Office?—I did not know the difference between a bangle and a bracelet.

4609. Mr. de Castro, you cannot be too particular in dealing with other people's effects in the way you describe them, particularly as you are the custodian of such property for the Public Trust Office. And, referring again to the Christchurch agency, had you ever occasion to go to Christchurch in connection with that agency?—Yes.

4610. When were you last at Christchurch?—I was there when Acland and Barns were appointed agents, just to put them in the way of keeping the papers, and so on, and instructing them generally.

4611. Then you handed over the business to them as you found it?—Yes; Colonel Lean sent the papers over, and I put them in order.

4612. You, in fact, handed the business of the Public Trust Office over to Acland and Barns?—Yes, for the Trust Office.

4613. How long did you remain in Christchurch?—I do not recollect; not very long.

4614. Were you away a week?—I could not say exactly.

4615. Is there anything about the atmosphere of the Public Trust Office that affects people's memories, because I have observed failing memories among all of the chief officers of the department?—My memory has been very bad lately.

4616. Can you tell me whether you were away a fortnight or a week?—I should say not more than a week. I put the papers in order, and gave them general instructions as to how to conduct the business.

4617. And did you see Acland and Barns every day?—Yes, for a certain portion of the day.

4618. Do you remember the instructions you gave them?—Yes, as to the correspondence.

4619. Had you ever occasion to check their accounts in connection with the Public Trust Office?—No.

4620. Was that the only occasion on which you visited Christchurch in connection with the Public Trust Office business?—I had to go down to the Supreme Court once to give evidence.

4621. Was that after you had handed the business over to Acland and Barns?—Yes; some time after.

4622. How long ago was that last visit of yours to Christchurch?—Three or four years ago. Judge Johnston was the Judge.

4623. What was the case?—I cannot recollect names.

4624. You must have found your memory very inconvenient in your position as chief clerk of the office? Can you recollect the amount of money involved?—I cannot say.

4625. Is your memory as unreliable and treacherous in connection with the sums of money as it is in connection with names?—I have very little to do with sums of money.

4626. I ask you the question, if you cannot remember names you can perhaps remember sums of money? or can you rely on your memory, either in names or matters of account?—Not at the moment.

4627. You have not had to go to Christchurch so often that you should fail to remember this particular case? Were there any other cases?—No; only the one.

4628. And you do not remember it.—No.

4629. Do you remember the amount of money involved?—No; I think it was not money, but something in regard to a question of land.

4630. Do you remember the value of the land, or where it was situated?—No. I can get the full information for you from the papers. I will not be sure it was land.

4631. Was it personal effects?—No, it was not. It may have been the proceeds of personal effects, but I cannot tell; I will find out for you.

Mr. R. C. HAMERTON, Public Trustee, further examined.

4632. *The Chairman.*] Mr. Hamerton, have you found anything out since you were before us regarding Randerson's estate, in Auckland?—Yes. It is no longer a mortgage. We sold, and we bought in.

4633. Will you state the history of that mortgage from the beginning?—Yes. It was originally an application by Mr. Randerson for £3,600 on certain properties in the suburbs of Auckland, which were then valued at £7,443 by H. W. Heath, a valuer in Auckland, whom we have employed two

or three times. He was, I think, the nephew of Thomas Macfarlane. He is in business as a valuer. The property-tax valuation at the same time we could not identify, and that application was not entertained. A further telegram came from Mr. De Castro, who was then acting as agent in Auckland. I referred it to the Board, and the Board decided to adhere to its former decision. So that went off also. Then, after further correspondence, about the 12th August, 1885, I telegraphed: "Board will lend £250 on Victoria Glen, £1,860 on Mount Albert, £900 on Remuera and Green Lane: total, £3,010." However, that went off. Then, after further trouble, I telegraphed that the Board would advance £1,000 on the security of twenty-two allotments, and that sum was lent.

4634. Was no more money lent to that gentleman?—No.

4635. When was that lent?—It was remitted on the 15th August, 1885.

4636. At what rate of interest?—Seven per cent.

4637. Was that money lent out of the Public Trust funds proper, or out of any particular estates?—Out of different estates. Randerson paid his interest for some time until he got into difficulties, and he applied to be allowed to sell, paying the proceeds into our office. We allowed him to sell, and one or two allotments were sold. Then he defaulted.

4638. When did he make default?—He first gave notice in September, 1888. He offered to transfer the security to the Public Trustee, as he was unable to keep up the payments. Then we had much correspondence with Brookfield and Son, and finally we sold.

4639. What did the security realise?—There was a second mortgage. Somebody else lent.

4640. What money did you get back out of the £1,000 you lent?—We got nothing but the proceeds of one or two sections which were sold.

4641. Could you tell what amount you received in money?—The proceeds of the two sections sold? I cannot say just now. I will find out.

4642. Well, now, Mr. Hamerton, I want you to let us know who was the buyer of the Wealth of Nations shares in Storer's estate, and to give us a full statement in reference to Randerson's mortgage?—I shall have to refer to the Accountant.

4643. Are the accounts copied in a special book?—Yes.

4644. Will you please send up that book for the 13th July, 1885.

The Rev. C. D. de Castro further examined.

4645. *The Chairman.*] Have you obtained the information which you went downstairs to find?—Yes. I find I was away inspecting the southern agencies from the 31st January to the 27th February, 1886. When I was down at the Supreme Court I was away for ten days, from the 3rd to the 13th January, 1887. It was the case of Edward James.

4646. Who was Edward James?—A settler.

4647. He was a settler, I should think, after he was dead; perhaps not before. What was the case about?—It was to prove administration by the Public Trustee.

4648. Has the Public Trust Office anything to do with that land?—No. It went to the heir-at-law.

4649. How long is it since you were in Auckland acting for the Public Trust Office?—I was there in 1885.

4650. For how long?—From about the 14th or 15th of May until the end of September, when an agent was appointed.

4651. That is when you made yourself aware of the loan made to Randerson?—Yes.

4652. Who was Randerson?—A commission agent. He took me round his property. He is now in Wellington, secretary to the Mutual Creditors' Association. He was a sharebroker and commission agent in Auckland.

4653. Does the Public Trust Office still hold the land in his estate?—Yes; it was bought in for the office.

4654. Can you say how much of the £1,000 advanced by the Trust Office has been received in repayment of the money lent to Randerson?—I cannot tell you. That can be had on reference to the books.

Wednesday, 6th May, 1891.

Mr. James Edward FitzGerald examined.

4655. *The Chairman.*] Mr. FitzGerald, you are the Auditor-General?—Yes. Are you beginning to examine me? Because, if you are, I would ask you to allow me to say a few words first.

4656. Would you kindly explain generally what the relationship of the Audit Department is to the Public Trust Office?—Yes; but before doing that, I should wish to explain the letter which I did myself the honour to write to the Commission. I first asked the Commission to be kind enough to allow me to see the evidence taken with respect to the Audit Office, and, very much to my surprise, the Commissioners declined to let me see it. I thought that a great want of courtesy to a gentleman holding my high office, and I thought that it conveyed an imputation upon me that I was not capable of giving truthful evidence had I at the same time been in the room when the evidence of one of my subordinate officers was being taken. I did not think I was in a position to give such evidence as the Commissioners would like to receive, if they wanted all the truth, unless I had an opportunity of refreshing my memory with regard to the details with which I may be supposed not to be absolutely conversant, as I have got so very numerous and various occupations thrown on me. I therefore took the opportunity of asking the Premier to allow me to see the evidence; and I am now happy to say I shall be able to assist the Commissioners in ascertaining the truth of any statements that have been made—I do not mean the moral truth; I mean the technical truth of any statements made to the Commissioners with regard to the duties and

action of the Audit Office. I shall be most happy to do the utmost in my power to put the Commissioners in possession of the whole status of the Audit Office in reference to the Public Trust Office. I offer that as an apology for having written to say that I was hardly prepared to give evidence unless I knew something of what I was going to be examined about.

4657. Well, Mr. FitzGerald, on behalf of the Commissioners, I think I am justified in saying that, when they came to the conclusion that they were not at liberty to comply with your request to send you a copy of the evidence given by Mr. Hamerton, they did so after very careful and serious consideration; and they felt, however disposed they might have been to have complied with your request, that they would have been infringing a part of their strict duty—that, in fact, they felt they had no right to send any portions of any evidence to any other gentleman to whom it was intended to give an opportunity of giving evidence before the Commission. And I can further say this: that when the Commissioners found it necessary to remind you that the Commission was sitting, and that the Commissioners would be glad to hear any remarks you might desire to make, and were ready even to study your convenience in naming a day for your attendance, I think I am justified in saying that they felt a little surprised at the curtness of your letter, wherein you expressed no intention of coming before the Commissioners until you had seen certain evidence. And I therefore think, under the circumstances, that after what I have said you should disabuse your mind that any refusal the Commissioners made in the first instance to convey to you a copy of Mr. Hamerton's evidence was done otherwise than merely in the strict carrying-out of what they believed to be their duty, and without any intention whatever of being discourteous to you. As to the Premier having given you a copy of the evidence, we have nothing to do with that. We are very glad he has done so; but the Premier took upon himself to do what we would not feel justified in doing; and I therefore trust that this explanation will be accepted by you, of there being no intention to be discourteous towards you or your office?—I may be allowed to say, after reading the evidence, that the evidence to be given by me to-day would be absolutely useless unless I knew something of what had been previously said and how to answer. I do not think I could otherwise have given any evidence, and that was the reason I asked to have the previous evidence furnished to me.

4658. After you have been a short time in our company, Mr. FitzGerald, I think you will have discovered that we will be able to put before you sufficient material to enable you to give answers, which in themselves will be the evidence we require?—Yes; but what I felt was this: that you might put a question to me that emanated from evidence that had been given before you, and I might answer it, not knowing such evidence had been given, in a manner which would lead you to a different interpretation of what are the circumstances.

4659. It is not the intention of the Commissioners to take you in any way by surprise, and they will not examine you on the evidence given; we will confine ourselves to information gathered from the books and papers of the office?—I should be very glad if the Commissioners would allow me to touch upon it, because there are things which very much require explanation.

4660. I think, while the Commissioners will not attempt to take you by surprise on the evidence which has been given, they will not object, since you have had an opportunity of seeing it as it has been handed to you by the Premier, to your making use of it. The feeling of the Commissioners is that you shall have every free scope; and if you came into the room under the belief that discourtesy was intended, when you leave us I hope you will have changed your opinion. I understood you to say, sir, that you wished to make a statement?—Yes, I think it would be advantageous. I would like to say, to begin from the beginning, that the origin of the Trust Office was this: The idea was first suggested to me by the Hon. Mr. Stevens, and upon discussing it with Sir Julius Vogel, who was then Colonial Treasurer, he begged me to draw a Bill, which was converted into the Act of 1872. I think it must be obvious to the Commissioners that that Bill on the face of it did not contemplate a large commercial office such as that into which the Trust Office has now grown. "The Public Revenues Act, 1867," which was drafted by me at Mr. Fitzherbert's request, divided the public accounts into four branches—the Consolidated Fund, the Land Fund, the Special Funds (which were borrowed moneys), and the Trust Funds. At that time large moneys were paid on Trust account into the Public Account, which were all held in a common account in the Treasury. They were first separated by that Act of 1867, which created the Trust Fund in the Public Account. In 1872 the principal idea in passing the Trust Office Act was to remove those Trust Funds from the Public Account and place them in a distinct office, guaranteed by the State; and at the same time, though as a secondary idea, it was proposed that it should also be made an office in which any will might be deposited by any person who wished to place his will in an absolutely secure position, independent of all influences, and also in which all persons wishing to invest money in New Zealand might have an opportunity of doing so in a form in which, whether the best use or not was made of the money, still it would be absolutely safe and guaranteed by the State. There were several cases at that time, which came before us privately, of sums of money which had been sent out for investment in New Zealand and had been misappropriated by the agents to whom it was sent. That was the basis of the original Act. At the same time, when the Government undertook to make such an office and to guarantee the security of the funds placed in it, they determined that the office should be placed in precisely the same position of security with regard to the funds as the public moneys of the colony. That is to say, that the office of Control should apply to all the moneys in the Public Trust Office as it did to all moneys in the Public Account; and I think it is obvious that no Government would have undertaken such a large responsibility as that of guaranteeing all the moneys that came into the Trust Office unless they had taken the same security against maladministration that they did with regard to the public moneys of the country; and therefore the moneys in the Trust Office were made Public Moneys and subordinate to all the conditions which were imposed upon all who dealt with the public moneys, both as to the moneys and as to the persons dealing with them. That I take to be quite a sufficient answer to all Mr. Hamerton stated with regard to the incon-

venience of the Control. Everybody must admit that there is a certain amount of inconvenience in dealing with the public moneys, in making payments, in consequence of the Control; but it was thought by the statesmen of that time that that was a very small price to be paid for the additional security which was attained against any maladministration of the moneys. Hence, when the vouchers came up for audit or prior audit—although control and audit are two very different things—we examined the vouchers precisely as we do any vouchers in the Public Account, and then passed them on for payment. I am not expressing any opinion, the Commissioners will understand, as to the wisdom or contrary of such an arrangement, but I am only explaining that which was thought by those who were responsible for passing the law should be the basis upon which the present Trust Office should be established, if any was established. I do not know that there is anything else I need say in this explanatory statement.

4661. Then, I understand you to say that it was never contemplated, when the Public Trust Office was initiated, that it was to have grown into the large commercial institution it appears to have become?—The first great change that took place in the character of the institution was by the Bill passed in a subsequent session, the Bill drawn by the present Chief Justice, Sir James Prendergast, who was then Attorney-General. Part of the moneys that were formerly paid into the Treasury, and were paid into what was called Trust Account under Act of 1867, were moneys accruing from intestate estates; but the Act of 1873 went further than that, and made the Public Trustee the curator of intestate estates. It was called the Public Trust Office Amendment Act, I think. That, of course, instead of making him merely the custodian of such moneys of intestates as came into the Treasury, put him in the position of curator of all intestate estates throughout the colony. That increased the largeness of the office, and necessitated agents being appointed to deal with all these intestate estates.

4662. That would be the amending Act of 1873?—Yes.

4663. Then, since the passing of that Act the business seems to have grown enormously?—Very largely.

4664. Then, what is the nature of the audit that the department practises in connection with the Trust Office?—First, we audit individual vouchers for payment, the same as all other vouchers. Then the subsequent audit is the audit of the books. The first is an audit for the purpose of control, and the second an audit for the purpose of seeing that all the moneys that have been received are properly brought to account, and that all moneys that are paid away have been paid in accordance with law, and to the persons entitled to receive those moneys.

4665. Then, I presume that one of the first duties of the Audit in connection with the Public Trust, and deserving the most attention, would be the proper keeping of the books?—I do not consider that it is the duty of the Audit in any way to interfere with the book-keeping of any department, either the Treasury, Trust Office, or Insurance Office, further than is necessary to see that they record all the moneys received, and that all the moneys have been properly expended.

4666. That is to say, you do not think it necessary to interfere with their system of book-keeping?—We do not, so long only as it shall convey that information which I have mentioned; and if you allow me to say, in passing, Mr. Moginie is entirely mistaken in saying that the Audit have ever directed any system whatever. He may be under that impression, but it is a mistaken impression. We may have given advice. I did so on one occasion as to the form of the balance-sheet. I thought it would be a convenience to the public if the balance-sheet were put into the same form as the Treasury balance-sheet. But it is quite a mistake to suppose that I had any power to interfere with the book-keeping further than to see that it accorded with the system adopted—that is, that the entries were correct.

4667. Then, do I understand you that it is immaterial to the Audit Department whether the Public Trust Office, or the Insurance Office, or any large public office, keep their books on double entry or single entry?—Perfectly indifferent.

4668. So long as you believe the balances to be correct?—So long as we have ascertained the balances to be correct. There are a great number of accounts, I may say, to which double entry is not applicable, and would give an unnecessary amount of trouble where the account is simply in the nature of a receipt and expenditure.

4669. Would you consider double entry was a tedious or laborious system for an office like the Trust Office?—Not at all.

4670. Well, then, would the Audit Department expect, without interference, to find the books kept in a regular form and regular order, and the balances regularly ruled off?—Certainly; in order to ascertain whether the results are correct.

4671. Would it be the duty of the Audit Department, if you found the principal books—such as the cash-books or ledgers—incomplete, where summations had not been made throughout the whole of a ledger, or many ledgers—would it or would it not be the duty of the Audit Department to take any notice of that?—I do not quite understand the question, because I do not see how it is possible to produce a balance-sheet at all without the summations.

4672. Well, if an Audit officer desired to go through the books of the Trust Office on any particular day, and desired to take out a balance-sheet, if he found the ledgers incomplete, would it be his duty to take any notice of that?—I should very much like not to express an opinion. Generally, one would say not; but I should like to see exactly to what the question tends.

4673. Well, if I show you a number of accounts referring to the business of the Public Trust Office in the individual ledgers that are in an incomplete state, would you consider that it was the duty of the Audit to have pointed that out to the executive officers of the Public Trust Office?—You are asking me to give a general answer to a question without knowing where it may tend. All I say is this: that, as I understand, the books are kept to a sufficient extent to produce a balance-sheet at any time.

4674. Well, but supposing that you found in any department of the public service that the books

were in a slovenly condition—incomplete and unfinished—would you attempt to pursue your audit unless those books were completed—that is to say, the summations of the ledgers brought down in ink, so that at any particular part of the account, by checking the summations—by trying the difference between debtor and creditor you may arrive at the balance—would you, I ask, then, if you found the summations not in the ledger and the balance was there, presumably correct, and you desired to check any particular account at any stage and you found the summations wanting, would you call an account in a complete state?—Not if there were no summations at all; but I suppose there must be summations at particular periods, when you want to balance the account.

4675. By the last balance-sheet I notice, standing in the same line with the totals of different balances, the total summations of transactions appear, which of course must have been arrived at in some form. Perhaps, firstly, I may ask you this: Have you ever, yourself individually, looked through the books of this office?—Never. I have no time for it; but what I have understood from my inspecting officer was that the cash-books, five or six, are summed day by day, and the totals carried into another ledger for the purpose of convenience and shortening the work.

4676. Then, have you done the auditing for the Public Trust Office by deputy throughout?—By deputy, so far as the actual examination goes. The auditing of the accounts of every department is done by deputy in that sense. It must necessarily be done by deputy.

4677. Where proper audits are desirable, and insisted upon, in the case of large public companies, do you know of your own knowledge whether such audits would be accepted—whether such audits done by deputy in that form would be accepted in large public companies and monetary institutions?—Most undoubtedly.

4678. You think they would?—I know they would.

4679. I mean outside Government departments?—I know they are. I know the English Government accounts have been put into the hands of great actuarial establishments in London, who have had fifty or sixty clerks auditing one account. The heads of offices cannot possibly do the work themselves.

4680. I admit that, sometimes; but those are authorised accountants to whom you allude?—No doubt.

4681. We have noticed, in going through the books, that you make periodical visits to the Public Trust Office, and, I think, sign the cash-book?—That is only to satisfy the conditions of the Act.

4682. Then, does that mean nothing?—Yes; it means that the result I sign has been written in in the handwriting of my inspecting officer, and that is his guarantee to me that that is the correct account of cash received and paid out to that period.

4683. And, therefore, if he happened to have made a mistake or a careless audit, and represented to you that it was correct, you would, by mistake, have affixed your signature to what was incorrect?—Most certainly.

4684. Would it not, under these circumstances, be better that the inspecting officer of the Audit Department should sign for himself or for you, as being absolutely responsible?—I consider that he does sign—not for me; but I would not sign it if it was not in his handwriting. That is a security; that is his declaration that he has done the work.

4685. Now, Mr. FitzGerald, let us leave the books for a little. I think I understood you to say that the Audit Department was responsible for all receipts and payments made by the Public Trust Office under the present system?—Yes, only for moneys that have been received.

4686. Then, the moneys would, of course, be part of the liabilities of the office?—Yes.

4687. And would personalty effects that represented money not be a portion of the liabilities?—No. May I be allowed to say one word? I have read all about the effects in the examination. I think it is a very great fault in our system that we have not had any knowledge of those effects. I say personally that what I heard has taken place before yourselves is the first intimation I ever had that any effects were received at all by the Trust Office; but I may say, in reference to this, you are aware there was at one time a separate department for keeping an audit over the public stores of the colony. That Stores-Audit Department was broken up, and the duties were handed over to the Audit Office for a few months, and then the audit of stores was taken out of our hands altogether fourteen or fifteen years ago. Since then the Audit Office has had nothing whatever to do with stores, and perhaps my inspectors, even if they knew it, have taken no notice whatever of anything in the shape of stores. But I am free at once to admit that I think they ought to have done so. I think it is a very great fault in our audit that we did not trace effects from the time they came into the Trust Office until the time they were finally disposed of. The whole subject of stores has been taken out of our hands, and we have considered since that time that our duties merely consisted of auditing money.

4688. Well, are you aware that when personal effects have come into the care of the Public Trustee, on no occasion has there been an inventory made of them?—I know nothing about them at all. I had no notion that any effects ever came into the Trust Office. It is perfectly new to me.

4689. Then, you could not have given the matter a thought?—No; I thought they were all disposed of by auction.

4690. If you had given the matter a thought, would it have occurred to your mind that before many large and valuable articles, portions of effects, were disposed of they must have rested for a time in the charge of the Public Trust Office?—It never occurred to me.

4691. Now, in thinking over the matter you will see plainly how absolutely necessary it is that they should have been in the custody of the Public Trust Office?—Oh, absolutely. I quite agree with you. It has been a fault in our audit, I am free to admit. But even with regard to real estate the Trust Office has habitually and obstinately broken the law by refusing to give up to the Audit the custody of the mortgages. For years I have been pointing out to the Public Trustee that he was breaking the law in not sending the mortgages into my custody. The Insurance Office sends all

its mortgages up to the Audit safe, and has done so for years; and I have only not enforced the law with regard to the Trust Office because Mr. Hamerton assured me it would so obstruct the business of the office; and I agreed to let it run on until the next meeting of Parliament, when it should be relegated to Parliament to say whether the law should be changed, and the mortgages kept in the office, or whether they should be sent up and kept under the three keys, as all other securities are. I mention that because you are on the subject of effects.

4692. Seeing that there never has been an inventory made of all those valuable personalty effects in the Public Trust Office from time to time during the course of seventeen or eighteen years, on whose shoulders should that mode of conducting business be placed for not having made an early detection of the system?—I think the Trust Office should have done it.

4693. But, presuming the Trust Office has systematically evaded it and never done it, was the Audit Office in no way responsible to have made that discovery?—Perhaps it was.

4694. Then, it has been the custom, has it not, since the Public Trust Office was relieved from sending the cash-books to the Audit Department daily for one of your officers to attend here daily?—Yes.

4695. Then, should it not have occurred to that inspecting officer, whoever he might have been from time to time, to have made that discovery?—I should have thought so. I do not know whether he ever heard that there were these effects. If he did, he ought to have reported it, undoubtedly.

4696. Do those effects not represent a large sum in connection with the liabilities of the Trust Office?—I have no idea at all to what extent they go.

4697. If I tell you that over the course of a year the average sales of parcels of such effects in the direction of one auctioneer amount to about eight sales per year, which, totalled up, would have come to several hundred pounds, perhaps over £1,000, will you admit that those effects represent a large sum in connection with the liabilities of the Trust Office?—The account sales would, of course, be taken into account by the Audit.

4698. The account sales from the auctioneers are brought into the Trust Office, but there is no inventory before the personal effects have been given to the auctioneer?—Of course, there is no use mincing the question. There can be but one opinion about that—the extreme impropriety of it.

4699. I think you spoke of the Trust Office offering a State guarantee?—I do not think it is so expressly stated in the Act, but it is incidentally so stated.

4700. Of course you are aware that in the case of any moneys coming into the Public Trust Office belonging to estates that may happen to be invested by the Public Trust Office, and that afterwards should the securities be realised—you are aware that if a loss should occur on those securities, from what I can discover, the State is not liable. Is that not so?—I am not quite sure about that.

4701. Well, that is a very important point, not only concerning the Government and the Public Trust Office, but the country and the public?—I am rather inclined to think that the State is liable.

4702. I may point out to you that in the evidence given by Mr. Hamerton he clearly stated that the State is not liable for moneys invested on behalf of estates on mortgage should a loss occur?—I am not sure. Probably I was wrong. I suppose the State would be liable in the same way and to the same extent that a private trustee would be liable—that is to say, if the money had been invested *bonâ fide* and with all due care, the *cestui que* trust stands in the same position as if he had made the investment himself.

4703. *Mr. Macdonald.*] Although you remember you stated in your preliminary history of the undertaking that one of the reasons for the control was that the Trust funds were guaranteed by the State?—Yes, so I consider. They are guaranteed in the sense that if anything went wrong with them by *laches* of the Public Trustee, or to any extent to which the Supreme Court would say that a private trustee was liable. That is what I mean.

4704. *The Chairman.*] Then, would it not, in your opinion, be much better if the State itself was liable, and that the State, for doing such business, made a small commission-charge by way of a guarantee fund, so that there could not be any doubt in the public mind then as to the position of the State in respect to moneys intrusted to it?—Well, that is a question that rather concerns a financier than an auditor.

4705. The only Government advertisement which the Public Trust Office sends out to the public is in the form produced. [Advertisement of Trust Office in "Postal Guide" produced.] Does that advertisement not imply to the public who may not know better that the State guarantees everything?—I consider that the State does guarantee everything against malversation.

4706. Then, is that advertisement not misleading? We are told by the Public Trustee that he has already made losses in the realisation of several securities to the extent of £1,500, for which the State is not liable, and that the losses will have to come out of those small estates that have lent this money. Perhaps you are not aware that the Public Trustee, if he has an application for a loan of £1,000, and has not that amount of money in one estate, he will take portions out of half-a-dozen small estates in his hands, in order to make up the £1,000. Are you aware of that?—No. I was for many years on the Board, and at that time was perfectly acquainted with all the transactions with regard to investment. I am quite aware that investments may be made out of general fund, or special investments for a special estate.

4707. But is there any Act giving the Public Trustee power to contribute from many estates?—I think there is a power by which the general fund in what is called the Public Trustee's Account may be invested *in globo*.

4708. Then, how is the Public Trustee's Account made up—by contributions from many estates? Practically, it would be so. He has the power of making an investment upon a particular estate which stands exclusively to itself; but he has the power out of all the funds in the office to invest on behalf of the office, not on behalf of any particular estate. I am not aware there is any other form of investment.

4709. Well, this system which the Public Trustee has been practising seems to me to have been attended with vicious principles. In the event of a loan being made, say, on a mortgage of £1,000, that original £1,000 being made up by half-a-dozen different estates by contributing mortgagors in various sums, and supposing a loss is made upon the investment, how is that loss to be apportioned, presuming the estates have to bear the loss?—I do not see that the estates have got anything to do with it.

4710. Then, do you think the country has?—No. What I mean is this: The whole of the money received, say, on fifty estates, is paid into the Public Trustee's Account, and stands *in globo*, and does not stand as debtor or creditor except in the books. He invests *in globo*.

4711. Supposing there is a loss, does he take the loss out *in globo* from the country's money?—No. I do not know how that is worked out; but he would have to be responsible for the balance standing to the credit of each estate, without having reference to the investments made out of the Public Trustee's Account *in globo*. He would have to find the balance for each estate. They would not lose.

4712. The Public Trustee has told the Commissioners quite differently. He says that if he lent £300 from three different estates—say, £200 from one, and £50 each from two others—and there was a loss of £50 in realising the security, the loss would have to come out of those three estates. That is his interpretation of the Act?—I was not aware that was done. All I was aware of was that certainly it was not done as long as I was on the Board.

4713. The law has been the same before and since you were on the Board. Perhaps it might have happened in your time that no number of estates were thrown into one mortgage?—I do not recollect any number of estates being thrown into any mortgage. I should like to consult the Act carefully before giving an opinion on the subject.

4714. Will you, then, please be good enough to look up the point?—Yes; because I do not quite understand it.

4715. You are, of course, aware that there is a charge of a halfpenny in the pound *ad valorem* under the Land Transfer Act to form an assurance fund against claims that may be made against it?—Yes.

4716. That is, to provide a guarantee fund for any claims hereafter?—Yes. I forget at this moment whether that is in the Trust Office. It was formerly in the Trust funds.

4717. Are you aware what that fund has grown to?—I do not recollect the figures; but it is something considerable.

4718. More than £80,000?—Quite that.

4719. Perhaps at the same time, when thinking of other matters, you might run it through your mind as to the desirability, if alterations are to be made in the constitution of the Trust Office, of the country charging a small percentage—$\frac{1}{8}$th or $\frac{1}{4}$ per cent. by way of a guarantee commission—for lending money on mortgage and the State absolutely assuming the responsibility?—I will.

4720. Now, sir, I am not going to fatigue you by taking you through a lot of ledgers and other books, but I will show you one or two instances to my mind of careless book-keeping, and I will learn your opinion upon them?—Yes, I shall be very happy to afford any information I can.

4721. Well, I will now bring under your notice "Estates in Office" Ledger No. 1, folio 1. You see there is a large account of Cockroft's. There are no totals there, nor no totals brought up from last page, and what I was trying to explain to you was this: that if I were one of your inspecting officers and wanted to check that balance I would require to take up those totals?—Of course, that ought to be totalled. Where is it carried on to?

4722. The ledger-keeper carries that daily balance on, £57 6s. 3d.?—I think that account is slovenly. Anybody would have to add up these pages. The balance may be right and these two columns wrong. I think it would be the duty of the auditor to add up the two columns to see if the balance was correct in that account.

4723. Then, do you know whether the auditor did that?—I cannot say; but I know this: I was once shown the books of an old nobleman in England who had been robbed to a large extent by his bailiff, and the robberies went on for years by adding up the columns wrong.

4724. This is what your inspecting officer says in his answer to Question 2171: "You would not be able to check the balance, from the fact of the summations being wanted?—No; I have nothing to do with the summations"?—I think he ought to add up the columns unless he has some other mode of check.

4725. It is not for me to say what my opinion of the duty of the Audit is. You may look over page after page and you see the same thing. I do not want, sir, to make it laborious for you in any way, but you will find that nothing can be made out of this account. If I were asked to check these books, to say whether the balances were right, I would have to begin from the beginning and write up books properly, with summations properly carried out from period to period?—When I used to inspect myself, which I did for several years, I used to add up the totals.

4726. When the inspecting auditor found a book in that state, was it not his duty to call Mr. Hamerton's attention to it before he attempted an audit, and say, "Put your books in order"?—I quite agree that is his duty.

4727. And that is one great fault we find in going through the Public Trust Office books?—I quite agree that the inspecting officer ought to have reported the state of those books to me. It is quite clear, I now see, that the books were written by a person who was not a competent accountant.

4728. Now, you will find this "Intestate Estates" Ledger No. 1, M to Z, in the same state, is it not?—They are pretty well written, with the exception of the summations.

4729. And where it is ruled off at a stated period, even there the summations are not filled in in ink. What is "usual," is to bring down the balance and carry the balance forward?—There is no doubt the account open before me is correct, because it has been all tested.

4730. And, in my opinion, where the auditor has made a grave mistake is in not having insisted

upon Mr. Hamerton seeing that his officers kept their books in proper form?—I know from experience in our own books that we are often obliged, for want of time, to leave the ruling-off until long after the account has been rendered.

4731. But your accounts are kept by single entry, are they not?—Yes, as Government accounts; Government accounts are kept differently from all others.

4732. You are not aware that several systems have grown up in the Public Trust Office perfectly unique in the direction of book-keeping. You will see in these ledgers a fourth money-column?—Yes.

4733. Then, you will observe, there is nothing there to tell what it is for. It is used for debit and credit. It is absolutely useless, and involves only a waste of time and confusion; and also, that the usual custom of Dr. and Cr. has been departed from in these books, inasmuch as it has been reversed?—I do not think that is of any importance at all.

4734. But it is of importance if you expect book-keepers to come in and audit these books. I never saw such a system in any other part of the world; did you?—I have seen it in Government accounts. Of course, the usual practice is that the paying office is credited and the receiving office debited, but that is not the case in the Government accounts.

4735. Still, the usual acknowledged form is that the first column is the Dr., the second the Cr., and then follows the balance?—Yes.

4736. The excuse given to the Commissioners by the officers of the Public Trust Office is that all balances with their office were supposed to be credit balances; therefore all credit balances were first a credit transaction?—I have them first in my books for this reason: The first I have got to credit is the vote of Parliament. That is the way in which I believe the English Government accounts are kept. It is consistent with the ordinary phraseology used to credit an account with the receipts in Government matters.

4737. But had you seen these three ledgers in the state they are in, would you not have objected to them?—Yes. I would say they ought to have been ruled off. I think it will be found that the sum is carried out somewhere. There is only one proper place for the totals—that is, the ledger.

4738. If a ledger in that state went into a Court of law, would it damage any case the Trust Office had to uphold?—No doubt.

4739. Would you not, had you seen it before, out of respect to your office and yourself, have insisted on that ledger being put in better form?—I think the inspecting officer ought to have reported that the ledgers were not kept as they ought to be, but I am quite certain that sufficient information has been afforded to the Audit inspector to show that the money is right.

4740. That may be; I am not in a position to contradict you. But ought he not to have reported the state of the ledgers to you?—Yes. After all, all accounts are merely records of transactions; they are not the transactions themselves.

4741. Where it is necessary to keep books at all for the purpose of recording accounts, is it not only usual, but proper, that those books should be kept in a proper and methodical way?—I quite agree. I am not defending the books at all. They ought to have been kept better.

4742. Are you aware that your inspecting officer has had brought under his notice a large number of books of which he knew nothing?—He told me; but I do not see why he should know anything about them.

4743. Then why allow them to be kept?—I do not see why they should be given to the Commissioners, because they are not part of the Trust Office accounts at all.

4744. The Public Trust officers did not give anything to the Commissioners. The Commissioners had to find out everything for themselves?—I should not call them office books, but private property.

4745. Then would you allow in the office private memorandum-books to be kept?—Yes; any quantity of them.

4746. Well, such would not be allowed in any well-regulated office?—I do not see how you could help it.

4747. Would you call this rough cash-book a good book?—Yes; I have no doubt it was very valuable for the information of the man who wrote it and nobody else, and that enabled him to make correct entries in the books which were office books. We know private memoranda are very useful, but they do not supersede the keeping of proper books. I think these are quite outside the accounts.

4748. Are you aware what these rough cash-books are kept for?—Not the least.

4749. And yet you say, "If it suited the whim of any officer to keep them in that state he would be perfectly justified in doing so"?—Perfectly justified.

4750. Are you aware that these entries are records of cash first coming into the Public Trust Office daily?—That may or may not be.

4751. Then is that not an important book under those circumstances?—Not necessarily at all.

4752. Supposing an amount of cash was disputed?—In that case, Yes; but allow me to ask is there not a cash-book, in which is entered all the cash coming into the office daily?

4753. Presumably there ought to be. And are not the entries made from this first book into that cash-book?—It may or may not be from this book.

4754. When I tell you that this is the book where the first entry of cash received in the Public Trust Office daily is made, will you say then that it is not an important book?—I call the first entry which ought to be made, as far as the office is concerned, the cash-book.

4755. It is quite unusual to make an entry in the ordinary cash-book in the first instance. Say I pay £5 over the counter, and it is counted and received, and I get a receipt for it?—Then, in my opinion, they have no business to take it except the same as in a bank.

4756. But instead of the slip voucher it is entered in this rough cash-book?—The voucher is made by the payer; that book is made by the payee.

4757. Are you not aware that vouchers paid into mercantile houses and banks are often made out by the officer in the bank or mercantile house?—Yes; and signed by the payer.

4758. Then here is the first book where the first entry is made, and, therefore, if an amount subsequently is disputed, where would the officers of the Public Trust Office afterwards go for reference? Would they not go first to look at the book in which the entry was first made? Would they not come back to this book—the primary circumstance of the entry?—No doubt the cash ought to be entered in the cash-book of the office. I look upon this book as private memoranda.

4759. *Mr. Macdonald.*] What do you call the cash-book?—The cash-book kept in the office.

4760. Should you keep that rough cash-book for reference?—No.

4761. *The Chairman.*] Then what would you do with it?—Put it into the fire, provided the entry had been made in the cash-book belonging to the office. If that memoranda-book supersedes any book of the office it is exceedingly wrong.

4762. Supposing your idea was carried out, you say that the rough cash-book where the first entry of cash was made, after it had been transcribed into what you call the large cash-book, might be put in the fire?—When I say the thing should be put in the fire it is equivalent to saying that I think this book should never have been kept at all. That is what I mean—that it is of no use.

4763. Now, we know these books have been kept daily for many years, and there have been in use about twenty of them. Now, knowing that they have been kept, should they be kept in that state?—I really do not know what the books are. If they are the cash-books of the office they are of course in a disgraceful state; but I do not think they are the first cash-books of the office.

Mr. R. C. Hamerton, Public Trustee, further examined.

4764. *The Chairman.*] Mr. Hamerton, referring again to Storer's estate, have you made the inquiries the Commissioners asked you to make?—Yes; I have received a telegram from Greymouth stating that the purchaser of the Wealth of Nations mining shares in Storer's estate was Arthur John Chamberlain, of Greymouth.

4765. Now, Mr. Hamerton, are you in the habit, when you find personalty such as mining shares in an estate that falls into your hands, of carrying those shares on and paying calls?—Oh, no! The usual practice, of course, is to sell—the almost invariable practice. There are occasions when it is considered advisable to hold on for a time.

4766. Then why hold on?—It would not have been done in this case but for the advice of one of the deceased's heaviest creditors, Mr. Meek.

4767. Now, supposing Mr. Meek states that he never gave such advice, would you contradict him?—I should say, in my opinion, he was mistaken.

4768. But have you satisfied yourself that through your treatment of Storer's estate, only worth within £100, that with regard to those shares the estate suffers a loss of £40 odd?—The estate does suffer, no doubt, from holding on.

4769. It suffers a loss equal to 4s. 3d. a share. You were offered 4s. 9d. before you paid the sixpenny call. Therefore the loss suffered per share is equal to 4s. 3d.?—That is so.

4770. On 200 shares that would be £40 odd?—Yes.

4771. What was the value of that estate altogether?—I cannot say from memory. It could not be more than about £80, the whole thing.

4772. So that half the estate has gone by that mistake?—It is scarcely a mistake: it may be an error of judgment.

4773. Then £40 odd has been lost by that small estate through your error of judgment?—Quite so.

4774. Now, have you found anything further in reference to Randerson's estate?—Yes; I have got the papers here.

4775. Will you tell me how the mortgage by Randerson was made up? I gather from what you said yesterday that the £1,000 originally lent to Randerson came out of several contributing estates?—Yes.

4776. What estates?—Henare Kaihau's, £280; Miss Burnes's trust, £250; and Andrew Cunningham's, Napier, £470.

4777. Had you, before lending those several sums of money belonging to Henare Kaihau, Miss Burnes, and Andrew Cunningham, letters of authority respectively from them to the Public Trustee agreeing to the money being put together in that way on one common mortgage?—No.

4778. You never communicated with them before you lent the money?—No.

4779. Then, you first lent the money out of what you call your Special Investment Account?—Yes.

4780. Will there be a loss on the security?—Well, I am in hope there will not be.

4781. How much money have you got in hand from it?—£68.

4782. And you have got, therefore, £932 to collect yet?—Yes.

4783. How long is it since you realised the £68?—It was December, 1885.

4784. And you have received no money since?—No.

4785. What have you done about paying interest to those several mortgagees?—The interest is stopped.

4786. Have the beneficiaries not remonstrated?—Yes.

4787. And have they not demanded their interest?—Yes; but there is no help for it.

4788. Did you, when you lent this money, advise them you had lent it?—When the first statement went in it was stated how the mortgages stood.

4789. Have you now a right, as Public Trustee, to transfer any balance in your books to what you call the Special Investment Account?—I take it that under the deeds of trusts and wills I have that right.

4790. To put it to Special Investment Account first?—No.

4791. We have already learnt you drew this £1,000 out of your account for special investment?—The method is this: The Board agrees to lend a certain sum of money on certain security; the money is paid out of the general funds of the office (Public Trustee's Account); then the Accountant asks me out of what estates this £1,000 is to be paid.

4792. But you first, in satisfaction of the mortgage by way of making the loan, have lent the £1,000 directly out of the Public Trustee's Account?—Yes.

4793. Now, you want to recoup the Public Trustee's Account with that sum?—Yes.

4794. How do you proceed?—The Accountant writes "Advance from," and I subjoin the list of sums to be invested.

4795. Then, you are the sole judge as to the various sums in your hands—which, among them, you will pick out for any particular investment?—That is so.

4796. Are you empowered to do so?—I take it so, from the deeds of trusts and wills which authorise the investment.

4797. Have you copies of the deeds of trusts and wills?—Yes.

4798. Can you tell me how this particular mortgage is drawn so as to apply the rights and responsibilities of each lender of money, and secure the security to each respective mortgagee?—I do not fancy it is so drawn.

4799. Then, is it drawn to you?—Yes, to the Public Trustee.

4800. Is there anything in any of the Acts to guide you in the conduct of the Public Trust business that gives you the authority to act as you have done in this particular case?—I do not think there is anything specific, but I do not think there is anything against it.

4801. Have you ever heard of what are legally termed distributive mortgages?—Yes. This might be termed a distributive mortgage.

4802. Unless you have authority by law, has it never occurred to you it is a breach of trust?—It has not so occurred to me. I have spoken to Mr. Wilson on the subject on one or two occasions, and he has not advised against it.

4803. Has he not advised you to get absolute authority or consent from those who were to contribute to the mortgage?—No, never.

4804. Has it never occurred to you to do that?—No, it has not.

4805. Well, now, do you think, under all those circumstances—you never having referred the matter to the different parties interested, and whom you make interested without their consent—that you ought to have had some authority from them?—It has not occurred to me, because I have always thought, the power of investment being clear, there was no further consent necessary.

4806. Will you show me what law exists to give you that idea, because the point is very important?—No doubt it is: I will look the matter up.

4807. Then, supposing there is a loss in the end of part of the principal money, how would you propose to apportion it?—Proportionately to the sum advanced by each.

4808. Then, the whole three would have to bear the loss, according to your ideas on the subject? Is that within the law relating to mortgages of trust funds that you, in the position of Trustee, can apportion in any way or manner you choose?—I do not think it is laid down.

4809. Then, are you not running a very considerable risk? Are you not by this very act making the colony really liable for those very losses?—I do not think so.

4810. Can you have any doubt about it? In the first place you do not get these people's consent whose trusts are in your hands, and again in the next place you lend the money from the Public Account. What, then, do you do with their money?—Reimburse the Public Account.

4811. Then, in other words, it is nothing more nor less than a transfer of your mortgage to them, but without a deed?—Yes.

4812. In your own mind, and according to your own way of book-keeping, you transfer to them without their consent in order to recoup your Public Trust Fund?—Yes; it might be said to be so.

4813. I want no "might;" it must be clear. We are discussing this serious matter with a view of satisfying ourselves one way or the other that it is the right course. Is it not advanced out of the country's money?—Yes.

4814. And, in order to make your account right, you take these three people's money and pay it in to your account?—In other words, invest the money.

4815. You transfer to them a security that is not worth the money?—I cannot say that.

4816. And what right have you not to pay them interest? You say you never advised them that the money was lent. If you were *bonâ fide* in this investment you were bound half-yearly to transfer interest to each of those individual lenders, for the reason that you first lent this money out of the Public Trust Account, and you recouped the Public Trust Account by moneys belonging to those three individuals?—As investments from them.

4817. Without their consent?—Yes.

4818. Do you mean to say if my estate was in your hands—an estate in which I was the sole beneficiary—that you had the right to invest moneys in which I was interested, if I were of full age, without my consent?—It would all depend on the trust deeds.

4819. Will you let me see the trust deeds in these several estates?—They will be here directly. [Will and codicil of Andrew Cunningham, of Napier, produced.]

4820. Then, as to Henare Kaihau: is he of full age?—Yes; that is a trust from the Government.

4821. Have you ever communicated with him on this subject?—Not on this subject of investment.

4822. And did you ever communicate with Miss Burnes?—No; not before she came of age.

4823. Is she of age now?—I am not quite clear whether she was then. She is now. She was not of age when this money was advanced in 1885.

4824. Then, you have no doubt that you did not take these several sums of money from their respective accounts and advance it direct to Mr. Randerson for the purposes of this mortgage without first going through the Public Trustee's Account?—I have no doubt of it, because the invariable practice is so.

4825. And yet you think the colony is not liable for mortgages you have made in the manner you have done in this way?—I do think so.

4826. Then, how long is it since these three contributories, Cunningham, Kaihau, and Burnes, have had any interest?—The interest was regularly paid to each of them up to the 26th May, 1888.

4827. And was a statement of accounts furnished to them?—Yes.

4828. And you got acknowledgments?—I have no doubt we have acknowledgments; but I cannot say positively without reference. These things do not come before me always.

4829. Since that date in 1888, have you communicated with the three different contributories interested?—Yes.

4830. What did you say? Can you show me your communications to them?—I shall look through the records for them.

4831. *Mr. Loughrey.*] You told us, Mr. Hamerton, that the amount was originally advanced from the Public Trustee's account?—Yes.

4832. And that you, in your books, subsequently distributed this security amongst several of the clients of your office?—Yes.

4833. Has the security turned out to be a poor one?—Yes; at present.

4834. Do you not think it would be right and proper that you should retransfer the whole amount to the Public Trustee's Account, so as to relieve your clients? Would not that be the proper way to do it?—I cannot think so. The investment was made with all honesty and with due care.

4835. Is there any mention in the deed of the clients to whom you transferred this security?—No.

4836. So that the only intimation they have is that you, in your books, have distributed this account amongst a certain number of your clients?—Yes.

4837. *The Chairman.*] Have you no other deed between you and the contributories?—No.

4838. Then the mortgage is to you as the Public Trustee of the colony?—Yes.

4839. *Mr. Loughrey.*] Should you not retransfer that mortgage in your books from the separate estates to the Public Trustee's Account, as the security has turned out a weak one?—No; I do not think so.

4840. Is it not the best thing you can do, to report that you have made a loss for the colony?—[No answer.]

4841. Was it out of the Public Trustee's Account that you originally advanced the money?—Every sum must come out of that account, because there is no other account.

4842. So that, if every sum comes out of the Public Trustee's Account, is the colony not liable?—No.

4843. Has Miss Burnes been writing very frequently complaining at not receiving her allowance?—Yes.

4844. *The Chairman.*] Have you copies of those letters which you say you have written to her?—Mr. Alexander is now looking on the file for them.

4845. But should they not be in the letter-book copied?—They are easier of reference on the file.

4846. Let us see the last letter you wrote to Miss Burnes?—On the 7th August, 1888, I wrote the following memorandum to Miss Burnes, addressed to the Union Bank, Oamaru:—

7th August, 1888.

Re your trust: I am in receipt of your letter of the 2nd instant, and, in reply, have to state that until you attain your majority I must continue to pay the income from the Trust Fund to your guardian, who will hand to you such amounts as he considers desirable. When you arrive at the age of twenty-one years it will become my duty to remit the income to you quarterly. It is only right to inform you that a sum of about £150 is still due to Mr. Johnston for expenses incurred by him for education, &c., prior to the realisation of the estate, and some arrangement should be made by which this sum may be gradually liquidated. The net annual income from the present investments of the fund is about £115, which, as before explained, is payable to your guardian.

Miss Burnes, Union Bank, Oamaru. R. C. Hamerton, Public Trustee.

4847. What is the income?—The net annual income is £115.

4848. Does that include the interest on the sum of £250 that is included in the loan to Randerson?—It would do so, because Randerson stopped payment.

4849. Where is your next letter to her?—On the 29th July Miss Burnes wrote,—

Dear Sir,— Lambeth House, Molesworth Street, Wellington, 29th July, 1889.

As my income is very limited, and any loss of capital, however small, would mean serious inconvenience to me, I am anxious that the principal should be as certain as possible, and I therefore prefer that it should be invested in exceptionally good securities, even if at a slightly lower rate of interest. Will you pardon my saying that the Auckland investments are a source of great anxiety to me, and I shall be glad if no more of my money is invested in that district, and to hear that both interest and capital are recovered. Excuse my thus troubling you.

Yours, &c.,

The Public Trustee, Wellington. M. E. Burnes.

4850. Have you any letters from her, or did you write any letters to her, between August, 1888, and that date—July, 1889?—No; there is nothing between these two dates—eleven months.

4851. And during that time you made no communication to her?—Except the statement of accounts.

4852. And when did you send statement of accounts?—The 2nd November, 1888, and 8th July, 1889.

4853. Now, what was the answer you wrote in reply to her last letter (July, 1889), where

Miss Burnes complained of the Auckland investment?—I wrote to her on the 31st July, 1889, as follows:—

31st July, 1889.

Re your trust. I am in receipt of your favour of 29th instant, and shall thank you to inform me if it is your wish that the capital herein should be invested in Government securities, which alone are free from risk of loss. The highest obtainable rate of interest on such investments is 5 per cent. per annum.

Miss Burnes, Lambeth House, Molesworth Street. R. C. HAMERTON.

4854. Well, now, at the end of 1888 you had your doubts as to the safety of that Auckland security, had you not?—Yes.

4855. You believed that it would not bring in the £1,000 lent upon it, and that it was a doubtful security?—Yes; I had no doubt of that.

4856. In your balance-sheet of the 31st December, 1888, did you report that among other matters?—I did not.

4857. Did you in your balance-sheet of the 31st December, 1889, report that and other doubtful securities?—No.

4858. Did you in your balance-sheet of the 31st December, 1890, report that as doubtful, and any other doubtful securities?—No, not in the balance-sheet.

4859. Have you ever reported those doubtful securities to the Government?—No, I never have.

4860. Then, you have kept them within your own knowledge and the knowledge of your officers?—And of the beneficiaries. They have been told.

4861. Now, did you ever report to Miss Burnes that there was a doubt of her ever getting back her principal money?—No. I told her the interest for the present is stopped, and I could not recover it.

4862. And that is all the report you gave to her as to the doubtfulness of her principal money?—I think that was all.

4863. Can you show me that you ever reported to any beneficiary interested in securities held by you that his or her principal money was unsafe, and likely not to be paid back in full?—I reported to every beneficiary by periodical statement of accounts.

4864. In what form?—To the effect that the mortgagor had ceased to pay interest, and at present the security was doubtful, or could not be realised, or words to that effect.

4865. Then, can you show me one single instance in which you have used that language in any statement?—I could not at present. I should have to call the Ledger-keepers to my assistance.

4866. What I want you to show me is one case in which you have been distinct and definite to the effect that not only is interest not forthcoming but that the security is doubtful?—I will call the Ledger-keeper.

4867. Now, in your several balance-sheets during the last three years I have just quoted—the end of 1888, 1889, and 1890—you have an amount shown there, under the head of investments, representing those mortgages?—Yes.

4868. Then, those appear in the balance-sheet to be good investments?—Yes.

4869. Is there anything to the contrary to show that those investments during those three years which in your own mind you knew to be doubtful—on those balance-sheets, showing any securities to be doubtful?—There is not.

4870. Ought there not to have been?—Yes; properly speaking, we should have had a valuation of the whole securities every year.

4871. But you had it in your mind on the 31st December, 1888, in the following December, 1889, and in the following December, 1890, that the security of Randerson, at any rate, was a doubtful security, notwithstanding which that security appeared in your three last balance-sheets amongst those that were considered good, did it not?—Yes.

4872. As it has appeared in the balance-sheet for three successive years, those balance-sheets have not been true balance-sheets as regards Randerson's mortgage, or any mortgage in a similar condition?—Yes, I admit that.

Mr. CHARLES JOHN ALEXANDER, Ledger-keeper, examined.

4873. *The Chairman.*] Have you known an instance where the Public Trustee has informed the parties interested that they were likely to lose their principal money?—I cannot recollect any case of the kind.

4874. Will you show me a single case where the Public Trustee has written to any beneficiary that his or her principal money was in a doubtful condition—that the security was not likely to bring his or her principal money in, besides the interest which was not coming in?—We have had a case or two lately, but I cannot at present call the estate to mind, but can in a few moments. Admiral Field's was one, and we told him it was very likely he would lose a portion of the principal.

4875. How long ago is that?—Close on six months ago.

4876. Do you think you will be able to find those papers and bring them up?—Yes.

4877. Do you know of any other case where, the interest not being forthcoming, you have been good enough to advise the parties interested that the principal also would not be forthcoming?—I do not recollect any other mortgage in which we told beneficiaries or persons interested that there would likely be any loss of principal.

4878. Can you call to mind whether Miss Burnes was ever informed that, while she was not getting interest on that mortgage which it had been represented to her she was interested in, her principal money would not all be forthcoming?—I do not remember anything of the kind. I know he was in on several occasions with the Public Trustee, but I know nothing of my own knowledge.

Mr. R. C. HAMERTON'S examination resumed.

4879. *The Chairman.*] Now, Mr. Hamerton, taking this class of mortgages according to your own view of the responsibility in connection with them in regard to yourself and the colony, was it

not your duty, having come to the opinion that Randerson's security was not good for the amount of money that had been lent upon it, and that there must be other securities in a similar position—was it not your duty from time to time, at least once a year, to report the same to the Colonial Treasurer, or to show evidence of it clearly in your balance-sheet—I simply want "yes" or "no" from you?—I do not think it was my duty to report it to the Government.

4880. Then, do you think it was your duty to show it on your balance-sheet?—I think it would have been very much better if it had been shown.

4881. Do you think it was not absolutely your duty to do it?—Yes, I do.

4882. Your not having done so, it now appears that your balance-sheets were not true balance-sheets?—They were true as far as the actual securities were——

4883. Were they not misleading balance-sheets?—They might be called misleading, but there is no evidence to show that intent to my knowledge. The amount of the mortgage is still £1,000.

4884. It is no use beating about the bush. You know as well as I do that you will never come within cooey of that £1,000?—I do not know it.

4885. Then, by this time you ought to know it. We have it in evidence that you will never come within cooey of the £1,000. How much of it have you realised?—£68.

4886. During how long a time?—In three years.

4887. More?—No, just three years.

4888. Then, out of £1,000 you have realised the magnificent instalment of £68, leaving £932 for the last three years, which you failed since to realise any more on?—That is so.

4889. And you got no interest besides in that time?—None.

4890. And yet you say the money may still be forthcoming out of that security?—I say, I hope so.

4891. Would you like to take it over yourself at 20 per cent. less?—No, I do not think so.

4892. Then, why do you hope so? Is it not better to come to the point at once? You know the money will never be forthcoming, and you, by your mode of conducting this business, wish to saddle those unfortunate beneficiaries with the loss, instead of which the country ought to bear the loss. You should not have shown on your balance-sheet from time to time all doubtful investments, where the colony was directly or indirectly interested. Those doubtful securities should have appeared in your balance-sheets under a distinct heading. No balance-sheet should come from the Public Trust Office to which the name fictitious should in any way attach. But, now, under the circumstances, I am afraid that term must attach to those balance-sheets where those doubtful securities have not been so represented. Is that not so?—That is so, to a great extent.

4893. *Mr. Loughrey.*] You say that probably you will be able to realise on this security to the full extent?—I hope so.

4894. Will you add to that the accumulated interest?—If it be possible I should do so.

4895. Will you feel yourself very fortunate if you recover your principal without interest for the number of years?—Yes.

4896. *The Chairman.*] Has Miss Burnes's guardian never brought this feature of the case under your notice?—No, he has not.

4897. Perhaps he is not aware of the real state of things?—Perhaps not.

4898. Has Miss Burnes herself written to you about it?—Yes.

4899. Would the loss that is to be made in this £1,000 mortgage comprise part of that £1,500 which you have already told the Commissioners you believe will be lost in connection with that class of investments?—It must do so; there is no doubt of it; and I am afraid that that £1,500 will not represent the loss that will be made by the Public Trust Office in investments of private moneys which have been intrusted to it, assuming of course the mortgages to be bad, and that we realise nothing from them.

4900. But supposing you will get some money out of very doubtful securities, then what do you think the total loss will be to your office?—It would be merely hazarding an opinion. I am getting a return prepared for the Commissioners.

4901. Will that return show us the probable result completely?—It will.

4902. When will we get that return?—If you wish it at once I will take the men off other work.

4903. Have you not shown to the Government that the Public Trust Office was making considerable profit from time to time?—I have.

4904. To whom or to what Minister did you show that?—In the usual balance-sheets to Parliament.

4905. Has any Colonial Treasurer put the question to you as to whether you had any security doubtful among your securities?—No; I do not remember any Colonial Treasurer putting that question to me.

4906. Then the Colonial Treasurer of the day was content to swallow everything you could show him in the way of profit?—There was no swallowing in the matter, excepting on the occasion in 1888 or 1889 when I was directed to hand over whatever stood to the credit of Expenses Account—that was, profit and loss, after leaving me sufficient margin to carry on the office.

4907. Who told you to do that?—Sir Harry Atkinson.

4908. He told you, in colonial parlance, to shell out all sums of money that you had made in profit and loss over and above what you thought would be sufficient to carry on?—Yes.

4909. And what did you do?—I paid in £18,000.

4910. Had you ever paid in anything to the Treasury before?—No.

4911. That was the first instalment paid away out of your supposed profit and loss, and which the Public Trust Office had made and was enabled to hand over to Sir Harry Atkinson, as Treasurer of the colony?—Yes.

4912. And did he thank you very much for it?—I do not recollect that he did.

4913. When you handed that over, did Sir Harry Atkinson ask you if you had any doubtful security or securities among your investments in connection with the business of the Public Trust Office?—No.

4914. And you as Public Trustee, seeing that you were parting with such a large amount of profit as £18,000, never thought it prudent to suggest to him that there were and might be doubtful investments in your hands, which might or might not have to be provided for?—No. I always looked upon it that so long as there is no negligence, and a sufficient care shown in the lending of money of private estates, the colony was not liable any more than an ordinary trustee is liable for the lending of money on mortgage, if he exercises ordinary business care.

4915. And that, Mr. Hamerton, is the broad and business-like view that you have taken of your position as Public Trustee, comparing it only on all-fours with that of a private trustee, who may have the handling, perhaps, of one estate, be it large or small, while you have the handling of hundreds, perhaps thousands, of estates belonging to the people of the colony, and where you have exceptional advantages for making profits. Hence, the £18,000 you were able to hand over to Sir Harry Atkinson. Your view seems to have been that you should deal in the same piecemeal way with every transaction as a private trustee might deal with one single small estate. Now, has it never occurred to you that there should be some give-and-take principle where the public of the colony with many estates are concerned as a whole, by which you should, at any rate where investments were unfortunately made under the direction of the colony, they should at any rate be protected, because the balances you had in hand from many estates must of necessity have been the source and fountain for making a profit?—It has not occurred to me in that light. The principle that I thought should guide me was this: If a testator in his will gives power to invest either in Government securities or mortgages of real property, and the beneficiaries, those I may have consulted, wish the moneys to be invested in Government securities, of course there is absolute safety; but where they desire a larger income, and request that investments on mortgage may be resorted to, then I have held, rightly or wrongly, that the liability of the colony ceases, on the assumption that all care is taken.

4916. Now, have you ever authorised an advertisement in a page of the "Postal Guide" issued by authority of the Government of this country?—Yes.

4917. Have you got that advertisement here? If so, read it.—Yes; it is as follows:—

Public Trust Office.

ESTABLISHED UNDER THE PROVISIONS OF "THE PUBLIC TRUST OFFICE ACT, 1872," AND THE AMENDING ACTS OF 1873 AND 1876.

Guaranteed by the State.

Public Trustee	R. C. HAMERTON.
Chief Clerk	Rev. C. D. DE CASTRO.
Accountant	J. C. MOGINIE.

The Office undertakes the following Business:—

1. The Administration of all Intestate Estates of which Letters of Administration have not been granted to the widow or other person entitled, the realization and distribution of the personalty, the payment of the debts, and the care of the realty for the absent heir.

2. The Executorship of the Wills of persons who may appoint the Public Trustee their executor, and thus avoid the necessity which otherwise would exist of committing their friends to the responsibilities involved by such position.

3. The Administration of all kinds of Money Trusts, including Marriage Settlements and every kind of fund the trusts of which are definitely set forth in the deed creating the Trust.

4. The Administration of the Estates of Lunatics and Lunatic Patients. This duty was transferred to the Public Trustee by "The Public Trust Office Act Amendment Act, 1873."

5. The Protection and Administration of all Lands lying waste, of which the owner is unknown, or has been absent from the colony for ten years without having left any known agent.

All further particulars may be obtained on application to the Public Trustee, at the Public Trust Office, Wellington.

AGENTS.

Auckland ...	E. P. Watkis, Esq.	Napier	J. F. Jardine, Esq.
Blenheim ...	E. Mead, Esq.	Nelson	A. A. Scaife, Esq.
Christchurch ...	J. J. M. Hamilton, Esq., District Agent for Canterbury.	New Plymouth ...	W. J. Shaw, Esq.
		Oamaru ...	A. Thompson, Esq.
		Palmerston North ...	J. H. Hankins, Esq.
Clyde	G. Fache, Esq.	Patea	E. C. Horner, Esq.
Dunedin ...	J. E. Smith, Esq.	Queenstown ...	W. Turton, Esq.
Gisborne ...	Thomas Chrisp, Esq.	Tauranga ...	J. A. Clark, Esq.
Greymouth ...	R. Nancarrow, Esq.	Timaru ...	D. M. Ross, Esq.
Hokitika ...	R. W. Wade, Esq.	Wairoa ...	W. F. Shaw, Esq.
Invercargill ...	R. F. Cuthbertson, Esq.	Wanganui ...	A. Barns, Esq.
Kaikoura ...	J. Davidson, Esq.	Westport ...	W. Lloyd, Esq.
Masterton ...	W. B. Chennells, Esq.	Woodville ...	W. Syms, Esq.

4918. "Guaranteed by the State?"—Yes, "Guaranteed by the State."

4919. Now, Mr. Hamerton, this "Guaranteed by the State" hangs at the top of your advertisement like a signboard?—Just so.

4920. The advertisement goes on to state the business it undertakes; and then you go on to set forth the advantages that you offer, and your many agencies, and the names of the agents who act for the Trust Office. Now, I ask you this: Would you, as a member of the public, reading that advertisement with that heading, "Guaranteed by the State," above all those different duties which

the Public Trust Office offers to perform—would you not rely upon that announcement that the State guaranteed all business that came into its hands included under those heads? Would I, as a stranger, not be justified in believing, and honestly believing, that in putting business under any of those heads—and they are numerous enough, as everybody may know—the State guaranteed that business through all its ramifications?—I can scarcely say. You ask me whether any members of the public——

4921. I do not confine you to any members of the public. I say, would I, who perhaps am as innocent a member of the public as any you will find, be justified in believing the State guaranteed any business that I was induced to place in the hands of the Public Trust Office?—Well, it may have that appearance.

4922. Now, Mr. Hamerton, you are a lawyer. Do you mean to say that there could be any other answer—that if I, on the faith of that advertisement, went into a Court of law, and made a declaration or gave evidence that on the faith of that advertisement—which you acknowledge has been issued by you—I gave you business, part of which was to make loans such as the one made to Randerson, do you mean to tell me that the State is not liable?—If there was no other information excepting that it might be the case.

4923. What other information for my guidance do you give me? If I say that on the faith of that advertisement I give you business, what else is it you mean to undertake? Do you mean to say "Guaranteed by the State" is a sham, to induce the public to put business into the Trust Office for safety when there is no meaning in it?—Certainly not.

4924. Then, you mean to say it guarantees, under the several conditions you advertise, business coming into the office?—Guarantees the honest carrying-out of business.

4925. What other interpretation can you put upon it? To any of the public reading that advertisement, can it have any other interpretation than that the State is liable for whatever business they may put into the hands of the Public Trustee?—It may have that interpretation certainly, but the Act is greater than an advertisement.

4926. But, Mr. Hamerton, the people do not see the Act; and if you go beyond the Act the law will not excuse you. If you, as Public Trustee, go beyond and outside the Act, then if the colony is not liable, you are. Will you admit that?—I must admit I am liable for whatever I do, and for any losses that have been occasioned through my inattention or culpable neglect.

4927. And for going outside the Acts?—Yes.

4928. *Mr. Loughrey.*] Is not particular attention drawn to "Guarantee of the State" in your advertisement?—Yes.

4929. *The Chairman.*] I am afraid it is too apparent, and it has never occurred to you before that you are either misleading the public or putting yourself in a false position. Is that not so?—It has not so appeared to me.

4930. Do you not think you have either put the Trust Office in a false position or misled the public—which of them, a good deal of both?—Possibly so.

4931. You say that you handed to Sir Harry Atkinson, while Colonial Treasurer, £18,000 of supposed profit which you made out of the business which the public has sent in to you, no doubt after reading, or at any rate some of them reading, that advertisement. Do you know how much money besides that £18,000 that you have handed to the Consolidated Fund comprised of balances belonging to the public?—It is a very large sum.

4932. Do you know how much?—No; the Commissioners will have that return very shortly.

4933. Then I will tell you that you have handed £32,000 odd to the Consolidated Fund, of small and large balances belonging to different intestates since the office opened, out of which the Consolidated Fund has only been called upon to refund about £1,800. So that up to the time Sir Harry Atkinson retired as Colonial Treasurer he has had the benefit not only of £18,000 of your supposed profits but also of over £30,000 of those unclaimed balances, making altogether over £50,000 out of the Trust Office?—I have no doubt that is so as regards the amounts paid over.

4934. That is, exclusive of the bankruptcy balances, which amount to over £3,000?—I have no doubt of it.

4935. Thus making a total considerably over £50,000 out of your office?—The bankruptcy amount will not be very large. It may be over £3,000. So that there is over £50,000.

4936. *Mr. Macdonald.*] If those balances arising from intestate estates where the next-of-kin cannot be ascertained, and which belong to the Consolidated Fund, were kept in hand to form the nucleus of a reserve fund, they would accumulate, along with a small charge for guarantee, sufficient to guarantee the department against any losses sustained by mortgages?—Yes.

4937. And that would be an admirable way of dealing with that question?—Undoubtedly. I brought it before the Government between 1884 and 1887 in a Bill we were preparing for consolidating the Acts. One of the clauses of that Bill was to form a guarantee fund.

4938. That Bill never went before the House?—It never was introduced.

4939. What Ministry considered it?—At that time it was Sir Julius Vogel's Ministry; but Sir Harry Atkinson's Ministry also considered the later one to the same effect, but it was never introduced.

4940. What was the reason of that?—I could not say.

4941. Was there no reason given?—No—pressure of work.

4942. *The Chairman.*] Now, Mr. Hamerton, do you not think it is a very hard case indeed—the case of this young lady, Miss Burnes, whose money the Public Trustee is intrusted with to guard and invest; and, in the first place, she is led to believe that a good investment has been made by you for her, and then she is suddenly told that no interest is forthcoming, and is kept in the dark as to her future fate in regard to her principal money?—No doubt it is a hard case, but there are very many hard cases in the world—that is to say, the Trust Office, after due consideration, lent this money, believing that the security was good.

4943. But you lend the money out of your General Account, to begin with, and without asking her. She does not lend the money. You only subsequently say she lends the money, and try to make it appear so by entries you choose to make in your books?—That is so.

4944. But surely that will never fix her. She will have to be refunded her money, and so will the other two contributories; and, if there are any more cases in that state, the sooner you face it the better, do you not think so?—[No answer.]

4945. *Mr. Macdonald.*] When these loans are made, does the Board decide out of what trust funds the money is to be advanced?—No.

4946. Do they simply pass the loan?—Yes.

4947. Then, do you draw a cheque for the money?—Yes.

4948. And, after the cheque is drawn and the sum advanced, do you take the money and allocate it?—Yes.

4949. Does it not follow that you cannot ear-mark that particular money against these estates? If you lend £1,000 out of your general fund, and after you have lent it you choose to make certain entries and say, "I will take £50 from this, £250 from that, £150 from the other," and so on, until you make up the £1,000, and a loss arises, your failure to ear-mark the advance in the beginning out of those particular estates prevents your allocating any loss to those estates. Judging from one's own business experience, that would necessarily follow, and you ought to have done all that prior to the loan coming before the Board?—It is not their function to do that.

4950. Is it your function to enter the true state of loans, and where the money comes out of, in your minute-book?—The allocation takes place within three or four days after the money goes. The allocation is, say, £250, £300, and £450. If there is a loss, a proportionate loss to each of these estates would be entered.

4951. Supposing you had lent £10,000 on the 1st of May, we will say: the loan had been passed, the cheque drawn on the general fund, and the whole thing completed; and to your horror you discover a week afterwards, prior to your allocating it, that you had made a mistake, that the property was not worth the money, and you had been deceived, what becomes of your allocation then?—Then I should bring it before the Government at once, and there would be at once, I take it, a loss by the country or by myself.

4952. *The Chairman.*] Then, if the country was bound to bear the loss a week afterwards, why should not the country bear the loss two years after you had discovered your error?—Does the question of time matter. Had you lent £10,000 out of a particular estate, and the Board had passed such advance, you might fairly enough have said, providing you were not guaranteeing the loan, that you had used all necessary precaution; but when you advance it out of the general fund direct does it matter whether you discover the loss in two years or in a fortnight?—I cannot advance any money except out of one account, because I cannot keep a thousand accounts.

4953. We were told when the Public Trust Office Bill was drafted it was the intention of the draftsman who prepared the Bill that the Trust Office investments should be guaranteed by the State, and for that very reason he provided that all the moneys of your funds should be public moneys, and made subject to control as well as to audit?—Yes.

4954. *Mr. Macdonald.*] Now, the position which the department has taken up is that, although the department is guaranteed by the State in accordance with the original intention, if a loss arises, the State does not guarantee the loss. In other words, you are not giving effect to the principles under which the office was created, and the intention of those who created it?—That is a strange position when you come to think of it. Supposing I had £50,000 lent on good securities in Wellington, worth £100,000, and supposing by some convulsion of nature either the harbour disappeared, or some other eventuality reduced these securities to nothing, then in such a case is the colony liable?

4955. According to your theory, it is not liable in any case, but, even in such a case, if the department is to be of any value, and to carry out the plain conditions of its advertisement, it might be liable. Should you not, therefore, provide against the risks attending its operations by a proper guarantee or reserve fund, the same as any mercantile firm or bank does? Every bank and every prudent public company has a reserve fund; so also should the Public Trust Office, against which it might charge losses?—I quite agree.

4956. *The Chairman.*] The instance you gave to us just now was, that presuming you lent £50,000 on property that was undoubtedly worth £100,000, and that property was swept away, would the colony be liable? No doubt you are allowed to make such investments under certain circumstances; and, if properly made and the security was swept away, I certainly do not think that in such a case the Public Trust Office would be liable?—Nor do I think so either.

THURSDAY, 7TH MAY, 1891.

Mr. MATTHEW CLEARY examined.

4957. *The Chairman.*] What are you, Mr. Cleary?—A general dealer.

4958. Have you been long following that occupation?—For, on and off, the last ten or twelve years, in Wellington.

4959. And I suppose it is part of your business to attend auction-sales?—Yes.

4960. Have you paid much attention to the sales made by the Public Trust Office? You have seen their advertisements?—Yes; I always take notice of the advertisements, and very often attend those sales.

4961. Do you remember attending a sale that took place in March, last year?—I could not say from memory to a particular date.

4962. Well, do you remember about a year ago purchasing a bracelet?—Yes; I quite remember that.

4963. In a sale advertised at the instance of the Public Trustee?—Yes.

4964. A bracelet with Scotch pebbles in it?—Yes.

4965. How was that bracelet named in the auction-sale? Was it called a bracelet?—The auctioneer described it as a bracelet, but did not know whether it was gold or not.

4966. I find that the auctioneer in the account sales described it as a bangle?—If my memory serves me right he put it up as a bracelet; but I think he remarked at the time that he did not know whether it was gold or not.

4967. Did you buy it?—Yes.

4968. And kept it ever since?—Yes.

4969. What price did you give for it?—Two and sixpence.

4970. I suppose you know what a bangle is?—I would take a bangle to be a very narrow wire.

4971. Then, there is a great difference between a bangle and a bracelet?—I would imagine so, although I do not profess to understand these things. But I always took it that a bangle was a narrow wire.

4972. Do you remember whether it was made known to you, or to any one in the auction-room, that that bracelet belonged to the estate of Mrs. Dallon?—I do not remember hearing it mentioned at the sale.

4973. Then, the bracelet was knocked down to you as a bangle? I must confine myself to the account sales?—I do not recollect whether he said a bangle or a bracelet at the time.

4974. However, it was knocked down to you?—Yes.

4975. And it proved to be a bracelet?—Yes.

4976. Is this the bracelet which you produce?—Yes. Of course, it was a matter of speculation with me. The cost was very little, and a person is very often deceived. I have seen 18-carat gold sold and bought as a brass chain. That is some years ago. I remember Sims, in Manners Street, buying two chains, which were very black and dirty. He bought them as a speculation, cheap. He took them up to Freeman, the jeweller, in Manners Street, and sold one for £3 10s., and kept the other.

4977. Were those belonging to the Public Trust Office effects?—I believe they were sold as Public Trust Office effects.

4978. Then, the description of those goods is very limited, and anything but clear, when they are exposed for sale?—Yes. Of course you have an opportunity of viewing them, and taking them in your hands.

4979. *Mr. Macdonald.*] What did you think the bracelet was—gold or plated?—I thought it was plated.

4980. *The Chairman.*] I presume the stones are worth a great deal more?—They may be. I have no idea what would be the value of the stones.

4981. Considering you have been in business as a dealer for twelve years, you would have gained a considerable amount of experience as to the conduct of auction-sales generally where people's effects are exposed for sale: do you think that what has been the custom of the auctioneer in describing the effects placed in his hands for sale by the Public Trustee has been such as to bring the best attendance to the sales?—I scarcely follow that idea. My opinion of the matter is, that of late years the jewellery has been tested before it is put into the sales. I formed that opinion, any way, from time to time.

4982. Where and how do you think it has been tested?—By some jeweller in town, I would suppose.

4983. In the Trust Office or at the auction-room?—I could not say. My opinion is that it is tested before it is put into the sale.

4984. On what ground did you form that opinion?—I have seen the officers of the Public Trust Office bidding for certain goods, and I should suppose they knew the value before they bid.

4985. Have you ever had the Rev. Mr. De Castro opposing you in your bidding?—Yes.

4986. Have you ever had any other officer of the Public Trust opposing you in your biddings?—I do not know any of the other officers.

4987. You have no doubt that you have had the Rev. Mr. De Castro bidding against you?—I have no doubt of that.

4988. You frequently saw him at sales bidding?—Yes.

4989. Did he ever bid for an inferior article?—I never saw him bid for an inferior article.

4990. Have you ever seen him bid for a good article?—I have.

4991. Frequently?—Some time ago.

4992. What was the particular article?—I do not know what it was; it is some years ago now. The reason why I know is that I remarked at the time he had no business there bidding for those goods.

4993. Did you ever tell him so?—I told him more than once in the auction-room.

4994. And what did he say?—He made no remark at all. Mr. Grady was present at one time, and said that he thought Mr. De Castro had as much right to bid as anybody else.

4995. Who is Grady?—A jeweller. I do not think it is fair to the public to have Trust Office officers bidding.

4996. Mr. Grady was the Rev. Mr. De Castro's private jeweller perhaps?—I could not say.

4997. The Rev. Mr. De Castro appeared to act as jeweller for the Public Trust Office. Mr. Grady perhaps acted for Mr. De Castro?—Perhaps Mr. Grady thought Mr. De Castro had as much right there as anybody else. I remember speaking of it the other evening. I remember an auctioneer saying that Mr. De Castro or any public officer had as much right to be there and buy as any other

person. That was an outside firm. I think the firm never had anything to do with the Public Trust Office.

4998. What was the name of that auctioneer?—I could not disclose the name.

4999. Does it not occur to you that that is a wrong principle for an auctioneer to have those ideas?—I think it is.

5000. Do you think an auctioneer is entitled to buy anything that is placed in his hands for sale?—Certainly not.

5001. Then, it does not say much for the morality of some auctioneers in this city that they should have such an opinion as you have just quoted?—I think not. I think an auctioneer should be above that.

Mr. William Leslie Morrison further examined.

5002. *The Chairman.*] Mr. Cleary, a dealer in this city, has just been before the Commissioners, and he has brought a bracelet which he bought at a sale in Thomas and Co.'s in March last year, at the time Mrs. Dallon's effects were disposed of. It was sold to him as a bangle, by auction. Would you look at that bracelet [produced] and see whether that was the bracelet that was among Mrs. Dallon's jewellery?—So far as I can remember, it is.

5003. Then, it appears to have been in Mr. Cleary's possession ever since the sale. Would you consider that the bracelet was gold?—I could not say whether it was gold or not. It is heavy enough for gold.

5004. As heavy as gold?—As far as I can tell, I think this is the one.

5005. The bracelet answers your description, at any rate?—Yes.

5006. Then, it was sold by the auctioneer as a bangle?—I do not know whether it was sold as a bangle. I was not at the sale.

Mr. James Edward FitzGerald, Controller-General, further examined.

Witness: I have just received a voucher of the office, and I thought I would bring it up here, if the Commissioners would let me show it, as an answer to the charge that has been brought against the Audit Office of constant delays in our inspection of the accounts. This is a voucher of money which was left by will to the musical band of the Masterton Hospital. The money was to be paid to the committee of the instrument fund. It was returned to the office with this memorandum: "I think the Public Trustee is bound to make inquiry whether such a fund exists, and by whom it is administered." On inquiry, they find there is no such board in existence—that the trustees of the fund are the Trustees of the Hospital. You would have thought, as a matter of business, that the office would have inquired who are the people to whom the money is to be paid. That is constantly occurring. We have to send vouchers back for necessary information before they can be passed, and it leads to delay. It must be charged to those who send up vouchers with insufficient information. This is an illustration. I could lay numbers of vouchers before the Commissioners of exactly the same character.

5006A. *The Chairman.*] Then, that is a fault, if a fault exists, of the law?—No; it is the fault of the Trust Office, which does not make out the vouchers in a proper form, payable to the proper persons to receive the money.

5007. But, presuming there was no fault to be found with the Public Trustee in regard to making out such vouchers, there still must be a certain amount of delay through the fact of vouchers having to pass through the Audit Department?—Of course, there is a certain amount of delay, no doubt. If you are going to have a pre-audit or control there must be delay; but in many cases delay has occurred through the vouchers being handed back two, three, or four times through the vouchers being incorrect. I think it will be found, if close inquiry is made, that the majority of vouchers are returned the same day; very few the day after—in a day or two at the outside. There is no delay in the Audit Office.

5008. Then, what was the irregularity of which you complain in this voucher?—The voucher in reference to this amount of £49 3s. 1d. is originally made out by the Public Trustee. The claimant is set out as "the committee of the instrument fund, Masterton Hospital."

5008A. Then, the Audit Department objected to that?—We did not object to it if there were such people; but we wanted to find out if such people were in existence, or otherwise.

5009. Then, it is afterwards made "Trustees of the Masterton Hospital"?—Yes. We know who they are. We audit their accounts.

5010. But supposing the Audit Department, knowing there was only one fund, had accepted the first form and paid the money nominally to the instrument fund?—We do not know who the money might have gone to.

5011. But there was no other band or instrument fund or instrument funds?—It might have gone to Tom, Dick, or Harry, if there were no such persons.

5012. Would it not have gone through the Public Trust Office?—Yes.

5013. Then, the Public Trust Office, primarily, was responsible if that office paid the money wrongly, to the wrong fund?—Yes; but that is not the principle of pre-audit. The principle of pre-audit is to prevent wrong being done, not to discover it after the wrong has been done.

5014. Then, of course, the principle of post audit would be to discover the wrong after it had been done?—Yes.

5015. Has the Audit Department the Gisborne Harbour Board accounts under its control in matters of audit?—Yes.

5016. Have you observed by this morning's paper that some irregularities nominally appear there?—Yes; I am very sorry to see it.

5017. Would the Audit Department be in any way responsible?—Certainly; there will have to be a very strict inquiry as to how it has happened.

5018. *Mr. Loughrey.*] Are there any funds of the Gisborne Harbour Board in the Public Trust Office?—Yes, put into it by Parliament.

5019. *The Chairman.*] But those Gisborne Harbour Board defalcations, as shown to-day, appear to have gone on for a considerable time?—Yes, so it is said. I do not know about the truth of it at all.

5020. Now, what training have your staff in the Audit Department—I mean your inspectors? Have they received their experience entirely in the Audit Department?—No; as a rule not.

5021. From the evidence given by the officer, Mr. Webb, who has already come before the Commissioners, he appears to have entered the Audit Department from school?—Yes.

5022. And therefore he has got the whole of his experience in the Audit Department?—I think he had experience of keeping other accounts in town over-hours; but I may say, as a general rule, he has learnt his experience in the office.

5023. Have you any officers in the department to your knowledge who are thoroughly acquainted with the system of double-entry book-keeping?—Do you mean in the department or among the inspectors only?

5024. I mean on the staff of the Audit Department?—Well, the Chief Clerk, Mr. Anderson, has, I should say, a thorough knowledge of book-keeping, as far as I know. Originally, he was brought up as a lawyer in Scotland, and he has kept law accounts.

5025. You think he has a thorough knowledge of book-keeping, both by double and single entry?—Yes.

5026. Has he been for some years in the Audit Department?—Yes.

5027. Do you know any other officer of the department below the Chief Clerk whom you might have occasion suddenly to send out to inspect or do an audit?—I should not like to answer the question without making inquiry.

5028. Are you not in a position to answer that question?—No.

5029. I should have thought that you would have sufficiently known the qualifications of the several officers in your department?—Not outside of the duties which they have to perform. They have very little to do with double entry in auditing.

5030. How many officers are there below the Chief Clerk?—I could not tell offhand. I think there are twelve in the office, but I am not sure. There are eight inspectors; besides that, there are, I think, twelve officers under the Chief Clerk.

5031. Would you favour the Commissioners with the names?—I will give you a return.

5032. You do not remember their names now?—No. I should say they have nothing whatever in the world to do with anything but the Government accounts—receipts and expenditure accounts. I do not suppose double entry hardly ever comes before them. [List of officers in the Audit Department handed in by witness.] Mr. Dodd is a first-class accountant, one of the best I have come across in the Government service.

5033. Has he had occasion to check and revise the Gisborne Harbour Board accounts?—Yes; the balance-sheet by the inspector as it appears before him.

5034. Has Mr. Dodd been long in your department?—Yes; twelve or fourteen years.

5035. Where was he taken from?—He came out with a letter from my brother-in-law to me, and I had no employment for him. He went down to Otago. When I was away inspecting Dr. Knight sent for him and appointed him. He is a very competent man. And Mr. Webb is another.

5036. I thought that Mr. Webb was one of the inspectors?—No. He is an inspector, but is confined to these two offices—the Trust Office and the Insurance Office—which take up his whole time.

5037. Then you have eight inspectors in the Audit Department?—Yes.

5038. The position of inspector in the Audit Department is rather a responsible and trusted position?—It is better than that of an ordinary clerk, for this reason: that for men travelling about, and out of our cognisance, we want men who can be trusted, not likely to be loafing about public-houses. It is a position of great responsibility and trust.

5039. Before those gentlemen arrive at that position, are they examined as to their qualifications?—No; they are all appointed from our own office.

5040. They must have served some time in your office to satisfy you that they are qualified?—I take the most fitting men. Some few years ago I was down at Dunedin. I inquired everywhere if I could get a man who would take the position of inspector, and I could not hear of a fit man who would take the salary. I was obliged to get one of my own men who was trained in the office, and of whose qualifications I was thoroughly assured.

5041. What is the pay of an inspector?—£250 a year, and 10s. a day travelling-expenses. They get their passage-money, coach-fare, and free pass on the railways. The allowance is in consideration of the fact that they are hardly ever at home.

5042. Is that a suitable pay for an important office like that, if the men are qualified?—All I can say is that they have all been taken out of the office, and it is looked upon as the blue ribbon of the office to get it.

5043. Who is your officer, Major Tisdell?—He was an old officer in the local forces a good while ago. He has been in the service all his life.

5044. Has he had much experience in book-keeping?—Outside the Audit, I do not know. You see they have very little to do with book-keeping, because the accounts they have got to inspect are mostly receipt and expenditure accounts.

5045. Is it not their whole duty to inspect books and the way books are and should be kept?—Yes; but they are very simple accounts—either Government accounts or local bodies' accounts.

5046. But some of the local bodies' accounts, we have evidence to-day, in the case of Gisborne, do not appear to be simple?—There are a few of the Boroughs and Harbour Boards in which the accounts are not simple, but the majority of local bodies' accounts are simple.

5047. Does it not occur to you that if it is known that your inspectors are only supposed to be capable of inspecting simple accounts and simply-kept accounts difficulties may often arise?—I did not say they are only capable of doing that.

5048. Do I understand you, then, to say that they are capable of inspecting the most intricate accounts?—I am not prepared to answer the question. I have seen accounts so intricate that there are few competent accountants capable of inspecting them. There are accounts of such extreme difficulty that it requires a very superior man to inspect them, but the accounts we have generally are very simple and formal.

5049. How long has Mr. King been an inspector?—Ever since we began to inspect. I should think he must have been inspecting fourteen or fifteen years. He was in the office before that I think.

5050. And Mr. McLean?—Yes, a very long time.

5051. And Mr. Smith?—He has been in the office, or in the Treasury, since he was a boy.

5052. And gained all his information in those offices?—Yes.

5053. And Mr. McIntyre?—He has not been so long as some of the others.

5054. Some few years though?—Yes.

5055. Perhaps seven years, or more?—More than that. He has been inspector of the Trust Office.

5056. Has Mr. Stephenson been long in the office?—Yes, a good time. He is the son of a bank-manager in the north of Ireland.

5057. But his knowledge would not be hereditary?—No; but his father has probably paid a little attention to that part of his education.

5058. Then, he has been some time, at any rate, in the Audit Department?—Yes.

5059. And Mr. Eames?—He was originally taken in as a boy when we audited the railway accounts, and then when the Railway Audit was broken up he went to the Kimberley goldfields, and I took him into the office again as soon as he came back.

5060. Has Mr. Holmes had any experience?—I do not know that he has had any outside the Audit. He is a young man.

5061. Now, Mr. FitzGerald, I think when we parted yesterday we were not quite at one in regard to the cash-books?—No; and I have been thinking over what I said yesterday, and I should wish very largely to qualify what I said. I am of opinion that the summation upon which you placed considerable importance is perfectly useless for purposes of audit, and would be a work of entire supererogation. I think you ought not to judge of accounts made up on one scheme by the rules which apply to accounts made up on another scheme. Those accounts are all added up—not at the foot of the column, but they are added up daily—and the auditor checks the addition of each day to the balance which is carried on each day into the other book. It seems to me you would not get any more information than you have in the ledger to which the daily accounts are carried.

5062. Is it not usual, in keeping a ledger under a system of double entry, that the summations of transactions of each account should be added up in ink?—Not if it is not necessary; if the account is so constructed as to make it unnecessary to add it up at all for purposes of audit.

5063. What is the object, then, of carrying the balances out, not only daily but during parts of each day, in each account? That is to say, if an account was very operative, and had debits and credits charged to it throughout every day, and the balances carried out opposite each entry, how are you to check the balances carried out daily in that form of ledger-keeping unless the summations are made?—I do not know, so long as the summation of the work appears in that ledger.

5064. But the summations of that work does not appear in any Public Trust ledger?—The daily balance is carried into the daily cash-book.

5065. But I mean the summations of the ledger?—I have not seen the ledger.

5066. But I showed you the ledger. I showed you two ledgers yesterday, and showed you different accounts, and I will show you another now?—I was talking entirely of the cash-book, in which you pointed out that the columns were not added up. That is the only thing to which my present remarks are directed.

5067. Now, do you know how many cash-books are kept by this office?—No. I do not think it makes much difference.

5068. The Audit Department, I presume, has a duty, in auditing, and that is to go through any and every book that is in use daily for matters of account by the Public Trust Office?—Quite so. But let me explain what is done; and it affects the question of that little book also on which I was questioned yesterday. When money is brought into the office the clerk makes out a receipt in triplicate. One is given to the person who pays in the money; the second is torn off and put on the file, to be entered by the book-keeper; and the third remains in the block. The auditor takes the block and checks that into the daily statement of receipts, and he adds up that, not the whole column, but just that which makes the total for one day, which is carried into the general cash-books. That, I understand, is the process; and that seems to me to be precisely the process adopted in every bank, except that the person who pays the money signs what you call the paid-in slip. The clerk signs the second of the receipts, which is filed, from which the entries are made into the cash-book. The entries are not made into the cash-book at all from that little book you showed to me yesterday. I am not aware they ever see it. It is a private book for the information of the Chief Clerk, Mr. Moginie, who pays the money into the bank; but these are private memoranda to correct his account of paying money into the bank; but the accounts are made up and entered in the cash-book from the duplicate of the receipt which is given to the payer.

5069. Do you know that is the process from your own knowledge?—From what my audit inspector tells me.

5070. Then, you told the Commissioners that any moneys paid into the Trust Office are first entered into the receipt-book?—Yes; the clerk makes out the receipt and carries it to Mr. Moginie, who signs the receipt.

5071. Supposing that before any moneys are entered into the receipt-book you speak of they are entered into another book before they are entered in that receipt-book?—They may be entered into twenty; it will make no difference.

5072. I understood you to explain the process of receiving moneys is, that when they first come into the Trust Office they are entered at once in the receipt-book?—That is what I understand.

5073. I ask you whether you can say they do not, before reaching the receipt-book, go first into another book?—I really do not know. It would not make the slightest difference if they did. The process is that they are carried directly from the man who gives the receipt into the receipt-book; and what transactions are there besides does not make the slightest difference in the logical sequence of the process by which the money is received.

5074. Whether the entries turn out to be right or wrong? If the money turns out right, then it is all right. If it turns out wrong, supposing there was any irregularity about the money, that the amount paid in on a certain date was ever disputed, to what books would you refer to find out and refresh your memory?—The receipt-book, undoubtedly. That is the original document. That is the same as a bank-slip.

5075. Would you not go to the book that the entry is first made in?—No, certainly not.

5076. You would not go to the book that the entry was first made in?—Certainly not. I would go to the original document—the slip.

5077. Which is the slip?—The receipt.

5078. If I prove to you that before any entry is made on that receipt document, the entry had been made in another book first?—I do not care if it went into fifty if the record which goes to the official book is made from that slip.

5079. Which book do you call the official book?—The cash-book of the office.

5080. Where does that book get its information?—From this receipt.

5081. Where does the receipt get its information? Where does the receipt get the particulars of any particular amount paid in?—The receipt contains all the necessary information.

5082. Of what? Say I pay £500 in to-day, what entries would be made when I pay it into the Trust Office? What would the officer receiving that money do with it, and in what book would he first enter it?—In the cash-book of the office, and enter it from the duplicate receipt.

5083. That would be his duty, to enter it in the cash-book of the office?—Yes.

5084. And then would it go into the receipt-book?—No, certainly not. The receipt is the first document made out.

5085. When that money was paid in, would it first be entered in the receipt-book?—Of course it would, because he has to give the payer a receipt.

5086. Then, he would not first enter it in the cash-book?—You call the receipt the receipt-book. He gives the receipt to the man who pays the money.

5087. Does not that receipt-book form a voucher?—Of course it is; and that voucher is filed.

5088. Then, I ask you again, before that entry is made in that receipt-book, which forms a voucher for the use of the office, is that cash entered in any other book in the first instance?—I do not know whether it is or not; and do not think it is the smallest consequence.

5089. Really, Mr. FitzGerald, you will pardon me—I say it with all respect—you seem to have a very indifferent opinion as to the desirability of limiting the books of the Public Trust Office, or as to what books the office chooses to keep?—I do not think you quite understand me. What I mean is this: There is the original document, the receipt. From that original document it is entered into the official cash-book of the office. Whether it is entered into any other it does not seem to me to make the smallest difference if, in any indirect process, the moneys are entered in fifty books which are not used to make up the accounts of the office in any way. The system of receipts is the same as that of the Government, and the only difference in the two systems is simply this: that under the Government system the payer gets his receipt, but he has to sign a second receipt to show he has got the first receipt, and that makes it exactly equivalent to the bank receipt which the payer signs. I think it would be good if the payer should sign the intermediate document. All books outside are what are called memoranda-books, and books not of the office. That is a principle admitted by every auditor in the world.

5090. Now, do not let there be any doubt about this. Am I correct in understanding you to mean that the first book in which money payments into the Public Trust Office are entered is the receipt-book?—Certainly; so I am informed.

5091. Now, Mr. FitzGerald, if I inform you that the first entry is made in what is called the rough cash-book, will you say it is not?—I say the rough cash-book is of no importance whatever, because entries are not finally made into the books from that book at all.

5092. As Auditor-General for the colony, would you allow any of the staff, whether he is Accountant or any other officer, to keep any set of books he or they might choose without your knowledge?—How am I to prevent them.

5093. Is it not the duty of the Audit Department, seeing it has to audit the accounts of the Trust Office, to know the use of any and every book where sums of money are entered daily in connection with the business of the Trust Office?—I am not prepared to say "Yes" to that question.

5094. Then are you prepared to say "No"?—I am prepared to say that it is the duty of the Audit Department to see that all the money received has been properly recorded and brought to account; but it is not the duty of the Audit to dictate how they shall keep their books further than the law requires.

5095. Well! admitted you do not desire to change the form of book-keeping; yet if the auditor comes into the Public Trust Office and finds there are certain books that are used for the entering of money transactions daily, is it or is it not his duty to find out the use of those books?—It is not. I will tell you what it is his duty to do. When he finds a statement made that a certain sum of money

has been received his duty is to trace the record of that money down through the logical course from the original receipt at the counter, but it would not be his duty to interfere with any books outside that, because they could not possibly affect the accounts he was auditing.

5096. Supposing, then, that you were informed or discovered that a large number of books over and above what your inspecting officer had been in the habit of inspecting and auditing were in existence and daily use, would it not be the duty of the Audit Department to inquire the meaning and use of those books?—Certainly not.

5097. Supposing, then, a fictitious set of books were kept, how would they be discovered?—I do not know what you mean by fictitious.

5098. If the Audit Department only find and audit a few of the ledgers and not the whole that are in use, how can the department discover whether any fictitious entries are made in other books in the office that have not been audited?—I really cannot understand the office keeping more than one set of books. There is one account of the money received and the money expended. We are only talking of cash. Do not misunderstand me to say that what I am saying refers to what accounts certain receipts or expenditure should be charged.

5099. Then I will confine my questions to books containing cash entries?—I am not speaking of the question as to what particular accounts in the ledger certain money should be carried.

5100. Now, I will put this question to you: If your audit inspector admits that there are nine ledgers now in current use in the Trust Office, of which he knew nothing, nor had never seen them, until the Commissioners pointed them out to him, do you think he has been carrying out properly his duties as auditor of this office?—Certainly.

5101. If I tell you that some eighteen or twenty rough cash-books have been kept in this office for the first entry of money payments made into this office, of which your audit inspector knew nothing, would you then say he had been attending to his duties?—Most certainly.

5102. Well, if I tell you, again, that another unique family of books, known as imprest and petty cash-books, have been kept in this office for money entries entirely, of which he knew nothing, do you think he would then be attending to his duties?—I should like to know precisely what you are alluding to.

5103. There are a set of books kept for petty cash?—That would be money impressed to the Accountant, and his expenditure of it.

5104. No notice appears to have been taken of his expenditure of petty cash?—I thought that was the book you were alluding to.

5105. There is a family of books concerned in the expenditure of pretty large sums of petty cash which your auditor does not seem to consider it his duty to audit?—I will inquire as to that.

5106. Then, we will leave the latter class of books for the present, and I will repeat that former question, and tell you that there are nine ledgers in use now which your auditor knew nothing about. I ask you again, was it not his duty to know something of them?—Certainly not.

5107. There are eighteen or twenty rough cash-books, a portion of which are now in use, of which he knew nothing. Was it not his duty to know something of them?—Certainly not, if he had inspected the accounts so far as to be satisfied that the money which was recorded as having been received had been received, and the money stated to have been expended had been expended. If there were five hundred books besides, of what earthly use would they be to the auditor, when the audit was simply to find out whether the money had been received and applied to proper purposes. It would be an entire waste of time.

5108. Then, do I understand you to consider that, in the position of Auditor, you have control over the accounts of the Public Trust Office?—Certainly; absolute control, for this reason: that no money is paid out except under my signature.

5109. Well, in order to keep that control within your guidance, is it not necessary to be thoroughly familiar with the whole of the books in use in the Public Trust Office?—That has nothing whatever to do with the subject.

5110. Then, how can you keep the accounts of the Trust Office under your control?—Because the control consists in seeing upon the voucher which is presented for my signature whether that money is payable or not. There are two conditions which must be fulfilled in order that money may be paid—the one is, that there must be money in the account out of which it is proposed to be paid; and the other is that it is on the face of it payable. Now, if the audit inspector has sufficient information to show him the correctness of the balance belonging to a particular estate at the time that the voucher is presented to me, he has fulfilled the whole of the duty required.

5111. But supposing any particular account has ramifications through a particular set of books of which you know nothing?—Really, excuse me, but I do not see how it affects the question. If there is money in an estate upon which it is proposed to make a charge, and if the charge is a correct one, what on earth more do I want to know in order to discharge my duty?

5112. If the charge is a correct one?—Yes.

5113. That is, you presume every voucher to be correct?—A voucher has nothing to do with the book-keeping. It must be examined on its own merits.

5114. Where does the voucher get the particulars upon it? From the books?—Certainly not. Books have nothing to do but with one question—whether there is a balance in the estate.

5115. Does the voucher not contain a sum of money mentioned and particulars thereof?—Yes; and the person to whom payable.

5116. Where are the particulars of that sum of money taken from?—From the man who sends in his bill.

5117. Well, supposing it comes from the Trust Office?—The money does not come *from* but *to* the Trust Office.

5118. Has it not to come into the books of the Trust Office?—Of course, when it is paid; not before it is paid.

5119. What has that got to do with the control, whether the money is payable or not? Is not your control to be guided and regulated in the first place by the books which are kept?—Not in the slightest degree, except in this respect: whether there is money in the estate to which it is proposed to be charged.

5120. Then, supposing no ledger or no cash-book was kept, would you interfere?—Really, I have tried to express myself as clearly as possible. I have said there must be money in the estate, and that must be shown in the ledgers, of course.

5121. You have told the Commissioners that if there are twenty of one class of books, and twenty of another, that the audit inspector never looked into and never knew of their existence, that he is not in any way responsible?—No, I did not say that. I said provided he had sufficient information before him in the books to show the correct account in the estate.

5122. Then I tell you again, so that there may be no mistake as to your answer, that there are several families of such books which your audit inspector knew nothing of, and consequently never looked into that are in daily use in the Trust Office. Ought he not to have known about them?—Certainly not, if he had sufficient information without them.

5123. Then, according to your theory, am I right in supposing that if the Public Trust Office or any other department of the Government service which it is the duty of the Auditor-General's Department to audit the books, choose to keep any number of books in use daily concerning monetary transactions of the public service, it would not concern the duties of your inspector to look and inquire into them?—Not as long as he got sufficient information in one book; and if twenty books were kept, I should say it was a very silly office, but it would not make the slightest difference as to the fact. I put this down as a principle of audit and book-keeping, that book-keeping is a matter of no consequence except as a record of facts. The important thing for the auditor is to obtain the facts. It is of very little importance whether fifty books are kept if he has one single book on which he can rely. It does not affect the audit a bit. If the Audit can trace money from the time it comes into the accounts and out of the accounts to the proper quarters, then the Audit has fulfilled its duty.

5124. Now was it a very wise proceeding on the part of the Auditor-General's Department to allow the Trust Office to conceal the keeping of a number of books from you?—We have nothing to do with it.

5125. Now that the Commissioners tell you that a number of books exist which your inspector has never before looked into, would you now consider it his duty to make himself acquainted with them?—No, I would not. I should be very sorry if he wasted his time to do it.

5126. *Mr. Macdonald.*] You have laid down a general principle, Mr. FitzGerald, that auditors have no right whatever, and it does not concern them, to know what books are kept in an establishment as long as they are satisfied as to the facts put before them?—As a general principle, there is no necessity for it. As a matter of advice, he might advise a better system, but I should have no power to alter the books in the office.

5127. That is not the view held with regard to the administration of joint-stock companies, because the articles of association of all joint-stock companies provide that a list of all books in use by the company shall be handed to the auditor, who shall make himself acquainted with them?—I should think that referred to books essential to the accounts, and not books which were memoranda the clerk might keep privately. That would refer to what are called the official books.

5128. The usual rule, as understood by auditors of joint-stock companies, is that they get control or possession of every book for examination?—Yes.

5129. Of course, it is something new to learn—it is a matter of surprise to learn—that you think clerks ought to keep private memoranda in books relating to the books of the department. In a commercial house no clerk would be allowed to keep private memoranda which was not disclosed to his principal?—I should have thought there was no harm in keeping memoranda-books to refresh his memory as to facts.

5130. There are two or three points I would like to touch upon in reference to the actual working of the Public Trust Office. The assets that come into the office for administration are practically under the control of the Audit Department. You examine into the fact, do you not, that they have been realised properly?—I think, only so far as the account sales go. As I explained yesterday, we have had no knowledge hitherto of what property comes in.

5131. For example, supposing the Public Trust Office had £20,000 sent in, in any particular estate, it does not matter whether realty or personalty—supposing it was £20,000 both realty and personalty—would the Audit Office concern itself as to whether that £20,000 was realty or not?—I explained yesterday that we have not had any information whatever about articles in the shape of jewellery, and things of that kind. We certainly ought to have had, I admit, a knowledge of personalty. We have started always with the account sales—cash.

5132. Apart from personalty, supposing it was £10,000 of realty, and the department realised £5,000 of that realty, and the £5,000 disappeared—was omitted, forgotten—how would the Audit Department ascertain the fact? Do you really check that?—I cannot answer the question. I am under the impression we have sufficient check; but I cannot at this moment give an answer.

5133. So far as we can see, the Audit Department have never examined into the facts whether the assets—realty or personalty—which came in for administration have been realised or not. They have been content to take the mere fact that the cash came in; but have not concerned themselves as to whether what was realised has been properly dealt with?—If you will allow me to refresh my memory I will answer the question later on.

5134. Does the balance-sheet which is prepared by the Trust Office every year come under your review?—Yes.

5135. It is usual in balance-sheets to make provision for losses in connection with business—prospective losses, bad debts, losses on realisation of estates, and so on: has anything of that kind

ever been done by the Audit Department—actually examining the assets under their control and the investments made by them? Has the Audit Department ever gone into that prior to passing the balance-sheet?—No, because the statutory authority for the investment of money is the Board.

5136. But supposing the Board has advanced £10,000 on certain securities, and there is a loss of a couple of thousands upon it?—We should know it.

5137. How do you know it?—I will answer you to-morrow.

5138. So far as one can see, there never appears to have been any provision in the balance-sheet for any prospective or actual loss on investments?—There is no reserve fund.

5139. But the amount stated is the gross amount of the mortgages or investments, even though those mortgages do not represent the real value?—We get all the papers in each case. Although I have no control over the books I have over the balance-sheet, because I am required to certify to the balance-sheet every year. Last year there was a charge made in the Expenses Account, and I made them alter it. They had undergone a heavy loss in a transaction that occurred in Mr. Woodward's time, and they had put that into a separate account in order to show that the office had made a certain profit. I insisted on that being immediately altered and put in usual form, so as to show that the office had made a loss. Where I have to put my own hand to an account, I should have absolute power to insist on alterations before I did.

5140. Supposing there were losses not disclosed to you?—I think we should know all the losses.

5141. I do not want to take you by surprise, but we have had it in evidence, by the Public Trustee himself, that he has not disclosed to the Government the fact, nor shown in his balance-sheet the fact, that some very serious losses have arisen in connection with the investments—losses which are not in all cases ascertained, but are without doubt going to arise, and which ought to have been provided for in connection with the department's statement?—I will go into that question, and give you a direct answer to-morrow.

5142. But the balance-sheet as put forth is not accurate?—Oh, yes, it is accurate.

5143. You mean to say the sum put in as investments does not really show the true value of the investments?—That is exceedingly likely, and it is impossible it should.

5144. Why?—For this reason: These losses only occur through a change in the value of property, which in some cases is very large indeed. We went into that question with the Insurance Department. We had a dispute on the point The property might be worth the amount at the time the investments were made. There was a great fall, but there may be a rise: the fluctuations in colonial property are very great. It is a question when £5,000 has been lent on a property, in what form you should represent in the account that temporarily there was a depreciation in that property, which depreciation might, in fact, be all wiped out within a very reasonable period. What they have done in the Insurance Department is this: They have carried these depreciations into a Suspense Account, out of which, should a loss really occur, they will supply the deficiency.

5145. Have they not provided, as a debit against Profit and Loss Account, a prospective loss on these securities?—They have put aside this Suspense Account, and represented to the actuaries in London, who are the controlling parties, that it represented the estimated amount of loss upon the present valuation of the property.

5146. Then, that Suspense Account is practically a debit?—Yes.

5147. But has any debit to the Suspense or any any other account taken place in this office of the prospective loss?—I think not.

5148. In point of fact, therefore, the balance-sheet which goes forth stating that the Public Trust Office has earned so much money as profit is inaccurate. In point of fact, there were £18,000 taken by Sir Harry Atkinson when Colonial Treasurer from the Public Trust Department as their surplus profits. When that balance-sheet is put forth, showing a profit, without their being any provision made for losses which are known to exist on the realisation of investments, the balance-sheet is inaccurate?—It would be impossible to tell accurately what the loss was.

5149. Still, is it not proper that if a balance-sheet is made up on the 31st December, and the department has £250,000 on investment, of which they know the chances are they are going to lose £5,000, they ought to debit on the other side, just as the Insurance Department did, to a Suspense Account, "probable loss, £5,000"?—I think that would be correct.

5150. Therefore, when the transfer of £18,000 of surplus profits from the department took place, do you not think it would have been wise to have made some provision in that way prior to that transfer?—I do not recollect when that took place; but I do not know that the properties had depreciated at that time.

5151. We had it in evidence that it was known at that time?—Of course, if it was known, it should be so.

5152. We notice in going through the accounts that the Audit Department charge the Trust Office a certain sum per annum—£150 in the colony and £50 in London. Is that usual amongst Government departments?—It is only £150. I do not know of £50 in London.

5153. We have had it in evidence that it is £150 in the colony and £50 in London?—We charge £150 in the colony.

5154. Do you charge Corporations for your audit?—No.

5155. Then why charge here?—Because it is not, properly speaking, a Government account.

5156. What do you charge the Insurance Department?—£150.

5157. And what does the officer get?—£300.

5158. *The Chairman.*] So it would be cheaper to get the audit done by some locally-practising auditor?—I think not. I have got a return before me of what is paid for the audits of some large insurance companies, and it comes to double what we pay. I believe some insurance companies are paying £800 a year for their audit.

5159. Your Audit inspector here keeps no memorandum-book respecting matters to which he wishes to direct your attention?—No; because he communicates verbally. I see him almost every day.

5160. Would it not be wise, as a matter of procedure, that he should keep a query-book?—Yes, it might be so. There might be a record of points referred; but we have such hundreds of points referred. We have always carried on the business in the most facile manner.

5161. Then, upon this point you promise to let the Commissioners know?—Yes—that is, on the losses of investments and the examination of the assets generally, how far the department checks the fact that the assets coming into the Trust Office, whether realty or personalty, are realised and accounted for. Nothing could have come before us in the form of the personalty assets, because, in the evidence you have already learnt that no inventories were kept.

5162. Do you look upon realty as much more important than personalty?—As far as realty goes, I think we know all about that from the papers.

5163. What I want to arrive at is this: Does your audit officer, when examining the books and records, go into every estate and check the items to see that the assets have been realised and accounted for in the cash?—Yes, I think so, as far as he can.

5164. I want you to look carefully into that point, because, so far as I can gather from the papers, that has not been done?—I will look into it. With respect to the mortgages, the question would come before me on the voucher for the payment of the money.

5165. Oh, yes; but what I am asking you to examine specially is this: A property comes into the possession of the Public Trustee, who may keep it on his books for years without ever realising it?—Exactly; I see the point you wish me to inquire into.

5166. How, in your opinion, is that to be checked or guarded against? There may be tens of thousands of pounds' worth of realty forgotten in that fashion?—I do not think it is so, but I shall make inquiry.

5167. I want to know what check the Audit has been practising in that respect?—Yes; it is a very important point.

5168. *Mr. Loughrey.*] In going through the mortgages, is any attempt made to see the value of the security?—No; that is statutorily under the Board.

5169. Do you take it for granted they are worth the amount that has been advanced?—Yes, as a rule. If outside information came to me that there was any great discrepancy I should feel it my duty to inquire into it.

5170. Does your auditor ever inquire as to the reason why interest is not paid up? Have you learnt that interest on some mortgages has not been paid regularly?—I do not know whether the office keeps regular terriers, which they ought to do. We keep no books, but if there are terriers in the Public Trust Office the auditor ought to look at these terriers to see if the interest was paid.

5171. If the auditor discovered that interest had not been paid for two, three, or four terms, what would be his duty?—My strict interpretation of the law with regard to Government accounts—and certainly the moneys in the Public Trust Office are made public moneys—is, that I think the Controller has the power to surcharge any Receiver of Revenue for moneys which he has absolutely neglected to recover. Though we never have surcharged any officers, I have often threatened to do so. If they did not recover moneys with regard to the Land Fund, deferred payments, and rents, we are frequently sending out lists to the Receivers of Revenue, and asking why these moneys have not been collected.

5172. Has any such intimation been given to the Public Trust Office?—I do not know that there has; I will inquire into it. We could not do so unless we derived our information from proper terriers kept in the Public Trust Office.

5173. Which it is the duty of your auditor to examine?—Yes.

5174. And if information has not been furnished that interest has not been collected, would not your inspecting officer be rather remiss in not having acquired this information?—I certainly think we should have that information.

5175. Would it not be remissness on the part of your inspector in not furnishing you with information that the moneys had not been collected?—Not unless it had been our custom to receive such information. If there has been any neglect it has been neglect in the system.

5176. If your auditor, in looking through the books in which these securities were kept, discovered that interest had not been paid for a number of years, do you not think it would put him on the alert to inquire into the value of the mortgages?—No doubt, if he saw a case of that kind, he would point it out to me.

5177. If I tell you that numerous cases have been pointed out, what would you say?—I should say we know nothing about it.

5178. Should not your auditor have known?—Yes, he should.

5179. You told us yesterday that you had made protests several times about keeping mortgages in the Public Trust Office?—Yes.

5180. And you told us that you intended during the ensuing session of Parliament to make some effort to get that law amended, so that the Audit Department would have charge of securities?—Well, such has been proposed.

5181. How long is it since it occurred to you that the securities should be under your care?—It is part of the statute that they should be.

5182. Is it a matter of opinion, then, whether you should have them or the Public Trust Office?—No; they are bound by law to be under the care of the Audit Department.

5183. Still, as a fact, the Public Trust Office keeps them?—Yes. They have broken the law for years, and I have over and over again insisted on their sending them up, but they will not do it.

5184. You stated that Mr. Webb had obtained some of his knowledge of book-keeping by making up the books of private individuals?—So I have heard. I think he said so in his evidence.

5185. In your department, are all the officers members of the Civil Service?—Yes.

5186. Is it usual for members of the Civil Service to devote themselves in after hours to such work?—I am not aware of anything to prevent them.

5187. Is the Audit Department satisfied, with reference to the auditing of the Public Trust Office accounts, if the money is traced into the office and traced out again?—Yes; traced out again to the proper claimants.

5188. You stated that you considered the receipt which was given out of this receipt-book was a sufficient voucher for the payment of money into the office, and that the books were unnecessary?—If the payer were to sign the second receipt the system would be perfect.

5189. And there would be no necessity for a cash-book at all as far as your auditor was concerned?—Yes. He traces the entries in the cash-book from the original voucher.

5190. The money could be paid out of the cash-book again to the proper claimant, and would his receipt be sufficient evidence to the inspector?—All the moneys are paid out upon vouchers previously passed by me. No money can go out of the office without my signature upon vouchers—nothing but petty cash.

5191. If the money is paid to the claimant, you get something from him?—Yes; we get his receipt for the money.

5192. If that is the whole duty of the audit it would not be necessary to keep the ledger?—Yes. The internal arrangements of the Public Trust Office may be such as to require, for the facilities of business, that the transactions should be divided between many different clerks.

5193. Your auditor, if vouchers were in proper order, would not have to interfere with the books kept in the office at all?—He would have to see that each receipt was carried to the particular account in the ledger to which it ought to be carried, because the essence of control is that we shall always have before us the balance in every estate, just as under parliamentary control our books are made up in such a way as will give us a knowledge of the money at the credit of any vote.

5194. So you would control the book-keeping to that extent?—Yes. The books must show this: that if I went out to my book-keeper and asked him what the balance was in Vote 49 I expect to have it in a moment. The estates are the same as votes, and the ledger ought to show in every estate what is the balance that ought to be shown daily and hourly.

5195. *The Chairman.*] I think I understood you to say, Mr. FitzGerald, that as to the value of mortgages, they only concern the Board?—Yes, entirely. No mortgage can be made without the order of the Board.

5196. True; but after the money has been lent upon a mortgage by the consent of the Board, and forms then part of the assets of the Public Trust Office, does it not concern the Audit Department to watch that mortgage and the value of the security relating to it from time to time?—No. I should think we have no means of doing that. It is entirely a matter of opinion what a property is worth.

5197. Then, does it concern the Audit when a mortgage is in existence to see from time to time that the interest on every particular mortgage is paid up to time?—I think we ought to, but then we could not do that unless the Trust Office supplies us with the information. I think we ought to keep a terrier, the same as the land-roll of an estate, showing what is owing upon each estate, and whether it has been paid or not.

5198. Are you aware that the Trust Office does not keep a record of that kind?—I do not know; I will inquire.

5199. Presuming that the Trust Office ever kept a record of that kind, do you consider it would be part of the duty of your audit inspector, and a very important part of his duty, to make himself acquainted with the subject when he found interest in arrear, and to have reported that fact to you?—Yes, certainly.

5200. Then, is it part of the duty of the Audit Department to inspect mortgages that have been made from time to time to see that those mortgages actually exist?—Only in the balance-sheet. When a sum of money appears as investments it is his duty to see those investments.

5201. Then, when the annual balance-sheet has been made out and completed, is it part of the duty of the Audit Department, seeing that a large sum standing in the balance-sheet is invested on mortgages, to inspect the several mortgages comprising that sum?—No; I think that is the lawyer's business to see to.

5202. Do not misunderstand me. Is it the Audit Department's duty to see that the mortgages are in existence?—It is the duty of the Audit Department to have these mortgages in its own safe.

5203. Where are they?—I do not know. I have been for years and years insisting on the Public Trustee giving them, and the Trustee positively refuses, on the ground that it would give great trouble. I have all the mortgages of the Insurance Department, which are three times as many at least as those of the Trust Office. There are five iron safes full of mortgages belonging to the Insurance Department.

5204. If the Public Trustee has a strong-room sufficiently large to keep all the mortgages in, and they are kept under different keys by different officers, on the score of safety, they would be equally safe, would they not, as in your possession?—Just as safe. I wish all mortgages were taken away from us.

5205. There is no reason, if the Public Trustee had suitable accommodation, that they should be removed from the Trust Office?—None whatever.

5206. And no necessity in the same way in the case of the Government Life Insurance Department?—None whatever.

5207. There is no reason that they should not be kept, as banks keep their securities, at their own offices?—None whatever. I am obliged to keep a register of everything going out of and coming in to the safe until I am quite sick of it.

5208. Are you aware that a large sum of money has been paid into the Consolidated Fund out of the supposed profits made by the Public Trust Office?—It is always bound to pay over such profits every year.

5209. But any one large sum *in globo* that was paid over not very long ago to the Consolidated Fund out of the supposed profits of the Public Trust Office?—I do not recollect any particular sum.

5210. Do you not recollect anything about a sum of £18,000?—Yes; there was a sum like that paid over. I think it was a collection of old sums which had not been paid in previous years.

5211. Are you aware what amount has been paid over belonging to different people's estates—balances standing in the books for six years from time to time?—That would be paid according to law. I have no idea what the amount is, but it would appear in an account in the balance-sheets.

5212. But it is not shown in the balance-sheets?—No money has ever been paid without being in the balance-sheet.

5213. Then, you will admit that the details of the balance-sheet might be made a great deal more clear?—[No answer.]

5214. What was the reason of the detention in passing the last balance-sheet of the Trust Office? At the time the Commission began to sit nearly three months had expired from the close of the year, but it was more than three months from the close of the year before they could see the balance-sheet to the 31st December last, and the Commissioners were told the delay was occasioned by the Audit Department?—I do not know. I can easily inquire.

5215. Then, it is not part of the duty of the Audit Department, you think, to inquire from time to time as to the value of existing mortgages in the Trust Office?—No, not as a regular duty. I think not. If any case came before us where there was a very great absolute loss or depreciation I think we should call their attention to it.

5216. When you saw the balance-sheet for the year, and you saw exhibited a large sum by way of profits, and you saw no provision for bad or doubtful debts, would it be any part of the duty of the Audit Department to ask the Public Trustee a question on that point?—Yes.

5217. Has that ever been done?—I do not know; I will not say positively.

5218. I take it, your opinion is pretty clear on this point: that before the balance-sheet of an office like the Public Trust Office is made up, a true statement of anything bad or doubtful ought to appear in that balance-sheet?—Certainly.

5219. You are aware, also, that it has never appeared—that no sum under the head of bad or doubtful securities has ever been shown in the Public Trustee's balance-sheet?—Nothing that we knew of. All these depreciations are very much matters of opinion, not of true account.

Mr. R. C. Hamerton, Public Trustee, further examined.

5220. *The Chairman.*] Mr. Hamerton, what is it you now place before the Commissioners?—I have brought up "The Public Trust Office Act Amendment Act, 1873," and I shall now read the only provision I can find which, in my opinion, authorises me to make these contributory mortgages which I have been in the habit of doing. I now come to the conclusion that the provision is only indirect, not direct. Section 47 of "The Public Trust Office Act Amendment Act, 1873," says,—

> All moneys in the Public Trustee's account, from whatever property arising, shall, except as regards moneys as to which special provision is made for the investment thereof by the trusts affecting the particular property, be for the purposes of investment one common fund, and the investments thereof shall not be made on account of or belong to any particular property, unless the Governor shall otherwise direct as to any particular property; and the interest accruing from investment of such moneys shall be divided amongst the properties from which the fund arises in such manner and at such times and in such proportions as shall be prescribed by regulations to be made for the purpose from time to time by the Governor in Council, and such regulations shall have the force of law as if included in this Act.

Hence arises the provision by Order in Council that 4 per cent. shall be paid on floating balances quarterly. That is the only provision.

5221. Then, is it not the case that you have, out of your one common fund, made many investments?—Not on behalf of any particular property or trust.

5222. But the Act says you may invest the whole of those moneys in one common fund?—Yes. These moneys referred to as lent to Randerson, of Auckland, in my opinion, were separately governed by the particular trust deeds in each case.

5223. Then, did the trust deed in each case give you power to make the three several investments as you have done?—As regards contributory mortgages. There is not that special power in the trust deeds, but I am unable to perceive how I could carry on business otherwise.

5224. That may be so, but we must confine ourselves to what you are allowed to do by Act?—Then, I fail to see how I could invest any moneys except upon contributory mortgages. Let me further explain, because it is well to be very clear. Supposing that I had a mortgage offer, as I have had, for £16,000. There was no estate in the office that could have lent £16,000. Therefore, I must, if I were to lend the money at all, take moneys out of various estates to make up the £16,000. Therefore, if that is not allowed in law, it is impossible, it has been impossible, and is now impossible, to lend money on mortgages except upon the contributory mortgage system.

5225. Then, had you ever any doubt as to your powers in such a case?—Yes. I have consulted my Solicitor, not in this particular Randerson's case, but on the question of contributory mortgages, and he has expressed an opinion to me that it was not possible, under the circumstances, to invest moneys that are in my hands unless I took that liberty with the funds.

5226. That was merely an expression of opinion from your Solicitor?—Yes.

5227. Will you please refer to your minute-book which you brought up, and state to the Commissioners how that loan of £1,000 to Randerson is minuted in your minute-book. We will take that as an example?—"The Board resolved to confirm the advance to John R. Randerson on the security of twenty-two allotments at Remuera, Auckland."

5228. What is the date of that minute?—The 25th August, 1885.

5229. And on what date was it confirmed—signed by the Chairman?—On the 3rd September, 1885.

5230. And who signs as Chairman?—James Edward FitzGerald.

5231. And was he Chairman on the 25th August also?—Yes.

5232. Is there anything in the minutes in connection with that loan that places the particulars before the Board that the loan is a loan made out of three several estates?—No.

5233. Then, what is the inference to be drawn from those minutes by the Board in regard to that loan made in this manner—that it is made in one sum by the Public Trustee, or that it is made out of three several estates?—There is nothing at all to show that an advance from several estates was contemplated by the Board; nor is it, to my mind, the duty of the Board to enter into details of that kind. It appears to me that the function of the Board under the Public Trust Office Act of 1872 is to authorise loans, and my impression is that the Public Trustee must take the onus of the manner in which he does it.

5234. Then, the Board doubtless never inquired as to the several sources whence the money was to come?—No, they merely sanction the loans.

5235. Now that this matter has been brought under your attention, do you think that it will not be well for you to get counsel's opinion on the question, not only in respect to past loans, but for your future guidance?—Yes; I do think it will be desirable to do so.

5236. Perhaps you will take steps to get such an opinion at once?—I will do so.

Mr. JOHN GRAHAM ANDERSON examined.

5237. *The Chairman.*] Mr. Anderson, what position do you hold in connection with the Auditor-General's Office?—I am Chief Clerk.

5238. Have you been in that position for some years?—It is my twenty-ninth year.

5239. What are your duties?—It is rather difficult to tell, they are so multifarious. I have the general supervision of the office. I have got particular branches which I pay more attention to than to others—public debt, sinking funds, and those sorts of things.

5240. Mr. Anderson, the Commissioners have not asked you here to-day to inquire into the working of the Audit Department; but they have asked you to attend to give evidence in relation to the connection between the Public Trust Office and the Audit Department, so far as the business of the Public Trust Office comes under the notice and supervision of the Audit Department. The Commissioners do not wish to pry into any matters connected with the Audit Department, so you can guard yourself in that respect. I asked you to tell the Commissioners your duties, to know whether you have reviewed in any way the audit of the Public Trust accounts, directly or indirectly?—No; beyond that sometimes Mr. Webb, the audit examiner, might come and consult me as having a little more experience—more privately than otherwise.

5241. Have you never been asked to look into the accounts and affairs of the Public Trust Office?—Never.

5242. I presume you have had considerable experience in books?—Yes.

5243. And that you understand the system of double entry?—Yes.

5244. Where were you first employed before you joined the Audit Department?—I was managing clerk in a lawyer's office in Australia.

5245. What part of Australia?—Melbourne.

5246. In whose office?—Mr. James McPherson Grant's.

5247. A solicitor and former Minister of the Crown?—Yes.

5248. Do solicitors keep their books by double entry?—The fact of the matter is that Mr. Grant did not keep books at all.

5249. Then, the office in which you first got your experience of book-keeping kept no books at all?—I had experience previous to that. When quite young I was in an accountant's office in the Old Country, and picked up a good deal; and then I went into a lawyer's office in Scotland, where books were very accurately kept by double-entry.

5250. Then, you never had anything to do personally with the books connected with the Trust Office?—Never.

5251. Are the Commissioners to understand that the only officers who have had occasion to look into the books of the Public Trust Office are the officers who hold the position of inspectors?—They are not inspectors; they are simply clerks detailed for this particular duty.

5252. The Auditor-General has told us they are his inspectors?—I have never heard them called by that name. We have a number of men essentially inspectors.

5253. If I give you the names of eight officers who are asked to do inspectors' work, will you tell me, among these, which of them have had to do with the accounts of the Public Trust Office?—Yes, as far as my memory serves.

5254. Is Captain Tisdall an inspector of accounts of the Public Trust?—No.

5255. Is Mr. King?—These gentlemen may have been asked to look into some particular cases in the district.

5256. Is Mr. Maclean an inspector?—Not that I am aware of.

5257. Has Mr. Smith been one?—I am not quite sure about him.

5258. Has Mr. McIntyre?—Yes.

5259. Has Mr. Stevenson?—I think so.

5260. Has Mr. Eames?—I do not think so.

5261. Has Mr. Holmes?—I do not think so.

5262. You have had considerable experience in the matter of book-keeping?—Yes.

5263. You have a good idea of how books ought to be kept?—Yes.

5264. Now, when cash is paid into an office like this, into what book should it go first?—It ought to go into the cash-book.

5265. And the cash-book is a book that requires to be well kept?—I should say so.

5266. Have you ever heard of such books as rough cash-books being kept in a well-regulated office?—I should say decidedly not.

5267. Now, if I show you this book, and tell you that it is known in this office as the rough cash-book, the meaning and use of which has been, and is, where moneys paid into the Public Trust Office day by day are first entered into it, you will understand, then, it is to all intents and purposes a cash-book?—Yes.

5268. Well, will you look through that book, and give me your opinion as to whether that book is kept in a style that it ought to be in an important office like this?—Do I understand you to say this is the cash-book?

5269. That is what the accountant calls his rough cash-book?—It certainly is very rough.

5270. You see the title on the back of it, "Lodgments into the Public Trustee's Account." Did you ever see a book that it was found necessary to keep in any office for entering sums of money, and with those sums of money crossed out and recrossed page after page as they are done in the book now shown to you?—I certainly never saw anything of the sort before.

5271. Would it be tolerated in any well-regulated office?—I can understand a clerk making a jotting of that sort for his convenience, and keeping a book; but if this is considered an office-book, it is out of the question.

5272. Has any officer of any important office the right to keep a book or books that take his fancy for entering daily sums of money in?—I can only say, if I had been in the position I should not have done it. If I received any money I would have entered it into the cash-book, and have it posted into the ledger. It seems to me that it is incredible such a book as that should be a cash-book in any office.

5273. This is the cash-book where any money coming into the Public Trust Office first finds a place of entry. Therefore, you will understand that if a reference has to be made to a sum of money that might have come into the department, as to whether it was entered correctly or not, reference would have to be made to that book?—That book is no use whatever for reference. You do not know whether any entries have been made in error.

5274. That is to say, in a Court of law it would be worse than nothing?—It would be useless.

5275. You know how ledgers ought to be kept?—Yes.

5276. I must first ask you this question: Where ledgers are kept under the double-entry system, is it or is it not usual to add up the summations of the transactions where the balances are carried out daily?—They would be no good unless you balanced periodically, and you could not do that without adding your summations.

5277. If you were to go to an account in any ledger that kept a Cr. column for the credit transactions, and a Dr. column for the debit transactions, with a column for the balance, how could you check the balance unless you find the summations are added up at the end of any period—say, if you balanced weekly, at the end of the week; if half-yearly, at the end of the half-year; or if yearly, at the end of the year?—It is not absolutely necessary the columns should be added up, but I think a good book-keeper would add up the columns.

5278. When the balances were taken out from the ledgers, and you found your balances did not come out correctly, you would have to go through the individual accounts and again check the balance of each individual account?—Yes.

5279. Then, in order to check the balances of your individual accounts, you must go back to the transactions to prove each balance: is that not so?—Yes.

5280. Then, unless the summations are added up, can you do that?—I think so, but the shortest way would be to add up the columns, and the difference would show the balances at any time.

5281. Is it not usual to bring down balances after the yearly or half-yearly balances?—Certainly.

5282. Will you cast your eye on this ledger, which is Ledger No. 1, Intestate Estates A to L. The Public Trust Office balanced on the 31st December last. Is that account ruled off and the balance brought down as it ought to have been?—I think I should have ruled the line right across and brought the balance down. That is more a matter of taste than anything else.

5283. Is it not a matter of absolute rule in a well-regulated office?—That I am not prepared to say.

5284. You have never been in a large, well-regulated office?—No, I cannot say I have been in any very extensive office.

5285. Never employed in a large commercial office?—Never.

5286. Never in the office of a large company?—No.

5287. Never in the office of a large bank?—No.

5288. If I were to say to you that at the end of that annual balance on the 31st December last that that credit balance of £122 12s. 6d. should have been brought down in this form on that day and put into the Dr. column, then the total transactions, when added, would have agreed, *plus* the balance?—Yes, that could be done.

5289. Are you not aware that is the proper course?—It is not the invariable rule. It is not the method adopted by the Treasury. If I had been keeping this book I should have ruled off the lines; but I would have done nothing with the transactions.

5290. Have you ever any balances on the wrong side—that is Dr. balances?—Very rarely. I have had such things.

5291. How do you show them in your ledgers?—I show them in red ink.

5292. Then you have to keep two kinds of inks before you?—It is so very rare. In the Treasury books it is common enough.

5293. Dr. balances are like Draco's laws, written in blood. Have you got a fourth money-column in your ledger, with blue lines? Would you have any idea what that column was for? Is there any necessity for it?—It would be very confusing.

5294. Is there any necessity for it?—It is convenient to show the amounts.

5295. Supposing this lot of entries are debit entries, which they are, why could they not appear in the debit column?—Because they wish to know the amount paid in any one particular class.

5296. Will you look at this account in Estates in Office Ledger No. 1, folio 151: is that account properly summated? Ought these totals at the bottom of that page not be the totals of the whole page?—No; because the page contains the transactions of more than one period.

5297. Does the balance not continue?—It appears to be the intention to close it. It is entirely a matter of neatness. If I were keeping the book, I should do it a little neater.

5298. Then, would you not bring the balance afresh down and start only with the balance for and with the new year? At the close of your annual balance would you not start with the old balances?—I consider there is no objection to the way the balance is treated in the account you show me.

5299. Do you consider that account at folio 159 has been properly closed?—Yes, I will go so far as that.

5300. Will you tell me then that the amount of the transactions has been added up and ruled off?—No.

5301. Look now at folio 358. You see that there are no totals at all brought forward—and whatever appears is in pencil. Is that proper book-keeping?—No; it is most slovenly.

Mr. Patrick McIntyre examined.

5302. *The Chairman.*] Mr. McIntyre, you are employed in the Audit Department?—Yes.

5303. Will you explain to the Commissioners how long you have been in the service of the Audit Department, and what your duties have been and are?—I have been a little over twelve years in the Audit Department. First I was employed in the Railway Audit. Then from there I went into the general Audit Office, and had charge of the Public Trust and Government Insurance Office.

5304. What year did your duties bring you in the way of the Public Trust Office accounts?—From 1883 up to 1887, I think. I was four years and a half.

5305. Then, from 1883 to the end of 1887, you were employed auditing the Public Trust Office accounts?—Yes.

5306. Now, what system did you pursue?—I had always to report myself in the Audit Office at 9 o'clock, and at half-past 9 I generally got down to the Trust Office and began my work.

5307. What did you first do when you commenced your work? What books did you inspect and audit?—You must understand it is four years and more ago since I did it. I might make a slip, but I will try and tell the Commissioners what I used to do. I first of all began with the cash-books, checking the butts of the receipt-books into the cash-books. I would then take and check the previous day's takings into the general cash-book, which absorbed all the others.

5308. Did you first check the receipt-books into the cash-books?—Yes, always. Then, when I was done, I would check the postings into the ledgers.

5309. And then did you check the ledger balances?—The ledgers were not balanced every day, but I did check them every year in the annual balance-sheet.

5310. How did you check them from time to time?—Simply added up both sides of the ledger.

5311. That is the total summations in the ledgers?—Yes.

5312. The debit and credit summations?—Yes.

5313. Did you go right through for the whole year, and add up those summations?—Yes.

5314. Then, did you fill those summations in in ink?—They were filled in in ink, so far as I can recollect; but I forgot to tell you that before this system was inaugurated, coming down to the Trust Office to audit, we had ledgers of our own in the Audit Office, and I had to keep those ledgers. As a matter of fact, I remember one year when there was not a penny difference between them and us in our ledgers and theirs; but the work was too heavy, keeping duplicate ledgers to those in the Trust Office.

5315. And you are sure you added up those ledgers in the Audit Office?—Quite sure.

5316. You have told us just now that you checked the summations at the end of each year of all the transactions through their ledgers, and that the summations were filled in in ink?—I believe so. I think they must have been.

5317. Were the grand totals of the cash-books carried into the Check Ledger or the totals of each classification of entries in the several cash-books?—So far as I can recollect, it was the totals of each classification. I am not quite sure, but I think so.

5318. Then, in your time of inspection, how many cash-books were in use?—Five or six.

5319. Was that including the general cash-book?—Yes, I think it was including the general cash-book.

5320. Did you ever see any use for the general cash-book?—That was part of the system. I had nothing whatever to do with that. I had simply to do what was put before me.

5321. In your position as inspecting officer for the Audit Department, did it ever occur to you that it might come within the range of your duties to see that the books of the Public Trust Office were kept in a proper manner?—It came certainly within the range of my duties to see that the accounts in the Public Trust Office books were correct. That I was bound to see; but I did not think I was bound to make alterations, or attempt to make alterations, in their system, because, if I had attempted to do so, Mr. Moginie would simply have told me to mind my own business.

5322. Supposing you came across a book that was incomplete—not added up properly—would it be your duty to make that complete yourself, or would you call upon the Trust Office to do it?—It would be my duty to call upon the Trust Office to do it.

5323. If you found ledgers with the total summations not filled in in ink and not brought forward, would you consider that incomplete?—Yes, undoubtedly.

5324. Would you consider it within the range of your duties to go through every book that was

being used for the purpose of passing money entries through daily in the Trust Office?—I did, so far as I know.

5325. How many ledgers do you think you found in use in the Public Trust Office up to the time of your leaving?—Nine, I think.

5326. What did those ledgers consist of? We will classify them in this way: You know what an individual ledger is?—Yes; containing individual accounts.

5327. Then, they were all individual ledgers but one?—Yes, all but the general. There was one that contained accounts, such as the investment accounts.

5328. They were all individual ledgers excepting one?—Yes.

5329. And were those ledgers, in your estimation, well kept?—Some of them were well kept.

5330. Do you think they were ruled off and the summations filled in in ink?—I believe so.

5331. Did you ever come across a set of books in connection with imprest accounts and petty cash—a small set of books referring to moneys taken for investment in petty cash and stamps?—I think Mr. De Castro used to keep the petty-cash book.

5332. Had you ever occasion to audit it?—I am quite certain I would go through it, but do not remember.

5333. Did you ever come across an interesting family of little books called rough cash-books?—No.

5334. Did you ever come across a family of ledgers called subsidiary ledgers?—No; I do not know them by that name.

5335. Did you ever see those individual ledgers [now produced] before?—No; I do not think I ever saw them. I thought at first they were the Assets and Claims books; they are similar in appearance.

5336. You see now that they are individual ledgers, containing individual accounts?—Yes.

5337. You have never seen those books before?—No.

5338. Will you be surprised if I tell you there are nine of those in use in the Public Trust Office?—I do not know how many Ledger-keepers there are now in the office.

5339. What are these books for?—For keeping an account of each estate.

5340. Is not an account for each estate kept in the ordinary individual ledgers?—Yes.

5341. Then, you are sure now you never saw those books?—No, I never saw them.

5342. You never had to audit those books?—No.

5343. I think you said you never knew of a family of books kept here called rough cash-books?—No; I do not know anything about them.

5344. Do you know, when moneys first come into the Public Trust Office, the first entry made is in one of those rough cash-books?—I do not know that.

5345. During the whole term of your inspection as auditor did you ever ask the Public Trustee to present to you all and every book he had in use in the Public Trust Office?—I supposed I had all of their books in use, but it is evident I had not; but I had all the books required. I never did ask the Public Trustee to present me with every book he had in use.

5346. Did you presume that every book that was in use was given to you?—Yes.

5347. I suppose you have had some little experience in book-keeping?—Yes.

5348. You know how books ought to be kept?—Yes.

5349. Do you think that if it is necessary to open a book in an office of the importance of the Public Trust Office for the purpose of making money entries daily that that book should be kept in a proper manner, no matter whether it be a large book or a small one?—Yes, it should be kept properly; if it is worth opening at all, it is worth keeping in a proper manner.

5350. Would you think that rough cash-book [produced] is properly kept?—No.

5351. Did you ever see the inside of that book before?—Never.

5352. Would you think that book fit to go under the eye of any auditor?—Certainly not.

5353. Would you, if you had seen that book, have found fault with it?—Yes, if it had been presented to me for audit.

5354. Then, you knew nothing at all of this family of rough cash-books?—No.

5355. And are you surprised to learn that these books contain the very first entry of any moneys paid into the Public Trust Office?—It is peculiar.

5356. And you never knew of that?—No.

5357. And you never knew of that family of nine subsidiary ledgers?—No. I do not see what the use of these books is at all.

5358. Supposing you had discovered, as you should have done, that the Public Trust Office were keeping a great number of books—far more than were necessary, or than came before you—would it not have been your duty to have inquired into the use of those books?—Had they been keeping books that came suddenly to my knowledge, I would certainly see what they were composed of.

5359. Supposing you had discovered there were a large number of books in daily use in the Public Trust Office that were not brought under your notice for the purpose of checking and auditing, would you have considered it part of your duty to have asked for those books in order to satisfy yourself as to what use, in connection with the Public Trust accounts, was being made of them?—So long as I got all the information I required for conducting the audit of the office as Mr. FitzGerald required it to be done, they might keep as many books as they pleased so long as I got the information that was necessary. If they liked to spend their time over useless work that was no business of mine.

5360. Supposing the Public Trust Office chose to keep a duplicate set of books, one for its own particular fancy and another for your inspection, would you have been quite satisfied to have allowed the Trust Office to keep another set of books?—No, that would have been a different matter altogether.

5361. Then, how are you to find out unless you make yourself conversant with every book in use in the Trust Office, in order that you may have a proper audit?—Because I had access to all the books that contained the money transactions of the office constantly before me, and I had the cash-book sent up to the Audit Office every week to be signed by Mr. FitzGerald, with a statement made by myself that the balance was so-and-so.

5362. Mr. McInyre, I have just brought under your notice nine subsidiary ledgers, which are duplicate ledgers of other ledgers in use in the office that were put before you: would you have tolerated that if you had known it?—If they are duplicate ledgers, and I had discovered their existence, I think I should very likely have mentioned it to Mr. FitzGerald that they were keeping duplicate books.

5363. You have got a very good position to uphold as inspector. Do you mean to tell me that you would undertake the auditing of the books of an office where you found books in use that were not shown to you in connection with the accounts you were called upon to audit and inspect?—No; I should like to see every book.

5364. Would it not be your duty to see every book?—Yes, I suppose it would.

5365. If it came to your knowledge that there were a number of books in use that were not brought under your notice, would it not be a most important part of your duty to insist on seeing every book, and find out for what use every book was kept in the office?—Yes, it would.

5366. Well, now, what have you got to say about this rough cash-book?—That is evidently a rough memorandum-book. I do not know to whom it belongs. It is not one of the office books.

5367. Do you treat the keeping of accounts in a large office like the Public Trust in that sort of easy-going fashion, that you allow, where money entries are concerned, these rough memorandum-books?—I do not think I should keep them myself.

5368. You are intrusted by the Audit Department to audit important accounts, and I take it to do your audit thoroughly you cannot be too particular. Would you allow such a book as that in an important office like this?—I never knew that such a book was in existence.

5369. Nor that the nine subsidiary ledgers were in existence?—No.

5370. You told me that the summations in the ledgers were properly made—that you had checked them yourself, and that they were made in ink?—Yes.

5371. Now, will you return to No. 1 Ledger, Intestate Estates, M to Z? Will you show me a single account in that ledger where the summations have been made and are filled in in ink? It is a ledger containing five hundred folios?—I cannot. In this ledger the balances are carried up with each entry.

5372. There are the transactions, a column for each—debit and credit. Will you show me where the transactions are totalled up and carried out?—I do not suppose I can; but I know that in any accounts during my time I can guarantee the balances to be correct.

5373. Yes; but it is your duty, I apprehend, as an auditor, before you attempt to audit a book, to see that it is kept in a proper way, or else you ought to refuse to audit until the books were placed in a proper condition to audit. How can that book be in a proper condition to audit when, in order to check the balances, you must first make the total summations?—Those balances were checked day by day.

5374. Where is the evidence of that? Can you show me any totals in the ledgers put in in ink?—There are none; still, I can guarantee it is so.

5375. Now, look at Intestate Estates Ledger A to L. Is that ledger not in the same condition—the totals not even carried out?—The totals are not added up; simply the balance brought forward.

5376. We will now look at this other ledger, Estates in Office. There is an important account, a very old one, before your time and during your time. There are no totals there?—No.

5377. Where did you see important ledgers kept?—In a great many offices.

5380. You were in an important office in Dunedin once?—Yes.

5381. Did you ever see ledgers there not totalled up?—No.

5382. Is that account in the ledger before you as it ought to be properly kept?—It would be proper to have the total additions put in.

5383. Did you ever check those imprest books kept for petty cash?—There was in the ledger a Returned-cheque Deposit Account, and that I checked.

5384. Perhaps that is another little book that never came under your notice?—I do not think I have checked it.

5385. Did you ever see that imprest book before, and the Returned-cheque Deposit Account?—I do not think I ever saw either of these. At the same time, I know that I checked the accounts.

5386. Did you check the Assets and Claims book?—Yes.

5387. Did you ever check the Assets and Claims book to the extent of seeing that the personal effects belonging to dead people—that is, personalty—was entered properly in those books?—I used to take the papers. This was only when I had time. I did not make a regular practice of it, because I had not time to spare; but I sometimes went through the papers, and saw that everything was in the Assets and Claims book.

5388. Did you check the effects?—I had no opportunity of doing that.

5389. Is not that part of your duty, to check the articles of personalty?—I do not think it is.

5390. Now, supposing that my estate fell into the hands of the Trust Office: among the personalty there were several hundred pounds' worth of jewellery, which came into the Trust Office, and at once became a liability of the office; would it not be your duty to see that my effects were in proper custody, and to see that a proper inventory of them existed, and to ask to see that inventory?—I should not consider it was my duty to do so.

5391. Supposing you were auditing the accounts of a bank, and you found there were so many bags of sovereigns in its strong-room, would it be your duty to count those sovereigns?—Yes,

5392. Were you never aware there was a lot of jewellery in stock in the strong-room of the Public Trust Office?—I cannot say I heard there was a lot, but I heard there was jewellery.

5393. Did it not occur to you that all personalty was a liability of the office, and that it formed part and parcel of its business?—Yes.

5394. Would you not have as much right to ask for all jewellery, and to check it, as you would have to ask for a thousand sovereigns that might be in the safe belonging to a dead person's estate?—I really do not know how to answer the question. I never considered it was my duty to do so.

5395. You never realised that that was part of your duty in making an audit?—No.

5396. Supposing that in an important estate there were, besides jewellery, a few hundred pounds of bank-notes in a box with this jewellery, would it not be the auditor's place to look into the box and ask for the inventory?—I would have a return from the agent.

5397. But, supposing I died here, and my effects were handed to Mr. De Castro—and if I happened to possess a box of jewellery, with some few bank-notes—and you were aware that my estate was in the office, would it not be your duty, when auditing, to ask for the inventory and check it?—I do not think so, because Mr. De Castro might have this box with the jewellery and bank-notes in it, and what was there to prevent my abstracting half the contents, and then call him in and say, "This is the box of jewellery belonging to the estate."

5398. Has it ever occurred to you, representing the Audit, to ask whether Mr. De Castro or any other officer made an inventory directly any such effects came into the office?—I never did.

5399. Did it never occur to you to look for that inventory that ought to have existed in every case?—No, it did not.

5400. Do you think such a book of inventories should have existed?—I think the Public Trustee should have kept such a book.

5401. You are aware no such book or record has ever been kept?—No, I am not aware, but I never heard of it.

5402. If I tell you that such a book or record was never kept, will you believe it?—Certainly.

5403. Then you never heard of such a book, and it never occurred to you to ask for such a book, or represent to the Auditor-General that such a book was not kept and ought to be kept?—No.

5404. *Mr. Macdonald.*] You have told us that you examined the Assets and Claims book, and that you have seen, as a rule, that the assets which came into the office were entered in that book?—Very often, but I did not make it my practice.

5405. Have you, in the course of your audit, ever examined into the fact whether the assets stated to exist in reference to the various estates as defined in the Assets and Claims ledgers had their corresponding equivalent in the cash-book upon realisation?—No, I never did.

5406. Do you not think, on reflection, now that the matter has been brought to your notice, that any audit was necessarily incomplete that did not test the fact that the assets which came in for realisation were realised?—Yes. I never pretended that the audit was complete, because it was impossible, with the limited time I had at my disposal, to make it complete. It was utterly impossible from 9 in the morning to 1 in the afternoon to execute a complete audit of this office. I applied for assistance, and I was refused, because the Government would not grant it. But I knew perfectly well it was impossible to make the audit as thorough and complete as it ought to have been.

5407. Are we to understand you to say that you knew from your practical experience in connection with the working of the audit of this department that you had not time to do the audit properly; that you represented that fact to your superior officers, but was refused assistance?—Yes; that is perfectly true.

5408. And that they were aware, as well as you were aware, that the audit was an imperfect one?—I would not put it that way. What I meant to say is, that I knew the work was too heavy, and that I could not do the work as thoroughly as I should like to do it. I used to be working until 10 and 11 at night, sometimes later, to keep the work up. It was beginning to tell upon me, and I could not stand it. I applied to Mr. FitzGerald for assistance, and Mr. FitzGerald said the Government would not grant any assistance.

5409. And when assistance was not granted the auditing fell down into a perfunctory system?—No. There was a Commission appointed to go round the service with the object of effecting retrenchments. Amongst other things, I believe, they ordered the duplicate set of ledgers to be done away with as useless work. Then, when this was represented to Mr. FitzGerald, he said, "Very well; you will have to go down and do the work in the office." That relieved me very considerably. The auditing of the Government Insurance Department and the Public Trust Office is an impossibility for any one man to do.

5410. In your judgment, it is quite impossible for any one man to audit the Public Trust and the Insurance Departments, and audit them efficiently?—Yes.

5411. Did you ever examine the balance-sheet?—Yes, four years in succession.

5412. Which was the last year you examined it?—I think 1886 was the last one.

5413. You never made any provision in connection with the department, then, for losses on investments?—I really forget now how it was fixed up.

5414. Did you know of any losses at that time on the investments? Did that come before you?—I remember one loss on a property down at Christchurch.

5415. How was that treated in the balance-sheet?—I believe Sir Julius Vogel said that Mr. Hamerton would have to make up the loss.

5416. That was the only case that came before you?—It is the only one I recollect.

5417. Was that loss shown on the balance-sheet at the time?—That I cannot say. It is over four years since I had anything to do with the office.

5418. Then, who succeeded you?—Mr. Webb.

FRIDAY, 8TH MAY, 1891.

Mr. JAMES EDWARD FITZGERALD, Controller-General, further examined.

5419. *The Chairman.*] Well, Mr. FitzGerald, the books you have been looking at are No. 1 Cash-book, intestate estates, and No. 10 Cash-book, Public Trust Office. Could you tell me how often the cash-books are balanced in the Public Trust Office?—No; I do not know.

5420. Then, when they are balanced, should they be ruled off and the balance brought down in the cash-book?—I should like, before answering these questions, to examine the cash-book, and see on what scheme it is kept. I do not like to answer questions which may have an entirely different meaning from what I may suppose.

5421. Will you tell us what is a cash-book for?—If you put the cash-book in my hands, and let me examine and see what use is made of it, then I will answer your question.

5422. You are quite at liberty to examine those two cash-books on the desk now, and to take your own time. [Cash-books examined by witness.] I want to know whether the balance should be brought down?—I should like to see the place where the account comes to an end.

5423. That will be very difficult?—This cash-book is properly ruled off on the 31st December, and the balance brought down.

5424. Then, is that the only day in the year that the cash-book is balanced in the Public Trust Office?—I cannot say.

5425. You do not know?—I do not.

5426. Is it not the duty of the Audit Department to know how often the cash-books are balanced?—No.

5427. Would you tell me what should be the use of a cash-book in an office of this kind?—Really, Mr. Larnach, you must excuse me when I request you not to ask me questions of that kind. I do not like to be talked to as if I was a child.

The Chairman: I am not talking to you as if you were a child; and, although you do hold the high office of Auditor-General, let me tell you that I am here for a particular purpose, and it is my duty to put certain questions to you. I put them with all proper respect for your office, but at the same time I will not flinch in my duty; and, if you tell me you decline to answer such questions, do not mistake me, I will put no more to you.

Mr. FitzGerald: But I may be allowed to say, with great respect for your office, that the whole course of the examination to which I have been subjected, and the officers in my department have been subjected, has indicated a decidedly hostile opinion of the Commissioners as to the subject they are called upon to inquire into. And in common justice I had a right to be present at the examination of my subordinates, either by myself or by counsel, in order that they might be placed under an examination which would enable them to escape from the exceedingly hostile inclination which has been shown by yourself as Chairman.

The Chairman: Then, sir, I think you have no right whatever to make such an assertion, indeed there is not a shadow of right for you to make such an assertion. The Commissioners have been, so far as their lights and their experience have allowed them, trying to make a fair investigation, and it may have been necessary from time to time to put particular questions to certain officers that it may not have been very convenient to answer, but the Commissioners cannot help that. I wish you, therefore, to entirely disabuse your mind of any impression that there is any desire on the part of the Commissioners to put any department of the public service in a false position. The only object which the Commissioners have is really to do their duty to the best of their ability; but, so far as having any hostile inclination towards your department, or any other department of the public service, it is farthest from their thoughts.

Mr. FitzGerald: Well, I think the witnesses, from the questions that have been asked, ought to have had the benefit of being examined by somebody on the other side. I think the questions you put to me are those that would have been put by counsel for the prosecution, so to speak; and in that case I think the ordinary course of English justice should have been adopted—that the counsel on the other side should have been able to elicit some more of the truth than you have, so that there might be a balance of truth in the whole examination.

The Chairman: It is to be presumed, Mr. FitzGerald, that your officers told us the truth. We did not doubt them. You raised the question. The Commissioners did not raise the question.

Mr. FitzGerald: That is not what I mean. But everybody in a witness-box speaks the truth to questions put for the purpose of eliciting a certain part of the truth; but the whole truth is elicited by cross-examination, and the Court makes up its mind after hearing the examination on both sides. I think, and have been informed, that your examination has been of a sufficiently hostile character, entitling them to a counter examination.

The Chairman: Then you have been told that?

Mr. FitzGerald: I have been told that.

The Chairman: By officers who have come before this Commission.

Mr. FitzGerald: By officers who have come before this Commission.

The Chairman: Well, Mr. FitzGerald, I am quite prepared to take the responsibility of the course I have pursued; and, if the Commissioners understand that you desire to answer no more questions, it will save your time and the time of the Commissioners if I at once tell you we will not trouble you any further.

Mr. FitzGerald: No, not at all. I am most happy to give every information in my power in order to elicit the whole truth. I am most anxious to do so, and I have nothing whatever to conceal.

The Chairman: You have gone beyond that. You have favoured the Commissioners with a little of your opinion as to their duties, which was not asked for.

Mr. FitzGerald: It may be so, but I hope it will go forth to the public at least.

The Chairman: It will be taken down by the Secretary, Mr. Grey, and shall go forth to the public. So far as I am personally concerned, I am quite prepared to take my part of the responsibility.

Mr. FitzGerald: Quite so.

Mr. Macdonald: So far as I am concerned, I hope Mr. FitzGerald will disabuse his mind of the existence of any hostile feeling on the part of the Commissioners. It is quite the reverse. I have been here during the whole of the examination of the Audit officers, and I have seen nothing which would induce me to believe that the Chairman had any hostile feeling towards the officers of any department. There have been some foolish comments in the papers respecting the Commissioners and the Audit Department, comments which are entirely unauthorised, because if there has been one thing which the Commissioners have been extremely careful about it has been to prevent any publicity of their proceedings. That discretion has not been wisely exercised by others, and the result has been that the papers have got hold of certain garbled statements, for which the Commissioners are in no way responsible. But I altogether disclaim any idea of entering this Commission with any hostile feeling, either to the Audit Department or any other department. I came here to examine the facts, and my only desire is to ascertain from the Audit Department their course of procedure with reference to the auditing of the Public Trust Department; also the method of audit, in order to ascertain how far that is calculated to bring about a true examination of affairs, and to check the risk of anything being wrong; and I hope we will not part with any feeling of antagonism, because I am quite sure it does not exist on our part.

Mr. Loughrey: I must say that I have no feeling of hostility in the matter, and the Commissioners generally have no feeling of hostility either towards the department we are inquiring into or to the Audit Department; and, with regard to the examination of witnesses, it is scarcely an examination. Most of it has consisted of statements made by them as supposed experts in their particular line of business. So far as I have observed, proper questions have been put to you, as Auditor-General, as to the method of audit adopted, in order to elicit further information; but they have not been put in any offensive way. And I also must disclaim any intention to be hostile. First of all, your office has been treated with great respect, because of the position you hold; and I, for one, am exceedingly sorry to think for a moment that you should consider the Commissioners hostile to you in any way.

Mr. FitzGerald: I do not for a moment say that the Commissioners had intended to be hostile, but I began to think so from its being refused that I should be present at the examination of officers of my department, and that I should put them under that cross-examination which I think would have tended to throw perhaps a different light on some subjects upon which they were examined.

The Chairman: Now, Mr. FitzGerald, did you ever ask, in the first place, that you might be present when any of your officers were before the Commissioners under examination?

Mr. FitzGerald: No; but I asked for the evidence.

The Chairman: True. And I am going to be plain with you, and say that if you had asked to be present it would not have been within the province of the Commission to have allowed you. I will be perfectly frank with you, and tell you that we considered we were not at liberty to hand you portions of any evidence given by other witnesses. But since you informed the Commissioners that the Government had handed a copy of the evidence to you, that has relieved the Commissioners. The Commissioners did not feel at liberty to do so. They are, however, not sorry to hear that the Government had done so; and although we considered that we would not have been doing our duty had we done so.

Mr. Macdonald: It is not fair, Mr. FitzGerald, to presume that the Audit Department is on its trial in this matter. I take it that all we want is to get the officers here, who are connected with the practical working of the audit, and get from them statements respecting their work. We did not treat them in any sense as hostile to us, or ourselves as hostile to them. We only wanted from them the plain story of their proceedings, and they were at liberty to make any statements they pleased to help us in our work of elucidating the true facts. They were not, as you have put it, in the position of men in the witness-box, but in the position of men who were supposed to know certain facts which they, as officers of the State, should have been only too anxious to disclose to a Commission specially appointed to inquire into facts. There was no attempt to lead them in a particular direction so as to elicit only a portion of the truth or such facts as you allege the Commissioners were anxious to bring out hostile to any department. Every facility was given to them to make statements. If you examine the evidence the shorthand-notes will show that the examination was conducted in a fair and open manner, and not in a hostile way.

The Chairman: It may, perhaps, appear to the minds of some officers and their friends that, in the conduct of this Commission, my colleagues and myself have given offence to some officers who have come before us as witnesses; and in that respect, so far as I am concerned, I would feel sorry if I had done so. But, knowing and feeling that I have tried to do no more than my duty, it will not concern me in the least if officers choose to take offence at anything I have done. In anything I have to do I shall do my duty, regardless of what you or any officer may think.

Mr. Loughrey: I think the mistake has been that some people begin to think that they are on their trial. We are only here to get information. You are not on your trial as far as we are concerned. We are simply to make a report, and the Government will be the judges in the matter. Every opportunity has been afforded to each and every witness to give us the fullest statements possible. I think you will agree, in reference to yourself, that that is the position the witnesses have been placed in.

The Chairman: I ask you, Mr. FitzGerald, if counsel were allowed to appear before the Commissioners in reference to the examination we have to make, of what use would counsel be? Our examination is made up of questions connected with the inspection of books and papers; and of what use would counsel be? Would you wish counsel to be here to object to the Commissioners putting certain questions to witnesses? Then I should decline to sit a moment here. Questions

would have to be put by the Commissioners, and they could not be put through counsel. It is not as if any one was here on his trial. I do not think you, with your usual sagacity, see these matters in their proper light.

Mr. Macdonald: Remember, too, that every official witness has had his evidence sent to him with the object of his having the opportunity of correcting any errors in it, and he also has had an opportunity if he wished of coming before the Commissioners and making any further explanation in order that no possible misapprehension may exist in connection with the evidence given. That, you will observe, in no sense implies hostility, but the very reverse. The Commissioners desire that there should be the fullest explanation made to the Government and to the country respecting the conduct of one of its great institutions; and the mere fact that the Audit is, in an important manner, connected with it does not affect the main position.

Mr. FitzGerald: I do not mean to imply there had been any desire to suppress any evidence that was volunteered.

Mr. Macdonald: The very opposite. We are only too anxious to get any and every evidence we can.

The Chairman: I hope, Mr. FitzGerald, you do not imply either that we wish to manufacture any evidence that has not been given.

Mr. FitzGerald: No, I do not imply that; but what I mean to imply, and I do so with great respect, is, that the questions which were asked were, in a great measure, questions that would have been asked by a person who had previously made up his mind as to the answer he would like to receive. It may have been quite inadvertently so, and I may be mistaken, and, if so, I may be sorry for making the remark.

The Chairman: You seem to forget that you raised the question of the keeping of the cash-books this morning, or the question of cash-books would not have been touched upon again. You asked for certain cash-books and examined them, and the mere fact, to my mind, of your going off at a different direction altogether to that on which the question had been put before—unknowingly, perhaps—it was my duty then to put certain other questions to you that followed in my mind as relevant and proper questions that ought to be put.

5428. *Mr. Macdonald.*] Mr. FitzGerald, you said yesterday that you would look into one or two points to which I then referred. Have you done so?—Yes.

5429. There was the question of the assets that came into the Public Trust Office, both realty and personalty—whether the fact that they had been realised was ever examined into by the Audit?—I think I mentioned before I had no knowledge that they ever did come into the office. It is quite new to me.

5430. I am referring now to realty?—There is very little realty, except in mortgages of real property.

5431. They carry on a number of properties under trust—collecting rents, and so forth?—All that comes before us. Everything connected with real estates comes before the Audit.

5432. Then, supposing a man dies possessed of, we will say, a farm in the country—half-a-dozen allotments in one country township, three or four in another, and a section in Wellington—does the department ever examine the fact that those assets have been realised? Supposing the Public Trustee, through some mischance, should overlook those facts?—I do not think we should know anything but what is put before us by the department. We have no means of knowing otherwise.

5433. The Public Trust Office puts before you the assets of an estate in a certain book which they call their Assets and Claims Ledger?—Yes.

5434. But we have been told that the Audit Department has not time to examine into the question as to whether those assets are realised or not. If they are realised they check the fact that cash comes into the office and is disbursed, but they do not examine into the fact whether the whole of the assets shown in the ledgers have been realised or not, or whether some of them are missing?—I do not quite see the force of what you are driving at. If they are not realised they remain the property of the Trustee, and there is nothing more to say about it.

5435. But, supposing he has failed to realise when he should have realised?—We should not inquire into that.

5436. So that it would be quite possible, and not improbable, for them to remain unrealised for years?—We should not know. We should know if we went to the papers.

5437. I understand the Audit does not go to the papers. An ordinary auditor outside the Government necessarily does not interfere with administration, but I understood you to say in the beginning of your evidence that your Audit Department was also a department of control?—On the expenditure of trust moneys.

5438. And that is all?—That is all. And no money issues by Mr. Hamerton's signature. It issues by my signature.

5439. Therefore, any omission to realise assets would not be detected by the Audit because it does not, in your opinion, come within the range of its duty?—It might incidentally, and I think there have been cases in which we have incidentally found occasion to query what has been done in so-and-so; but it would not be one of the ordinary functions of the Audit Office to inquire into the realisation of assets.

5440. Then, you were good enough to say that you would look into the question as to whether the balance-sheet should show and provide for the losses which had accrued upon investments. We have it in evidence that certain losses have arisen on many investments, and that the balance-sheet year after year has failed to disclose that there was any actual loss or any prospective loss upon the gross amount named in the several totals of the balance-sheet as below 20s. in the pound?—I cannot think that can be the case with respect to losses that have occurred; but there is no alteration made in respect to losses likely to occur when the value of property is known to have fallen far below that which it originally stood at. No notice of that would be found in the balance-sheet.

I will inquire into that fact. I am under the impression that where they have sold a property valued at, say, £1,000 for £500, I think that would find its proper place in the balance-sheet.

5441. But there is no evidence of that on the balance-sheet?—I will inquire into it. I cannot answer positively off-hand.

5442. As a matter of principle, do you not hold that where a property has fallen in value there should be be a proper allowance made for that in the annual balance-sheet?—That is a commercial question. I do not know what the practice amongst merchants is. It is a question which I think would be dealt with very differently by different people. It is not a matter of fact at all, but of opinion. You put two valuers to say what that is worth. One will say £1,000 and the other £1,500.

5443. If it goes to auction and is not realised or bought in by the mortgagee as highest bidder, what then? We have, as a matter of fact, in evidence the case of certain properties upon which interest had not been received for a long time. The properties had been submitted for sale by auction and had failed to find a purchaser, except by the Public Trustee, there being no demand for them. The present value will not come up to anything like the value which was anticipated when an attempt was made to realise the mortgage, it being well known to the Public Trustee that a considerable loss would have to be sustained whenever there were any hopes of realisation. Do you not think that in cases of that kind there ought to have been some provision made in the balance-sheet?—Curiously enough, you have pitched on a point which was very much under discussion some months ago with regard to a property in the Government Insurance Office. There they wanted, and insisted almost on having, the property appearing in the accounts as having sold for the value of the mortgage and wished to write off the difference in another way, the property having sold for only half the value. But then they wrote off the difference in another way, and the Audit strongly objected to that, and insisted that the sum for which it was sold should appear in the accounts as such.

5444. That displayed, did it not, a very loose system with the Government Insurance Department?—I mention it for the purpose of showing that different accountants have different modes of viewing the way in which these facts should be brought into their books. Their accounts would have been perfectly right if put in the form they wished, but they wanted to conceal the fact that they had lent money on an insufficient security.

5445. Then, that was the position the Government Insurance Department was anxious to set up, to conceal the actual state of affairs, and the auditor refused to allow it?—Yes.

5446. Very properly so, too, I should say. Then, as to the question of the £18,000, taken as part of the surplus profits?—I think that was the whole amount.

5447. *The Chairman.*] Excuse me, Mr. FitzGerald; it was only part of the supposed profits standing at credit at the time. Some few thousands were left in the hands of the Public Trustee?—It was all the profits for a number of years—ever since the office has been in existence.

5448. *Mr. Macdonald.*] There has been over £50,000 paid into the Government chest from the Public Trust Office. Did the Audit Department examine into that question as to any risk the Public Trustee had in the future with reference to investments?—I have inquired into that, and find that the question of investment would not enter into the question by Act. The sum called profit is the difference between the sum received by the Expense Account, in the form of commissions, and the cost of maintaining the Trust Office; and the values of property do not enter at all into that.

5449. So that if there is a loss of £10,000 at any time on the investments that would not be shown?—Not in estimating the amount that was to be paid to the Government—to the Consolidated Fund.

5450. Then, how would this £10,000 be found if it were not made a debit against Expenses Account, and, therefore, a debit against profit?—It is not a debit against the Expenses Account by the Act.

5451. Do I understand there would have to be a special provision made for it by Parliament?—I should think so. The Chairman asked me the other day what position the Public Trustee stood in with respect to his personal liability in the case of loss, and I think I stated at the time what I now repeat more clearly. I think the lawyers would tell you that the intention was that the country should be responsible for any loss; that the Public Trustee should be put in the same position as a private trustee; and that, so far, the country would be in the position of a private trustee—that is, that the country, and not the Public Trustee, would have to make good any loss incurred.

5452. *The Chairman.*] Then, if the Public Trustee made a mistake which would amount to a breach of trust where money had been lost, would not the country be responsible?—Yes.

5453. But if the Public Trustee went outside the law?—Yes; then the country would be responsible.

5454. Then the Public Trustee, whether keeping within the law or outside of it, is the country?—Yes; I think that is obviously the case. It has never been tried. It has never been laid down by the Judges. Those depreciations of property do not come in as an element at all into the calculation of the claims of the Consolidated Fund.

5455. *Mr. Macdonald.*] Therefore the balance-sheet may be inaccurate and misleading in that sense? There may be a loss of £10,000 on an investment, partly ascertained, and partly not ascertained, but quite apparent?—I should not say the balance-sheet was inaccurate, because it is made up in accordance with Act of Parliament.

5456. What I want to arrive at is this: It has been the habit of the Public Trustee to debit against his Expenses Account everything in the way of expenditure and loss. You, yourself, tell us that you insisted on the loss in Hatfield's estate being charged against the Expenses Account?—I do not think I have given that in evidence.

5457. I think you told the Commissioners that you altered the last balance-sheet?—That is quite true. We required the losses in Hatfield's estate to be carried into the balance-sheet. All the losses, when they have occurred, are brought into the accounts, but not the prospective losses likely to occur.

5458. Prior to that large amount of £18,000 being paid over to the Consolidated Fund, the £18,000 being supposed to be a portion of the net balance of profit, did the Audit Department satisfy you, by an investigation of the securities and investments, that all debits of losses, actual and prospective, had been properly brought to account, so that the £18,000 was real profit?—Certainly not; and it would not have been correct to do so. The loss that had occurred obviously must have come into the Expenses Account before.

5459. Mr. Hamerton has held, as Public Trustee, that ascertained losses ought to be borne by the beneficiaries themselves. An investigation of the facts leads the Commissioners to doubt that position. Therefore, he never would bring them to account, although he knew they were actual losses?—Where did he bring Hatfield's?

5460. He was forced to bring that loss to account by the Court and yourself?—Does he mean to say we never forced him before?

5461. This was such a glaring case. Judgment was recorded against him, and he had to find the money somewhere. A loss arising in an ordinary estate from a failure on the part of a mortgagor to pay interest and principal would not come before the Supreme Court. He would simply communicate the fact that loss had been sustained to the party interested?—I will immediately cause a return to be made of all the losses that have occurred since the commencement, and then we shall be able at once to see whether they have been brought into the accounts.

5462. In connection with the Public Trust Office, would it not, in your opinion, be wise to devote more time to the audit, so that the audit should be of a more comprehensive character than is necessary in some other departments?—Well, that is really a question asking whether the Audit is crippled and curtailed for want of means. I have no hesitation in saying that it is, in every direction. I should much prefer to see the Audit more amply supplied with means to carry out its wishes.

5463. In other words, you mean to say that you are in many cases unable to make as efficient an audit as is required?—Most undoubtedly; not only in this direction, but in all directions, the Audit Office staff is crippled to an extent that in many cases our duties cannot be efficiently performed. I had a complaint made to me this morning by my Chief Clerk that one of our books was in a totally backward condition for want of sufficient clerks. A question was asked me whether we examined the terriers and the sums currently due. We have no sufficient information on that point. We have not complete terriers, which we ought to have.

5464. *The Chairman.*] On that subject, how then does the Audit find out when interest is in arrear or not paid regularly on mortgages current with the Public Trust Office?—That is exactly what I say we are deficient in. We ought to exercise complete control there. We should have a complete terrier, and know all sums periodically due to the Trust Office.

5465. Mr. FitzGerald, to be more clear we will call it a register, that ought properly be kept in alphabetical form?—We have, for instance, in the Land Fund, a register of all sums due; and we are constantly informing the Receivers of Land Revenue that so-and-so has not been paid up.

5466. Then, it never could have occurred to any one of your Audit inspectors that there were such books as terriers kept in a kind of way by the Trust Office for the purpose of showing in what position a mortgage stood? They were never shown to you or your inspectors, and never asked for?—No. We have not got any terriers.

5467. Had any of your officers called your attention to the fact that on many investments interest was behind, not only for one and two years, but in many cases several years, what would you have done?—They may have informed me, and we may have queried, but I do not recollect any instance.

5468. Perhaps you are not aware that as far back as three years ago interest on certain mortgages was not paid, and has not been paid since?—No; I have no knowledge of that. Without a complete register, we should not have the information before us, except accidentally.

5469. Then, those mortgages to which I have just referred have appeared in the balance-sheet for at least three successive annual balances as good mortgages?—I do not see what connection there is between the two. It may be a perfectly good mortgage and yet the interest not be paid.

5470. If I tell you that in more than one instance the mortgage was exposed for sale and had to be bought in by the Public Trustee as the highest bidder at auction, and who holds the securities now, would you consider those good mortgages?—No, because the money is lost.

5471. Was it right and just that they should appear among the investments in the balance-sheet as good investments for the money that was originally lent on them? And has that matter never been brought under the notice of the Audit?—No; it has not been brought before me. It does not follow that the securities are bad. With the varying prices in new countries, property in two years may be worth double the money.

5472. Or the value may be less than it is now?—It may be. I have known heaps and heaps of property being sold for small sums which would have sold for large sums had they waited.

5473. It is the Board of the Trust Office which decides to lend the money on any mortgage?—Yes.

5474. And after the money is lent on a mortgage the Board appears to have no other duty in respect to following the value of that mortgage from time to time?—No; I do not think the Board has any duty after it determines to lend the money.

5475. Then, would any part of that duty devolve upon the Audit Department?—I do not know whether the Board would have any power of deciding whether the land should be sold or not.

5476. Would the duty devolve on the Audit Department as to following the value of the securities from time to time?—No.

5477. Then, it would rest entirely with the Public Trustee?—Yes.

5478. Then, it would be the duty of the Public Trustee from time to time to arrive at the value of his securities, and where deficient to report to the Audit Office?—Yes. If any loss occurred he would report it.

5479. Is it not the duty of the Public Trustee, and a very urgent duty too, to report from time to time any interest that is in arrear on any mortgage to the Audit Office? Is that not his duty, or is it the duty of the Audit Office to find it out?—There is no specific duty on the part of the Public Trustee to report anything to the Audit—nothing statutable. We are supposed to audit accounts, and find out everything wrong.

5480. Is it the duty of the Audit Department to find out when interest is in arrear on any mortgage?—No. I have already said we have been deficient in not having a complete register of the moneys due to the office, as we have in the Land Office.

5481. If it is not the duty of the Audit Office to find out where arrears of interest exist, is it not the duty of the Public Trust Department to report the fact to the Audit?—I did not say it was not the duty of the Audit to find it out. I said we have not got the duty.

5482. Then, will you say it is not the duty of the Audit Department?—I think it ought to be its duty, because they recognise that to be their duty in regard to the Public Account.

5483. The Audit Department has never made any discovery of arrears of interest hitherto?—I have no recollection; but I am rather inclined to think it has been mentioned to me, and we have queried the department about it, I am almost certain. It was quite incidental.

5484. Supposing to-day a case was reported to you by your Audit inspector that interest was in arrear for a long time in connection with a certain security held by the Public Trust Office, what would be your proceeding?—I think we had that out before. I think I stated, with regard to the Public Account, that we have been in the habit of telling Receivers of Revenue that if they did not collect the revenue I should surcharge them; but I am not quite certain they are in the same position. If the law is good, my duty would be to surcharge the Public Trustee if he did not collect, but I am not quite sure whether that is law. That is the only way we should have influence—by surcharging an officer for neglect. There is a clause which says that any officer shall be responsible for any loss caused by any neglect on his part.

5485. Would it not be a much more direct course if the Public Trustee was compelled to realise the security or to report if the interest was not paid?—I think that ought to be entirely at the discretion of the Trust Office. It is a delicate question with a trustee, when the period has arrived when he ought to sell. That is an administrative act, which I do not think belongs to the Audit at all.

5486. I am asking your opinion as an experienced officer as to whether it would not be advisable, looking at the risks that might be run by continuing securities of that class, that the Public Trustee should be compelled to report or to realise?—I think he ought to report it to the Board and take their directions as to realising. I am not sure he could sell without the sanction of the Board.

5487. So far as I can gather, it appears to me that the Board has exercised no other duty than to consider the value of securities when brought before it for the purpose of lending money. The Board seems to have no duties of inspection or control?—No, not in the ordinary affairs of the office.

5488. *Mr. Loughrey.*] Is it not misleading, when the Public Trustee realises or attempts to realise on a mortgage security and cannot obtain the amount that is advanced, to buy in and then charge in his office accounts the full value in his estate account?—It is misleading as to the value.

5489. Should not the Audit inquire as to this particular estate?—We should thoroughly inquire, because he could not pay the money.

5490. Should not the Audit make inquiries into such cases as I mention and ascertain the proper value?—I think so, certainly.

5491. *Mr. Macdonald.*] In other words, does it not come to this: That it would be the proper thing for the Public Trust Department to have an annual inspection of their securities, in so far as values are concerned?—It might be very desirable; but the question which has been put has opened up a subject of great importance. The Chairman will recollect a question with regard to money that had been advanced on three estates. I should like to state expressly to the Commissioners that in dealings with the Public Account there are two classes of entries—one, cash transactions; and the other, transactions by transfer from one account to another. The whole object of our accounts in the Audit is to be certain of the issuing balance upon any vote; but it is quite clear that if the Treasury had the power of making transfers between two accounts they would alter the issuing balance of the vote. Now, in the Public Account no such transfer can be made without a requisition, which is called a credit requisition, being sent up asking payment, and to debit one account and audit another. A few months ago I discovered that the Trust Office were in the habit of making transfers about which I knew nothing, and I immediately put a stop to it, and said that no transfers can be made without requisition similar to that enforced in the Public Account. Now, this question that was last put to me involves that power of making alterations by transfers. A thousand pounds was lent upon the mortgage of a property, I think in Auckland, and the £1,000 was lent out of the Trustee's bank account; and then by transfers he recouped his banking account, and debited it to three estates. In my opinion, that was totally illegal, and the Trustee said to me, "If you put a bar upon this transaction I shall not be able to lend money at all, because I cannot lend money out of any given estate until I have got money enough in that estate to lend, and that estate will lose." By clubbing two or three trusts together he can get money enough to lend on profitable mortgage.

5492. *The Chairman.*] Would it not be better then in small estates, where the beneficiaries are dependent on the income from those estates for a living, that the Public Trustee should confine himself to Government securities, even at only 4 per cent., rather than run such illegal risks as those to which I have just referred?—I think so. I said to Mr. Hamerton, "You must consider yourself as being a separate trustee for each of these estates, and a separate trustee could not have had the money to invest."

5493. *Mr. Macdonald.*] There should be no practical difficulty, when an application for a loan is made to the Board, in finding out what estates there are which have funds available; and if, supposing the Public Trustee proposes to lend £50 from one estate, £100 from another estate, and £100 from another, the Board should have the facts placed before them that the money was to come out of those several estates. Is there any reason why that should not have been done?—Still, you would not get over the difficulty as to what is to become of the loan. How are you going to distribute the loan?

5494. Then as a matter of fact, the great mass of the Public Trustee's investments have been made in the peculiar way I have referred to, and by transfer in the form I have indicated?—Yes, I believe so.

Mr. R. C. Hamerton, Public Trustee, further examined.

5495. *Mr. Macdonald.*] In making advances on mortgage, Mr. Hamerton, does the Board not first decide that the security offered for the advance is ample, and upon that you make the advance from your general fund, allocating the amount to different estates some days afterwards. Has that not been done in the majority of investments made by you?—I think it has been done in the majority.

5496. Mr. FitzGerald is under the impression that transfers of that kind—that is, transfer entries of that kind—are illegal, and that he was not aware of your practice. You are now called in that you may state what the fact is?—That is the case.

5497. We now understand from Mr. FitzGerald that the Audit Department has put a stop to that system of transfer?—Or, rather, the transfer system goes on, but it must be reported to and approved by the Auditor-General.

5498. In the original voucher which is sent up by the Trust Office for approval by the Audit of the issue of £1,000, is any statement made of the estates from which the money is to come?—No; there is no such statement.

5499. The importance of the question, Mr. Hamerton, is this: that it may be held—I do not say it will be—that, in consequence of the allocation not having been made at the time the advance was agreed to by the Board, if you should sustain a loss upon the investment that loss could not be charged to the estates that you have taken the money from?—I am taking the opinion of counsel upon that point to-day. I have submitted it to counsel to-day.

5500. *The Chairman.*] Have you, as directed by the Commissioners, had the opinion of counsel yet?—No.

5501. *Mr. Macdonald.*] You will see the importance of the question, because, if the department is responsible, and not the various estates, it will be necessary for you to immediately change your method of putting these matters before the Board and arranging your advances on mortgage. That is the reason for our dealing with the matter and bringing it prominently before you while Mr. FitzGerald was here?—I have always held, and do so still, that the function of the Board is to sanction an advance upon a security offered, and that the whole responsibility of making the advance must be upon the Public Trustee, and not upon the Board. What the Public Trustee gains by the sanction of the Board is, that they have satisfied themselves as to the security. I cannot for a moment suppose that the Board is to be held responsible for any moneys that I may allocate from different estates.

5502. We are not referring to the Board's responsibilities. The trouble with the Commissioners is, that the *modus operandi* adopted may involve the country in a loss, should a loss arise on the security, you having held the view, and you having failed to intimate to the various people who have lost, that they have made any loss?—Yes.

5503. Well, the method adopted in making the advance may mean that that contention is incorrect. It is not a reflection upon the Board?—I have put the exact state of matters before counsel—that is to say, where a large loan has been made by the Public Trustee by the authority of the Board, where no single estate could have made the advance, whether the law permitted that advance to be made out of many estates. I put the further case before him, where smaller loans have been made, and where individual estates could have made, the advance, and yet the advance has been made out of one estate, whether that is in accordance with law.

5504. But have you gone a step further?—I have put to counsel what is the measure of responsibility of the office in such a case.

5505. *The Chairman.*] But have you put a further important point before counsel: that in your minutes granting that loan no reference is made whatever, nor the particulars brought before the Board, that different estates were to contribute, and that the loan was, in the first instance, made direct by the Public Trustee?—I have not put that case.

5506. Why, that is the most important part of it?—Very well, I shall place it before counsel also.

5507. *Mr. Macdonald.*] And another important point is that the allocation of the money from these various estates did not take place for some time after the mortgage had been completed and the money paid. Is the transfer made by deed, or is it simply a book-entry?—It is simply a book-entry.

Mr. James Edward FitzGerald, Controller-General, further examined.

5508. *Mr. Loughrey.*] Have inquiries been made by the inspecting auditor as to the depreciation of mortgages?—I am not aware. I shall make inquiry and forward the information to the Commission.

Mr. James Holton Williams examined.

5509. *The Chairman.*] Mr. Williams, what is your occupation?—I am a commission agent and collector.

5510. Have you been long in business in Wellington?—About five-and-thirty years.

5511. Have you always been carrying on that business?—For that time I have.

5512. What have you to do with the business of the Public Trust Office?—Merely collecting the rents.

5513. Will you explain to the Commissioners when your duties began in that direction?—I think it must have been 1874 or 1875, in Mr. Woodward's time.

5514. You have also acted as valuator on many occasions?—Yes.

5515. Are you the sole rent-collector for the Public Trustee in the Wellington District?—I think so; I do not know of any one else.

5516. Do you keep any books in connection with the Public Trust Office?—Not of late years, because my returns are always brought in when I collect the moneys.

5517. If you collected moneys to-day, would you pay them into the Trust Office to-day?—I should if I was in time, before they closed.

5518. Have you ever had occasion to keep moneys over until the next day, or for several days, or after you have received money, how long have you had occasion to keep it in your possession before paying it in?—If it were a holiday I might keep it over that time.

5519. Then, it has been your rule to pay in moneys that you have collected on behalf of the Public Trust Office as soon as possible afterwards?—Yes.

5520. What were the instructions given to you by the Public Trustee from time to time in connection with your duties?—I never had any other instructions than from Mr. Woodward to pay the money in the same day, if possible, and I always did.

5521. Did he furnish you with any books to keep a record of moneys you had collected, and of particulars of rents due?—I think he did. I had a book which was always initialled when I paid the money in.

5522. How long did that book last?—It was only one of those small, common memorandum-books.

5523. And you only had one book in your time that you can remember given to you?—At a time.

5524. How many have you had?—I cannot tell, because after Mr. Hamerton became Public Trustee I had regular printed returns to fill in and bring with the money. We had no books after that, except the receipt-book, with a block to it.

5525. Have you any of those printed forms with you?—No; I did not know that they would be required.

5526. Then, has the Public Trustee never asked you to keep a record of all moneys you received on account of rents?—No further than the returns I have referred to.

5527. And have you not kept any record?—No.

5528. Do you know how much money you may have received on an average in the course of a year?—I should think about £250 at the outside.

5529. That would be between £60 and £70 every three months?—Yes.

5530. When you receive any rents from properties in which the Public Trust Office is interested, do you put the amounts down in any book of record or register?—No; only in my weekly returns—the name of the occupier of the house, the date I received the money, the date up to which the rent has been paid, and the amount.

5531. You part with this return when you hand in the money to the Public Trust Office?—Yes.

5532. You do not keep any copy?—No; there is no occasion to do that. When I give those returns and pay the money in I have done with it.

5533. Do you not keep a receipt?—They initial the receipt-book. The blocks are in the book. When it is filled up I return it to the office.

5534. In point of fact, when you part with the return and the money that concerns it you do not keep any receipt?—No.

5535. Would it not be better if you were furnished with a register-book in which you could enter all moneys that you had received in relation to the various properties belonging to the Trust Office, not only for your own information, but for the information of the Public Trustee, if he desired you at any time to produce such a book?—I should refer him to the papers I have given in and the receipt-book.

5536. But if it was necessary to check those papers by your accounts, it could only be done now by your memory?—Well, it could only be done by reference to the papers I had passed in.

5537. But could you look back over all the time you have been doing this business, and remember all the papers you had passed in?—I could not, and would not attempt it.

5538. Could you remember all the papers you had passed in for the last year?—I could hardly trust my memory to do that, not having impressed my memory with it. I considered after giving the return in and paying the money in I was done with it, and I never had occasion to have the question put to me, nor was an idea of that sort ever suggested.

5539. And the Public Trustee never suggested such a course to you of keeping a register?—No; if he had I should have complied, of course.

5540. Nor he never volunteered to furnish you with such a book?—No.

5541. Supposing a fire occurred in your house, and a lot of those returns had got destroyed, and that the Public Trustee or his officers, who have been in the habit of receiving those returns, were taken ill or were absent, and a stranger had to look such matters up, how would you supply the necessary information?—They must trust to what memory I would have on the subject; but had I the slightest idea of any necessity for it I would have provided myself with a register. But the idea never occurred to me. I always considered the matter was finished when I paid the money in, and gave the returns showing how I had received it. They directly tallied the receipt-book with the returns, and initialled the block receipt-book.

5542. But these initials and the block receipt-book the Public Trust Office kept? In fact, after passing in the money and the returns, you go away contentedly without any receipt?—Yes; that is so.

5543. Is that a fair position for you to be placed in?—To tell you the truth, I have never considered the matter as I should do any outside matter. Of course, I should not do that in a general way.

5544. What are the conditions and terms on which you do the business for the Public Trustee?—Five per cent. on the total amount of money collected.

5545. And do you get anything where you give an opinion on valuations and the conditions of properties?—I never did, although I consider I should have.

5546. Have you ever applied?—I have not. I have said that I think it is rather hard; that I ought to get something, or the affair made more profitable. If I have a letter from Mr. Hamerton to go and see about repairs, and sign papers to that effect, I get nothing—nothing but 5 per cent. for the moneys collected.

5547. There must be a good deal of property about the City of Wellington in which the Public Trust Office is interested?—I am sorry to say there is not much. My last quarter was £3 7s. 1d., and it averages about £12 or £13 a year.

5548. Does the Public Trustee from time to time give you a book containing a list of the properties on which you are to collect rents?—No. I would receive a memorandum requesting me to collect the rent of such-and-such a house, and such a trust and street, stating whether the rent was paid weekly, and how much was due. I immediately go to work upon that. I am not always successful in getting the rent from these small holdings.

5549. Then, you have no book, and never had supplied to you a book, with a list of those properties?—No; they appear in the returns.

5550. Then, any intimation you get comes to you by way of a mere memorandum as each circumstance occurs?—Exactly.

5551. Are there within your own knowledge any rents overdue in respect of properties held here by the Public Trustee?—Yes. We have had several people clear out, and all that sort of thing. One fellow got on as far as £12—Parslow; he is in gaol now for passing forged cheques. That was in Stokes's estate.

5552. Regarding those rents that are overdue, do you not keep an account of them in any book?—No; only by the returns from the last payments I got from them.

5563. And you have never been asked to keep any book?—I have not.

5554. Have any properties, to your knowledge, fallen into the hands of the Public Trust Office; or, where the Public Trust Office has been interested, has the necessity arisen for a property to be put up to auction or otherwise sold?—No. I have nothing to do with that. I should have mentioned there is an estate of two houses in King Street, Adelaide Road. They have been offered, but a sale could not be effected. Two poor families live in those houses; one of them is in a state of starvation, and as to the other tenant, I never could find him in. They preserve the houses, however, and prevent boys from doing any damage, which would certainly be done if they were empty. They are in Barraud's estate.

5554A. Then there was no buyer?—No.

5555. Do you report to the Public Trustee from time to time rents that you cannot get in?—Yes.

5556. Do you make any memoranda at all of those rents?—Nothing further than my returns. There is a space showing what is owing.

5557. How much rent, as far as your memory serves you, is in arrear?—I could not give you an idea.

5558. If the Public Trustee had supplied you with a small book and instructed you to keep a book of that class—a sort of cash-book or register—you would have been able now to have told exactly the state of things in that respect?—Exactly. I should only have had to refer to the book.

5559. Have you got any of the memoranda in your possession that has been written to you requesting you to collect rents?—Perhaps I destroyed them. Perhaps I have the last ones still.

5560. Do you not keep papers relating to money transactions?—No. I have so many papers of people's different affairs, and this Trust Office business being so distinct and clear, I have kept no books or papers relating to it beyond the returns.

5561. Do you keep books and records of other people's matters?—Yes.

5562. But you never considered it necessary to keep any for the Public Trust Office?—No; because they are very short returns.

5563. Do you happen to have many calls to make for rents due to the Trust Office?—Yes. When I receive rent I enter it in the return.

5564. Can you remember how many properties there are in and about Wellington in which the Public Trustee is interested?—They only give me the small, paltry affairs.

5565. Then you are not a favoured agent?—Oh, no. They have the large rents collected in the office. I had not Brady's estate, for instance. The return in that estate would have been a little compensation. I have nothing to do with that estate. When it ever comes to anything like an amount I do not get it. There is only one estate on the Terrace which I have. The rent is £1 a week. That is the only one I have had worth mentioning. I get that to collect.

5566. Then you get nothing when you make a valuation?—No; nor for examining work that is being done, and certifying that the repairs and improvement of properties have been carried out. I do not get a penny for that.

5567. And you think you are entitled to some payment besides the 5 per cent. for overlooking?—It is natural that I should, because it costs me a good deal of trouble and time. For instance, if I say to the Trustee such-and-such a house wants repairs, he is exceedingly economical, but if he finds it really necessary he says, "See So-and-so; let them look at it and see what it will cost, and let me know." If they get the work to do I have to see that it is properly done.

5568. And when you value a house, do you take much trouble in looking over it?—Yes. I examine the inside as well as the outside

5569. You valued a cottage in Mulgrave Street recently?—Yes.

5570. Did you examine the inside of that house?—I did not go upstairs to the rooms because the lady told me they were locked. That house belongs to Brady's estate, a Brady different to the one I have already spoken about.

5571. Is the hotel in that estate in your hands?—No.

5572. Is the cottage?—No. All I had to do with it was to see that the repairs were properly done and to certify, and then give my opinion as to the value for letting; but I got nothing for it. I have nothing to do with Brady's estate.

Mr. R. C. Hamerton, Public Trustee, further examined.

5573. *The Chairman.*] Have you no record to show the values made of estates, or parts thereof?—No. The Assets and Claims book was inaugurated in 1882, and that would help us. I would ask the Commissioners to allow me to vary a return that has been asked for, in reference to valuations, in order to economise time in its preparation, as the other would involve going through all the papers in the office, and could not be prepared in less time than a month. I could not go back so far as the Commissioners have asked me to do, but I could put a note at the foot of the return to say that the return refers only to the time during which the Public Trust Office has been under my control. If you will permit me, I will commence the return from 1882, when the Assets and Claims book was established.

5574. That will do, under the circumstances. Will you soon have the return ready?—Yes; I will put it in hand at once.

5575. *Mr. Macdonald.*] There was a return asked for by the House, at the instance of Mr. Walker, last year?—Yes.

5576. Would you let the Commissioners have a copy of the return? The return is marked as having cost £350, and I want the details as to how that cost was arrived at.

Mr. Moginie, Accountant, further examined.

5577. *Mr. Macdonald.*] You remember a return that was ordered by the House of Representatives on the 17th July, 1889, at the instance of Mr. Walker?—Yes.

5578. And also a return in reference to the expenditure incurred in the former return, ordered in June, 1890?—Yes.

5579. Is this the return which I now hold in my hand?—Yes.

5580. Have you kept up the record since this return was asked for? The return closed at the end of 1888. Are you able now, without any extra expense being incurred, to give the same information for 1889 and 1890?—No.

5581. Why not?—It has not been kept up.

5582. Is the information not of considerable value in the working of the department?—I do not think it would be in that form. It would be very desirable, of course, to have a record of the value of property under the management of the office; but in that return you get the gross value of the estate on its coming into the office, and that, I think, is of very little service.

5583. Just let me ask you this: Do you not think it is necessary that Parliament should be informed every year of the number of wills under administration in each provincial district in each year?—Of course. It has never been the practice to give it.

5584. Do you not think it necessary, desirable, and proper information to be afforded?—It might be desirable. The more information you give the better.

5585. Do you not think it desirable that information as to how intestate estates are administered should be given every year?—We have that in the office for every year, but not as to their value.

5586. You do not take out every year the correct values of estates under wills, intestate estates, and other estates?—No.

5587. You do not take out the average expense of management of each estate?—No.

5588. Or of each estate at per centum each year?—No, I do not.

5589. Have you ever seen the data supplied to shareholders by trust companies doing somewhat similar work as the Public Trust Office?—I have not seen them. Of course, the average cost of managment of an estate really does not show it. The cost of managing an intestate estate is from 7 per cent. downwards. The cost of managing a property is 5 per cent. on the income. A charge of 5 per cent. on the income is a very small charge indeed on the capital value, and if you throw that into the average you get figures that are very little guide.

5590. Do you not think that when a return of this character has once been asked for by Parliament—a return which tends to show the working of the department's business—it is desirable to keep such information up, so as to have it on record?—I think it should be, though not on those lines. There you have the gross value of estates administered each year. If you had the actual value of the estates remaining in the office at the end of a year that would be a better system to go on. When an estate comes into our hands it may be reported as worth £500. So far as Mr. Walker's return goes, that estate, so long as it was in the office and unrealised, would stand at that value each year. After realisation it might fetch less or more. I think the realised value would be the proper information to supply.

5591. If you want to know the value of estates in reality, you must assume a certain value for them?—Yes.

5592. The only way to ascertain the volume of business in your office is to keep up the gross value. Do you not think such information is absolutely necessary in connection with the department?—Yes; because without that you do not know what you are really doing.

5593. Do I understand you to say that this information has not been kept up since the close of 1888?—It has not been carried out in that form. A few months ago we got out information for

the Public Trustee, showing the value of property, but not the gross value when it came into the office.

5594. There is no attempt in the office book-keeping to make any tabulated statements of this kind, and to keep them up as a matter of ordinary account-keeping?—No.

5595. And in order to arrive at any information such as was asked for in this return by the Commissioners, you have to go through a laborious process of dissection, working it by special clerks?—Yes.

5596. Do you not think that special labour could be avoided by keeping the books in such a manner as to afford the information any time it was required?—It could be done with advantage. It would entail more work, but not a great deal of extra work.

5597. You say this return cost £350?—Yes.

5598. That is an enormous sum to pay for the preparation of statistics which ought to be at command in the office at forty-eight hours' notice?—Three hundred and fifty pounds, you may say, is the cost of a month's work of the staff of the office, and you may put that down as a month's pay. Considering it is dealing with sixteen years' business of the office, it is really not a great deal when you come to look at it in that way.

5599. Yes; but it is a great deal when you come to think that by a little management the information could have been kept up in the pages of your ledgers?—Yes; but you would have to spend a proportion of that £350 every year, not the whole.

5600. Was the whole of this £350 a fair charge upon this particular return?—Yes, the whole of it. It cost more than we show, because such items as gas, fire, and stationery we could not charge for. We charged for two reams of paper specially prepared for the return, but the other stationery we did not charge for.

5601. What is the pay for overtime?—According to salary. It ranges from 1s. 2d. upwards to 3s. 6d. per hour.

5602. On what basis do you arrive at that?—On the rate of salary.

5603. What percentage?—It is the scale fixed and paid in the Property-tax Department.

5604. What salary does the fourteenpenny man get?—I think he is a cadet under £100 a year.

5605. And what salary does the three-and-sixpenny man get?—£350.

5606. Your book-keeping in the office is apparently confined entirely to dealing with the receipts and expenditure?—Yes.

5607. You make no attempt whatever to analyse the details of the business in the way that any ordinary mercantile house or bank or company would do?—There is no attempt at analysing at all.

5608. You know the Railway authorities, the Government Insurance Department, and all large companies analyse very carefully?—Yes.

5609. There is no practical reason why the Public Trust Office cannot do that analysis as part of their daily work?—I suppose they would do it if there was a different system in force.

5610. You never recommended anything of that kind?—No; I never did.

5611. Has the necessity never been brought home when returns such as Mr. Walker's were asked for?—Yes; we felt the need of it before, when Mr. Reynolds called for a return. We have been following on the same lines as those introduced when the office was first established.

5612. Those lines proving altogether inefficient for the requirements of the department to-day?—Yes.

5613. In point of fact, has it not come to this: that, from the beginning to the end of the department's book-keeping and account-keeping, the whole work wants very careful revision, with a view of making it fit in with the increased demands upon it?—Yes; that is so. The only classification we have had is starting the different classes of estates.

5614. If a rearrangement and classification took place, the preparation of Mr. Walker's return for Parliament would cost a mere bagatelle?—We have the classification of estates, but we should have the classification of the same into districts.

5615. But is it not so that, if your book-keeping and account-keeping were rearranged on what you would regard as proper lines, the preparation of those parliamentary returns would cost a mere bagatelle?—Yes, and be a simple affair.

5616. And practically mean no cost at all?—Just so.

5617. *The Chairman.*] I understood you to say you reckoned the cost of Mr. Walker's return equal to a month's salary of the staff?—Yes. In comparison, it is equal to a month's work.

The Rev. Charles Daniel de Castro further examined.

5618. *Mr. Macdonald.*] Do you remember the return which was asked for by Mr. Walker?—Yes.

5619. And a previous return asked for by Mr. Reynolds?—I had nothing to do with its preparation.

5620. You are somewhat familiar with the books of the office?—Yes.

5621. Mr. Moginie has told us that, if the book-keeping of the office was arranged upon those lines which the increased demands of the Trust Office business have now rendered necessary, the work could be so shown in the books as a matter of daily and weekly record that when returns such as Mr. Walker's were asked for, or such returns as the Commissioners have asked for, there would be no difficulty in supplying them at once, without any increased cost to the department. Do you agree in that opinion?—I should think it is very likely the cost might be considerably less if the books were not so numerous.

5622. It is not a question of the books being numerous, but a question of the system. Here is a return of the aggregate value of wills, intestate estates and other estates administered each year

by the Public Trustee, the average expense of administration, the average amount per centum. These are returns which are necessary each year, in order to enable you to thoroughly understand the scope of the business?—We should not go into such minute details each year.

5623. Do you not think this return is as necessary in the Trust Office as returns of any life insurance company or any railway company?—No doubt this return would be very valuable.

5624. Well, if the books were kept upon a new system, such as the demands of the business now require, there would be no difficulty in keeping a daily and weekly record of this?—I do not know what system is proposed.

5625. There is no system proposed. If the books were so kept the returns which the Commissioners have asked for would not have been rendered necessary?—I should think so.

5626. In point of fact, you coincide with Mr. Moginie's opinion?—Certainly.

5627. You see, it is a very serious matter when a return is asked for by Parliament to find that it costs £350—a return which contains information which the department might be supposed to have within the two sides of its ledgers?—Yes, no doubt.

5628. And such returns as are now asked for by the Commissioners in reference to the business of the office might be at hand without putting on an army of clerks to ferret them out, if one might so term it?—Yes.

5629. *The Chairman.*] Among the personalty effects that from time to time have come into the Public Trust Office there have been a good many albums?—There have been some.

5630. And pictures?—Some.

5631. Have you any account sales, showing where and when they have been realised?—We should not sell pictures or albums of that kind. They are generally sent to friends if they send for them, and some are sent Home.

5632. Are those which you do not send Home or to relatives still in the possession of the Public Trust Office?—I suppose so. There might be photographs and small albums; they are generally in such a dilapidated condition.

5633. Are all the albums that come into the Public Trust Office in a dilapidated condition?—A great many of them.

5634. Have any come into the Public Trust Office that have not been in a dilapidated condition?—There was one I had in my hands a little while ago that was in fair condition when it came in. It had not been opened for years. When we wanted to send photographs to friends of the deceased in England the album fell to pieces with the damp.

5635. Do you keep a register of all those albums and other effects you send to relatives and next-of-kin?—No. We generally make a note on the record that we have sent things to friends.

5636. Have you not kept a register of all those things you have sent, for your own guidance?—No; the records should show whatever we send.

5637. You never thought it necessary to keep a plain, straightforward register?—We never had such a thing.

5638. What albums have you got in stock?—I could not say.

5639. Are there many large albums?—Only small ones.

5640. You have had some large ones?—Very few.

5641. How many pictures have you got in stock?—I do not know. They are all in the parcels downstairs, the same as in Mrs. Dallon's case.

5642. Are you sure there are none out of the Public Trust Office?—I do not know of any being out.

5643. Who would know if you did not? Are they not all under your charge—all personal effects in the Public Trust Office?—Yes.

5644. Would effects generally not consist of jewellery, pictures, albums, desks, dressing-cases, and other articles of that kind?—Yes. They are tied up and put in a safe.

5645. Who is responsible in the office for them?—I suppose I should be.

Mr. R. C. Hamerton, Public Trustee, further examined.

5646. *Mr. Macdonald.*] You have seen the letter which has come from Mr. Crippen in reference to Meurant's trust?—Yes, it is as follows:—

Sir,— Auckland, 13th April, 1891.

Seeing your advertisement in the Auckland *Evening Star* of the 7th instant, I have the honour to bring under your notice a few particulars referring to the Meurant trust. As you will see by correspondence enclosed, between the Public Trustee and myself, on the 17th January, 1881, the amount of £2,088 15s. 3d. was handed over by the original trustees, Messrs. Sheehan and Swanson, to the Public Trustee in Wellington for investment temporarily in deficiency bills; subsequently the money was invested on mortgage, and on the 13th November, 1884, I received a memorandum from the Public Trustee, stating the mortgagor had failed to pay amount of interest due, but afterwards he, the Public Trustee, had been able to exact higher interest from him, and I received cheque for £25 16s. 5d., being twelve months' interest, which should have been paid half-yearly. I received a memorandum dated the 11th June, 1887, in which the Public Trustee states that the mortgagor had become insolvent and unable to pay interest due, and for twelve months the children of the late Mrs. Meurant received no interest; and up to present date there is twelve months due. On the 7th May, 1888, I received a memorandum stating the money was invested in Government securities, and since then we have received the interest at the rate of only 5 per cent. on amount invested, but instead of getting, as we hitherto did, over £25 per annum, we only received under £17, and are charged with property-tax and other expenses.

By referring to the deed of trust, which I believe is deposited in Wellington, I think you will find the money can be invested in Auckland on first-class security, and I think such is mentioned in the deed; and, as it is a matter of very great importance, not only to the children of my late wife, Mrs. Crippen, *née* Meurant, but other members of the family, that we should not only get a higher rate of interest for the money invested, and not be compelled to pay the property-tax, but that we are equitably and justly entitled to the twelve months' interest due from June, 1887, to May, 1888.

I would specially direct your attention to the different items of charges since the trust was taken over by the Public Trustee, and I believe such will establish a claim to some refund. I would also respectfully point out the importance of the money being invested at a higher rate of interest, as I think, where such little trouble follows the

collection as now, the commission ought to be somewhat reduced. For the information of others interested, perhaps you would be kind enough to get us a full statement of receipts and expenditure transmitted. You might also kindly direct that all the enclosures be returned, as I like to have the records by me. My three children are now above eleven years, and the expense of maintenance, &c., are heavy. I am employed in a gum-store at irregular times, and any further increase in the half-yearly amounts would be a great boon to us. We feel very sore at the loss of the £150 interest; and I may add, at the request of others equally interested, that we should like to know if the allotment of the trust will be available for each grandchild of the late Mrs. Meurant on their reaching twenty-one years.

Any further information which you desire will be cheerfully rendered. Meantime, let me once more bring under your notice, your favourable consideration, the fairness of having the property-tax already paid reconsidered, as I am of opinion that, looking at the number of children of the deceased living at the time the Government took over the trust, a division would clearly show no property-tax should be paid with Mrs. Crippen's death—six beneficiaries, five and my children. I believe I have detailed as clearly and as fully as I could the present and past position of the Meurant trust-money; and I feel certain you will not consider me unreasonable in asking you to give the several matters your careful attention and favourable consideration, and I shall feel grateful for an early intimation of your conclusions in my own case.

I have, &c.,

To the Chairman of the Commission, Public Trust Office, Wellington. FRED. H. CRIPPEN.

P.S.—Since writing this letter, I have been advised by my solicitor that, in his opinion, the Public Trustee should represent to the Government the unnecessary expenditure and loss of interest, &c., and, if necessary, to get a sum put on the estimates to discharge our just and equitable claims.—F. H. C.

5647. What is Mr. Crippen's position?—He is the husband of one of the deceased daughters of Meurant.

5648. And therefore interested in the estate?—Only as being the father of children who are.

5649. He is the guardian of those interested in the estate?—Yes.

5650. You prepared a memorandum for the Commissioners in reference to Mr. Crippen's complaint?—Yes; this is it.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Meurant's Trust.—Mr. Crippen's letter of 13th April deals with a matter which he brought before Parliament during the session of 1889. The following is a copy of my report to the Chairman of the Public Petitions Committee A to L, dated 10th July, 1889, which concisely explains the position:—Petition No. 133, F. H. Crippen: This petition arises out of a loss of some interest on a mortgage under the following circumstances: The trust deed under which I am acting permits investment in mortgage of real security within the Provincial District of Auckland, or in Government securities. The principal sum, £2,088, was accordingly lent, with another sum of £1,912—£4,000—upon a property near Tauranga, valued at £6,500. The mortgagor made default in payment of interest, and the security was sold to an Auckland gentleman who gave a mortgage over the property for the same amount. The purchaser became bankrupt, and the security was again auctioned, and the Public Trustee became the purchaser on behalf of the beneficiaries. But meanwhile there was a cessation of the payment of interest, and beneficiaries were naturally disconcerted thereat. I recommended the Minister in charge of my department to take over Meurant's interest in this mortgage as from the following 1st January, which was done, and the original sum of £2,088 was thereupon invested in deficiency bills, where it still remains. Mr. Crippen now complains of the loss of the interest unpaid by the mortgagor. No blame can be imputed to the office, which lent on an ample margin at the time of the loan, nor can it be held responsible for subsequent depreciation of value. I respectfully submit that Mr. Crippen has suffered in common with very many others from causes quite beyond the control of any trustee, and that he has no remedy either legal or equitable.—R. C. HAMERTON, Public Trustee.

The Commissioners will notice that in a letter dated 2nd May, 1888, during the cessation of the payment of interest above described, Mr. Crippen wrote, "I believe the deed requires that it" (meaning, no doubt, the trust fund), "should be invested in Government securities." Now, when the fund is so invested, he writes, "I think you will find the money can be invested in Auckland on first-class security." With respect to his statement as to charges made, I would remark that they are in accordance with the regulation scale. As regards the property-tax alleged to have been wrongly paid, I may point out that under "The Property Assessment Act, 1879," one exemption only was allowed, and tax was paid accordingly, but in the Act of 1883 an exemption was allowed for each interest, consequently no further tax was paid. Mr. Crippen's children will be entitled to their shares at twenty-one, if sons, or on marriage, if daughters. I attach statement of accounts.—R. C. H.—23/4/91.

5651. You state here that Mr. Crippen's letter deals with a letter which he brought before Parliament during the session of 1889. What was the decision of Parliament in reference to it? Was any decision come to by the Public Petitions Committee?—I think it was referred to the Government. That decision would go to the Colonial Secretary, and would not come here.

5652. The complaint, Mr. Hamerton, is practically under two headings, I take it—first, that a sum of £150 of interest which would have accrued had the money been invested properly, according to Mr. Crippen's statement, has not been paid to him; and, second, that he is only receiving 5 per cent.—or, rather, the Trust is only receiving 5 per cent. for an investment of £2,088, when it ought to be receiving very much more?—Well, it is receiving 5 per cent. because the money is invested in Government securities.

5653. Well, now, supposing we take this £150 question first. You lent £2,088, you state, upon a property near Tauranga valued at £6,500, along with another sum of £1,912 from another estate?—That was from the General Account, not from any other estate.

5654. Making £4,000 in all. How came you to lend £4,000 upon a valuation of £6,500 when your regulation states that you shall only lend 50 per cent.?—Because it was lent long before that regulation came into being.

5655. You go on to say that the mortgagor made default, and that the property was sold to an Auckland gentleman, who gave a mortgage for the same amount?—Yes.

5656. Was it sold by auction?—Yes.

5657. How came you to sell at auction for the mortgage-moneys without receiving a deposit and leaving the margin which is always considered necessary in these cases?—So far as I recollect, it was done through Brookfield and Son, Auckland. The place was put up for auction, but a friend of the family, whose name was Chambers, purchased at the mortgage-price. Whether that was done in the auction-room or afterwards I do not know, but the conveyance was to Chambers for the amount of the mortgage-money, and he mortgaged back again for the same amount.

5658. There is nothing in the papers to show the conditions of sale, or how that agreement was arrived at?—There should be a letter from Brookfield and Son showing the whole thing. Here is a letter from F. W. Brookfield, dated the 13th August, 1884;—

MEMORANDUM from F. W. BROOKFIELD, Solicitor, Auckland, *re* Samuel L. Clarke's Mortgage.

The Public Trustee, Wellington.

I AM in receipt of yours of 7th instant. Since first hearing from you, I have written several times to Mr. Clarke, but have not succeeded in getting even an acknowledgment of my letters. I did this, feeling sure that your wish was to have the matter settled quietly if possible. As, however, I have not heard from Mr. Clarke, I have had conditions of sale drafted, and they are now in the hands of the Registrar of the Supreme Court for approval. I hardly think, however, that Mr. Clarke will allow the property to be sold, especially as the payment of interest and costs will stop proceedings.

Yours faithfully,

13th August, 1884. FREDERIC W. BROOKFIELD.

There is also a letter of the 4th September, 1884, from the same gentleman, as follows :—

MEMORANDUM from F. W. BROOKFIELD, Solicitor, Auckland, *re* Samuel L. Clarke's Mortgage.

The Public Trustee, Wellington.

UNDER your instructions the property included in this mortgage has been advertised for sale, and will be sold by auction on the 17th instant, unless payment is made prior to that date. Payment of interest and costs would stop the sale, as the principal cannot be demanded until the due date, unless "sale is made." I am somewhat doubtful whether a purchaser will be forthcoming at the total amount due, and therefore require your instructions whether to buy in for you or to let the place go at whatever amount is offered. Kindly reply immediately. I saw a Tauranga gentleman this morning, and he told me that he considered the place cheap at £4,000; but, though this is doubtless the fact, it does not often happen that any one has so large a sum to advance in a farm at a moment's notice. It might be as well for you to instruct the auctioneer that a part—say, £3,000—could remain on mortgage if required.

Yours faithfully,

4th September, 1884. FREDERIC W. BROOKFIELD.

Then there is my letter to Mr. Brookfield, of the 9th September, 1884 :—

The PUBLIC TRUSTEE, Wellington, to F. W. BROOKFIELD, Solicitor, Auckland.

SAMUEL L. CLARKE'S LOAN.—Your letter of 4th instant is to hand informing me that the security will be sold by auction on the 17th instant, unless previous payment is made. If Mr. Clarke permits the sale to take place, you will be good enough to protect my interest up to the amount of the mortgage, accrued interest, and full costs and expenses, but you will, of course, buy at the lowest price, and if, unfortunately, you become the purchaser on my behalf, *you will at once take steps to recover the balance, on the covenant to repay*, from Mr. Clarke. If it would assist the sale, I have no objection to sell in two or more lots, but would rather sell as a whole if possible. I find on reference to a sketch-plan in my possession that a public road almost equally divides the property, that portion abutting the harbour and on which the homestead stands containing 382½ acres, and being valued by Messrs. Turner and Buddle (1st July, 1882), at £3,720, whilst the other portion contains 442 acres, and is valued at £3,816. Possibly, this method of division might facilitate a sale, but I leave the matter in your hands. I am willing to allow £3,000 to remain on the security of the property for three or five years at 9 per cent. per annum, reducible to 7½ on punctual payment. Will you kindly notify the auctioneer.

9th September, 1884. R. C. HAMERTON, Public Trustee.

What took place then was a telegram from Mr. Brookfield, of the 16th September, as follows :—

TELEGRAM from F. W. BROOKFIELD, Solicitor, Auckland, to the PUBLIC TRUSTEE, *re* Samuel L. Clarke's Loan.

The Public Trustee, Wellington.

RE CLARKE'S MORTGAGE.—I have had only one inquiry—namely, Mandeno and Commons. They may buy if £4,000 can stand at 7 per cent. for two years, they paying only interest and expenses at present. They would like option of paying off instalments during the two years. I advise you accept, as they are reputed substantial men. Reply promptly.

16th September, 1884. FREDERIC W. BROOKFIELD.

On the same day I telegraphed as follows to Mr. Brookfield :—

TELEGRAM from the PUBLIC TRUSTEE to F. W. BROOKFIELD, Esq., Auckland, *re* Samuel L. Clarke's Loan.

F. W. Brookfield, Esq., Auckland.

IF you are satisfied that persons named are thoroughly substantial men, agree, but reduce sum to remain on mortgage if possible.

Government Buildings, 16th September, 1884. R. C. HAMERTON.

Then I have a telegram on the 18th September, as follows :—

TELEGRAM from F. W. BROKFIELD to the PUBLIC TRUSTEE *re* Samuel L. Clarke's Loan.

The Public Trustee, Wellington.

CLARKE'S property sold £4,425. Mortgage to stand for £4,000. Will write particulars.

18th September, 1884. FREDERICK W. BROOKFIELD.

Then, on the 19th, I telegraphed :—

TELEGRAM from the PUBLIC TRUSTEE to F. W. BROOKFIELD, Esq., Auckland, *re* Samuel L. Clarke's Loan.

F. W. Brookfield, Esq., Auckland.

PLEASE telegraph immediately what you know of financial position purchasers Clarke's land.

Government Buildings, 19th September, 1884. R. C. HAMERTON.

The reply is, on the same day, as follows :—

TELEGRAM from F. W. BROOKFIELD to the PUBLIC TRUSTEE, *re* Samuel L. Clarke's Loan.

The Public Trustee, Wellington.

RE CLARKE.—Purchaser, John Chambers; considered one of best men in Auckland.

19th September, 1884. FREDERIC W. BROOKFIELD.

I reported this matter in its entirety to the Board on the 20th September, 1884. Mr. Chambers, who was a member of the firm of Morrin and Co., unfortunately met with adversity, and he gave up payment of interest, and the property was again put up for auction, and bought in for the Public Trustee at, I think, £500. Mr. Brookfield, on the 20th September, says :—

MEMORANDUM from F. W. BROOKFIELD, Solicitor, Auckland, *re* Samuel L. Clarke's Loan.

The Public Trustee, Wellington.

THE property under this mortgage was sold on Wednesday last through Messrs. Cochrane and Son, auctioneers. From inquiries I made, there seems no doubt but that the farm was really worth more than the mortgage-money; but, owing to the dullness in farming matters, more especially in Tauranga district, there were no buyers. I, of course, instructed the auctioneers that £3,000 could remain on mortgage, but this still left some £1,400 cash to be paid,

Messrs. Mandeno and Commons, about whom I telegraphed you, found at the last moment that they could not take the property, and told me so. Mr. Clarke had seen me several times, and was very anxious to save the place; and I told him I would do all I could for him consistently with my duty to the mortgagee. It was finally arranged on the morning of the sale that Mr. John Chambers should buy at not less than principal, interest, and expenses, I undertaking that £4,000 should remain on mortgage at 7 per cent. So far as you are concerned, Mr. Chambers is absolute owner, and, on signing the mortgage-deed, will be personally liable to you for the £4,000 and interest thereon. He, however, is a friend of Mr. Clarke's, and has, I believe, some private understanding with him. As I stated above, the farm is a valuable one, but the purchase-money for it, as a whole, is too large; and the purchaser and Mr. Clarke are anxious to have it cut up and sold in parts. To this arrangement I did not tie you, as mortgagee, down definitely, but I stated I had little doubt you would consent; and as this seems the most certain means of selling the place to advantage, and thus enabling you to get the principal lent, I very strongly advise you to agree to it. If the matter is left in my hands I can make such terms about paying over purchase-money to you, &c., as will be satisfactory. I am very glad you accepted my advice about allowing £4,000 to remain on mortgage; for, feeling that you did so on my representation that Messrs. Mandeno and Commons were substantial, I felt justified in using my own discretion in dealing with Mr. Chambers without further reference to you. He is, I consider, as substantial a man as there is in Auckland. In my opinion, the present management is much more satisfactory than the old mortgage, which should never have been recommended to you. I may state that there was no bidding, except between Mr. Chambers and myself; and, had I not arranged terms with him, the property would have been thrown on your hands, and you would certainly have been put to much trouble, and probably to considerable loss.

The deeds will in due course be forwarded to you for signature and return, while the deposit will remain in the hands of the auctioneers. I trust to hear that you are satisfied with my action in the matter.—Yours, &c.,

22nd September, 1884. FREDERIC W. BROOKFIELD.

5659. What was the expense attending the first sale?—I should have to refer downstairs. It would not be shown on these papers.

5660. Did you make any recovery of this expense from Clarke?—I believe it was recovered.

5661. Did you prove against Chambers's estate?—I think I did.

SATURDAY, 9TH MAY, 1891.

Mr. HERMAN BEYER, Ledger-keeper, examined.

5662. *Mr. Macdonald.*] Which department are you in charge of, Mr. Beyer?—The real and lunatic estates.

5663. Do you know the estate of Samuel Young?—Yes. These are the papers connected with the estate. Some of these papers relate to the intestate portion as well as the real portion of the estate. The man died possessed of personalty and also possessed of realty. Under a certain Act the personalty would go to all his relatives, and the realty to the heir-at-law. He might have died before 1866.

5664. What are the provisions of the Act you are referring to?—Under the Act of 1866 the real property would go to the heir-at-law in any case. If the man died a bachelor all the realty would go to the heir-at-law. If he left a family the property would be sold.

5665. What has been done with this estate?—We are waiting for the heir-at-law in that case.

5666. What are the assets?—The realty is the only asset I am aware of. I know nothing of the intestate portion of the estate.

5667. Are you in charge of the papers of the estate?—Only the realty.

5668. Are the papers divided into two parts?—They are all kept on one file.

5669. Have you seen this file of papers?—Yes; only since the time I have had charge of the department.

5670. How long is that?—Nearly two years.

5671. What is this return dated the 5th November, 1888?—That is made up by the intestate portion of the estate. It is the writing of one of the clerks in the intestate branch.

5672. Who is the clerk in charge?—Mr. Ronaldson.

5673. What would you take charge of?—Simply the realty.

5674. What does it consist of?—A cottage and land in Majoribanks Street.

5675. Do you take charge of the estate of Samuel Young?—Yes.

5676. This estate has been running, how long?—A number of years—before I came into the office.

5677. Since 1876, according to the papers. When did you write this book up?—There is nothing to write up in real estates, except entering claims against it, because estates remain the same.

5678. When did you write this entry in the ledger produced: "Part Section 374, Majoribanks Street, Wellington; estimated value, £200"?—I wrote it in this morning.

5679. After the estate was asked for you wrote the particulars in?—Yes.

5680. There was nothing before to show that there was any realty?—No; not in this book.

5681. So the particulars in reference to the estate were written up after the Commissioners asked for the information?—Yes.

5682. That is all you know about the matter, except the fact that you wrote this up this morning after the Commissioners asked for the information?—Yes.

Mr. RONALDSON, Ledger-keeper, further examined.

5683. *The Chairman.*] Are you familiar with the estate of Samuel Young?—I cannot say that I am.

5684. What department in connection with it do you take charge of?—I have none of it at present.

5685. Who has it?—Mr. Beyer; it is in real estates.

5686. Mr. Beyer says he has nothing to do with the intestate portion?—There may be a balance in the intestate part; I cannot tell without looking.

5687. Here is a return of the Property-tax Department, showing that there was cash in hand £1,009. Will you show me the corresponding entry equivalent to that in the ledger?—There will be two estates for that. That is the outcome of personalty, I presume, and would be in a different account.

5688. Will you kindly bring up the accounts at once?—Certainly. I find the estate started in 1876. This is the first intestate ledger started. This is the outcome of personalty.

5689. What is the balance now there?—There is no balance.

5690. Why?—It was paid over to the Consolidated Fund.

5691. How much?—£718 3s. 10d.

5692. When?—31st December, 1888.

5693. But there is another important sum?—Yes; £288 2s. That is recredited in interest account. That was added to the estate by way of accrued interest when the estate was current.

5694. Then there was a sum of £288 2s. of interest recredited to your profit and loss account?—Yes.

5695. So that the total amount standing to the credit of the estate early in December, 1888, in reality was £1,006 5s. 10d.?—Yes.

5696. That is the amount which the Consolidated Fund has absorbed in connection with the personalty of that estate?—Yes.

5697. Then, in addition to that, Mr. Ronaldson, there is a credit now standing in your books at another account of Samuel Young's as realty of £227 8s. 1d.?—Yes.

5698. The realty balance is still in existence?—Yes.

5699. How is it that the Assets and Claims Ledger does not disclose the position of the assets in that estate?—Well, this estate came in before there was really an Assets and Claims book, and before that the personalty was all realised.

5700. When were the Assets and Claims books started?—I think just before I came into the office—about 1881 or 1882. There was an old Claims book previous to this in which they simply entered the claims without any other record.

5701. What you call the Assets and Claims Ledgers were started in 1882?—As near as I remember; I will not be certain of the year. I was in the office in 1883.

5702. Then, how does it come that the transfer of the large balance made on 31st December, 1888, to the Consolidated Fund was not shown in this ledger (Assets and Claims Ledger), seeing that the books were in existence for four or five years before the transfer took place?—There is no account of Samuel Young in the Assets and Claims book. This book you have before you treats altogether with the real estate.

5703. Why was no account opened in the intestate branch?—Because everything was realised. There were no claims or anything. The realised amount was simply waiting to be paid over to the Consolidated Fund.

5704. And you did not make a practice of writing up the balances so that your Assets and Claims Ledgers at any time would show the real state of accounts in connection with estates?—No. The individual ledgers were considered to be sufficient for that.

Mr. James Holton Williams further examined.

5705. *The Chairman.*] Have you looked through your papers at your house to see what memoranda you have had from the Public Trust Office to guide you in the performance of your duty?—Yes, and I now produce five memoranda from the Public Trustee dated the 27th June, 1889, and 7th and 8th July, 1890, and 9th February and 17th April, 1891. These are the only memoranda I have.

5706. Will you leave these memoranda with the Commissioners for a day or two?—Yes, with a great deal of pleasure; they are of no use to me.

Mr. Moginie further examined.

5707. *The Chairman.*] Are you familiar with the estate of Samuel Young?—In a general way. It is an estate which was wound up before I joined the office.

5708. When did you join the office?—In October, 1880.

5709. What do you mean by being wound up?—All the assets realised.

5710. That is your impression of an estate being wound up?—I think so.

5711. If I were to tell you that the estate is not wound up yet, what would you think?—There is a piece of realty left. It was the personalty that was wound up.

5712. If I were to tell you that up to the 31st December, 1888, you had a large credit balance in the estate, what then? Do you call an estate wound up when you have realised a portion of its assets and have a large balance to credit. And the realty portion of the estate is not really wound up?—We make a distinction between winding up and closing an estate.

5713. What is your principle in connection with handing over moneys belonging to estates to the Consolidated Fund?—The officers in charge of the estates look through their ledgers once a year, and select those balances which remain unclaimed for six years. They, themselves, get out the papers, and make a minute to the Trustee of balances to the credit which have remained unclaimed for so many years; and whether there are claimants for those balances or no claimants, as the case may be. Then the Trustee considers the matter, and either instructs the matter to be held over or paid over to the Consolidated Fund.

5714. Then, supposing there is a balance of £1,000 standing to the credit of an estate, is that £1,000 handed over?—If there was interest included in that £1,000 paid up to within the last two years, that interest would be recredited to our interest account—our profit and loss—and only the estate-money proper would be handed over; but that has been altered, and the whole of it now goes to the Consolidated Fund.

5715. When and why was that interest-grabbing practice commenced?—I do not know. It was established long before I came into the office.

5716. When was the practice altered?—I think about two years ago.

5717. By whose instructions was it altered?—It was altered as the result of an Audit query. After the practice had gone on for a number of years, the query was raised by the Audit in one case where the interest was not paid over, and it brought up the general question, and resulted in the whole balance to credit of an estate, interest and all, being transferred in future to the Consolidated Fund.

5718. Are you sure the Audit insisted upon that?—Yes.

5719. Well, in this particular estate of Samuel Young under review, there appears to have been a principal sum of nearly £800 and nearly £300 of interest. The office recredited the interest to your Office Interest Account?—Yes, and of course the surplus interest at the end of the year is transferred to Office Expenses Account—our profit and loss.

5720. Then the effect of that little operation was to show that the office had made in profits more money during the year than it legitimately had?—Yes.

5721. And if that was practised in a great many cases, as appears to have been the case generally with the Public Trust Office, it would give a fictitious idea of the profit-bearing powers of your office?—Yes, if the interest was very large, it would be fictitious.

5722. You are quite sure the Auditor-General insisted upon the Public Trust Office taking the accumulated interest in that form? You told the Commissioners just now that the reason the Public Trust Office took the interest in Young's estate was because the Audit insisted on it?—It was the reverse. The Audit insisted that we should not take it, and it was stopped. Prior to the Audit raising the query, the interest had always been recredited to office account, but latterly the Audit insisted that it, as well as the principal money, should go to the Consolidated Fund.

5723. Then, why did the interest not go to the Consolidated Fund in Young's estate?—Because it was transferred before the query arose.

5724. Was the Audit Department aware that the Public Trust Office had "bagged" a large sum of interest in Young's estate—nearly £300?—Yes.

5725. And the Audit allowed you to continue to hold it, and made no remonstrance?—Yes. In fact we held all sums recredited to Interest Account.

5726. *Mr. Macdonald.*] So that any return such as you have presented to Parliament as to the expenses of administration of the office is really inaccurate when you take into consideration the fact that you have taken credit for enormous sums of interest in these estates which do not belong to you, and ought never to have been credited to your Profit and Loss Account?—Of course the Expenses Account has reaped the benefit of those recreditings.

5727. Supposing that the heir-at-law in Young's estate turns up, you will have to get the £800 that has gone into the Consolidated Fund from it?—Yes.

5728. And the office will have to find £288 of interest?—Yes.

5729. And that will be a debit against your Expenses Account for the year?—Yes. It would swell the expenses of the office for that year.

5730. Is not all that a fictitious method of putting such matters through the books?—Yes; it does not show the actual profits.

5731. And therefore is an improper system of account-keeping?—Yes.

5732. Is it not the duty of the officer in charge of real estates to enter up all the real estates in his books?—Yes; it should be entered here in the Assets and Claims book, folio 41, estate of Samuel Young.

5733. Do you ever examine this book yourself?—I refer to it frequently, but have no stated times.

5734. Was your attention called to this estate to-day by the officer in charge?—No.

5735. You did not see this book before it came up?—No.

5736. You gave no instructions in reference to it?—No.

5737. You see that entry there?—Yes.

5738. The officer told us that was a blank page until the estate was asked for by the Commissioners to-day, and he made the entry of the realty belonging to the estate in the book when the Commissioners asked for the book, showing the details of the estate, but prior to that it was a blank page. Is that a proper mode of keeping accounts?—It should have been there from the first.

5739. How many cases of that kind are there?—I cannot say.

5740. It is a little disappointing to the Commissioners to find, when attention is called to an estate quite by accident, instead of the details being in the books of the office, they are not there, and they are put in but a moment before the book is brought up to them?—Of course it is.

5741. You do not think that is proper account-keeping?—Certainly not. Samuel Young's is one of those early estates which came into the office before there were such things as Assets and Claims books. Otherwise it would have been entered on coming into the office in the ordinary way. But there may be occasions when those old estates do not appear in the Assets and Claims books.

5742. We have it in evidence that they were started in 1882. Does it take the department nine years to find they have failed to enter details of estates in a book that should contain the whole information?—It should be there.

5743. You will admit that is a long period for the department to leave the details out?—Yes.

5744. How could any one, in turning up this Assets and Claims book, ascertain there was any estate at all, on seeing a blank page staring him in the face?—It would be misleading, except to any one in the office. They would know there was a real estate.

5745. *The Chairman.*] Now, seriously speaking, do you think it would be possible for any one to become familiar with the system of book-keeping at present practised in the Public Trust Office?—Not without some experience.

5746. Not without serving a considerable apprenticeship to the business?—Yes; there are a large number of books used.

5747. *Mr. Macdonald.*] Your system might be called a many-booked and many-sided system?—Yes.

Mr. R. C. Hamerton, Public Trustee, further examined.

5748. *The Chairman.*] Do you remember a few days ago the Commissioners having had read over to you the Rev. Mr. De Castro's evidence in connection with his dealings with personal effects?—Yes.

5749. And you desired that a copy of that evidence should be handed to you?—Yes.

5750. Have you received a copy of it?—Yes.

5751. *Mr. Macdonald.*] We shall now resume our inquiry with regard to Meurant's trust. Have you now the information which I asked you to obtain in connection with Clarke's mortgage?—I was asked if I had account sales of the first sale of the security on Clarke's mortgage. I have not the account sales, but there is a report from Mr. Brookfield that it sold for £4,425. £307 of interest was received, and the balance I assume to be the charges in Auckland.

5752. What do you mean by saying that £307 was received?—It was remitted by Mr. Brookfield as interest due up to the day of sale.

5753. What was paid in the way of deposit at the sale?—I have no advice.

5754. Do I understand you to say that when you sell a £4,000 property in Auckland you do not get account sales?—I am unable to account for the non-forwarding of the account sales.

5755. You have absolutely no details at all as to the expenses of the sale?—Not of the expenses of the sale.

5756. Is that not rather a remarkable coincidence?—It is very unusual indeed. I have the report of Mr. Brookfield only.

5757. Have you the letter accompanying this £307?—Yes.

5758. Will you kindly read it to us?—It is as follows:—

Memorandum from F. W. Brookfield, Solicitor, Auckland, *re* Samuel L. Clarke's Loan.

The Public Trustee, Wellington.

I paid the back interest due herein into the Bank of New Zealand here, as I have already informed you by telegram. The amount was £307, and herewith I enclose the credit-slip which I received from the bank.—Yours, &c.,

7th October, 1884. Frederic W. Brookfield.

5759. Now, will you kindly show us the ledger account of this investment?—I will send for the Ledger-keeper, if you will allow him to explain the ledgers. He will be up directly.

5760. What is this account you see in the ledger?—That is the Chambers mortgage. That begins when the property was sold.

5761. What is the object of keeping this account under the heading "Special Deposits"?—Because it is land. It is taken over by the office, and we have to keep an account of the rents and expenses.

5762. Is this supposed to be an account of rents and expenses?—Yes, as far as I know.

5763. Then you are not familiar with these accounts yourself?—I am not.

Mr. Robert John Buckland, Ledger-keeper, examined.

5764. *Mr. Macdonald.*] I wish to see the ledger account of Clarke's mortgage. Are you in charge of this ledger, Mr. Buckland?—I am.

5765. Will you kindly show us the ledger account dealing with Mr. Clarke's mortgage, £4,000?—There was no account opened for Clarke's mortgage.

5766. Why?—It was not necessary.

5767. Were is the record respecting it?—You will find that in the mortgage register.

Mr. R. C. Hamerton, Public Trustee, further examined.

5768. *Mr. Macdonald.*] Have you the conditions of sale to Chambers?—No; I do not think I have; they are not here.

5769. Have you a copy of the advertisement?—No.

5770. Was it a sale by order of the Registrar of the Supreme Court by default of the mortgagor or not?—Mr. Brookfield, on the 13th August, 1884, wrote me, stating: "I have had conditions of sale drafted to sell property, and they are now in the hands of the Registrar of the Supreme Court for approval. I hardly think, however, that Mr. Clarke will allow the property to be sold, especially as the payment of interest and costs will stop proceedings."

5771. That implies that it was a sale by order of the Registrar?—Yes.

5572. But you have no evidence there to show it was a sale through the Registrar?—I have no evidence to show that it was.

Mr. Robert John Buckland, Ledger-keeper, further examined.

5772A. *Mr. Macdonald.*] What is this book you produce?—The old mortgage-book.

5773. When does it begin?—In 1883.

5574. Will you kindly show me here in the transfer-book John Chambers's mortgage, and how the interest has been paid. [Book examined.]

Mr. R. C. Hamerton, Public Trustee, further examined.

5775. *Mr. Macdonald.*] What I want to arrive at is this: what was the amount of interest owing when the sale took place at Auckland of the property mortaged by Clarke? What was the total amount of interest owing on that day?—The amount due by Clarke at the day of the sale appears to have been £307.

5776. Is that made up to the day of sale?—Apparently so; I cannot say exactly; but here is the letter from Mr. Brookfield, dated the 7th November, 1884.

5777. Can you not tell from your own register whether that is the exact amount? It seems curious it should be an amount like that, without shillings or pence?—It appears in the mortgage register, £307 due to the 17th September, 1884.

5778. What was the day of the sale?—I received a telegram on the 18th to show that the property sold for £4,425.

5779. We may presume that such amount included the overdue interest?—Yes.

5780. So that on the 17th September the property standing in your books is owing you, how much?—£4,000, after the interest had been paid.

5781. For which you had a mortgage?—Yes, from Chambers.

5782. Now, you cannot state from your records what amount was paid in the way of deposit?—No, I cannot.

5783. You cannot tell what was charged by the auctioneers?—No.

5784. Nor by the solicitors?—No.

5785. Nor by Mr. Brookfield?—No.

5786. You have no record, really, as to the position?—At that date, no. I have no record of what the auctioneer's charge was.

5787. You have no conditions of sale or account sales?—The conditions of sale will be with the solicitor. I have not got them here. I have no record of the charges. They would be paid by Chambers.

5788. They could not be paid by him but only by yourself, out of the deposit?—As a matter of fact, they were not paid by me.

5789. As a matter of fact, you have no information how they were paid?—No; the solicitor arranged this.

5790. So far as one can judge from the correspondence, what appears to have been done was this: that the amount of deposit consisted of the overdue interest and the costs of the sale?—Yes.

5791. No doubt that has been the position?—No doubt.

5792. It is very curious it is not among the records?—It is not with the records.

5793. Then, we have got to this position: that the property was purchased by Mr. Chambers for the sum of £4,000, and that he gave a mortgage for that amount?—Yes.

5794. How long was that mortgage for, and what was the rate of interest?—The rate of interest was 10 per cent., reducible to 7. The term of mortgage was until the 17th September, 1885, one year.

5795. *The Chairman.*] Did the Board agree to the mortgage, Mr. Hamerton?—The Board authorised the execution of the conveyance and transfer of the property to Chambers on consideration of his paying £4,000, being the amount of the original mortgage.

5796. We want to see the authority of the Board for the mortgage to Mr. Chambers of the property for the whole amount of the purchase-money. Would it not be on the same date as the transfer?—It should be. I do not understand why it is not. At a meeting of the Board on Friday, the 20th September, 1884, the following appears:—"Loans on mortgage: The Board resolved to approve the sale to John Chambers, of Auckland, of the security held on S. P. Clarke's mortgage; £4,000 to remain on mortgage of the security at the same rate as before."

5797. Who was present at that meeting?—The Colonial Treasurer was in the chair.

5798. Who was the Colonial Treasurer?—Sir Julius Vogel.

5799. Who were the others present?—Mr. FitzGerald, Controller and Auditor-General; Mr. Reid, Solicitor-General; Mr. Luckie, Government Insurance Commissioner; and Mr. Hamerton, Public Trustee.

5800. They confirmed the sale of the property for £4,000 to Mr. Chambers, and agreed at the same time to take a mortgage of the property for the amount of the purchase-money?—Yes, as being the only thing, in their opinion, possible under the circumstances.

5801. At that date was your regulation that only 50 per cent. of the valuation should be advanced?—This was not an advance on mortgage at that time. It was doing the best to save the property.

5802. Pardon me. You approve a transfer and conveyance to Chambers and sell to him a property for £4,000, and, as soon as you have done that, you agree to advance him the purchase-money of £4,000 upon mortgage at the same rate of interest as promised to be paid by Mr. Clarke, the former mortgagor?—No, that is not the state of the case.

5083. Will you kindly read the minute again?—"Loans on mortgage: The Board resolved to approve the sale to John Chambers, of Auckland, of the security held on S. P. Clarke's mortgage; £4,000 to remain on mortgage at the same rate as before."

5804. Is not that exactly the position I am putting to you—that the Board first of all resolved to agree to the sale—that was No. 1. Then, secondly, they agreed to allow the purchase-money to remain on mortgage, knowing the circumstances connected with it. I want to know now what was the state of your regulation respecting loans at that time? The Board may or may not have been justified in doing what they did. The Commissioners want to know the whole facts?—The regulation as to the 50-per-cent. margin came into operation on the 8th March, 1888.

5805. *Mr. Macdonald.*] What was the regulation, before that, respecting loans? You had some regulation, I presume. What was your statutory provision or Order in Council respecting the principles which should guide you in the lending of money on freehold security?—There was none.

5806. The Board was left to its own sweet will?—Yes.

5807. I want to be quite exact about this. Are we to understand there was actually no provision limiting you in any way?—None to my knowledge.

5808. If the Board had chosen to advance £6,000 on a £5,000 property, they could have done it?—So far as I am aware, they could have done it, if their discretion dictated such a course.

5809. We have got to the stage of the property having become vested in Chambers, and Chambers giving a mortgage. How much interest did Mr. Chambers pay altogether?—£600.

5810. Would you be good enough to give us the dates when interest was paid?—Yes; on the 16th January, 1885, £70; on the 9th April, 1885, £70; 20th July, 1885, £70; 22nd October, 1885, £70; 25th January, 1886, £71; 20th May, 1886, £69; 5th November, 1886, £180. That is all.

5811. Then, when did default commence?—From that date.

5812. We have the fact that £600 was paid altogether. Now, from the 16th September, 1884, to the 16th September, 1886, was two years paid up to the 17th September, 1886, on the 5th November. That only amounts to £560; and you received £600. Then the £40 was the penal rate of interest?—Yes.

5813. So that default took place on the 17th September, 1886. No more interest was received after September, 1886?—No.

5814. You got your interest for two years up to September, 1886?—Yes.

5815. The mortgage-deed states that the money was to be repaid on the 17th September, 1885. Why was it not paid? Why was it allowed to run on?—Because we could not get the amount in.

5816. Is there any evidence of that in the papers? Why was the principal not demanded on the due date of the mortgage, seeing that the security had no margin when you lent the money?—I am unable to answer. I have no record.

5817. There is no record of any demand having been made at that date?—No.

5818. When is your first reference to any failure in connection with the payment of interest? Have you any correspondence in reference to it?—Yes; I have a letter from the agent, dated 21st April, 1887, informing me that Mr. Brookfield was about to sue Chambers for interest due. On the 2nd March, 1887, I wrote to the Auckland agent as follows:—

Re J. Chambers's Mortgage.—The interest hereunder, amounting to £90, due on the 17th December last, has not yet been paid. Please collect the same at once, and enjoin greater punctuality on the mortgagor in future. If the amount due be not paid before the 10th instant, you will be good enough to sue without further delay.

2nd March. R. C. Hamerton.

5819. You wrote on the 2nd of March, 1887, stating that interest amounting to £90, due on the 17th December, 1886, had not been paid?—Yes.

5820. What was his answer to that?—On the 21st April Mr. Watkis, the agent in Auckland, wrote, referring to my memorandum of the 6th instant. That would be one of our printed notices, showing that interest had become due. The Auckland agent wrote as follows:—

Memorandum from E. P. Watkis, Agent for Public Trustee, Auckland, to the Public Trustee.

Re J. Chambers's Loan.—Referring to your memorandum of the 6th instant, I have to inform you that, in accordance with instructions conveyed in your memorandum of the 2nd ultimo, I wrote Mr. Chambers, giving him to the 10th ultimo to pay, but received no reply. Accordingly I wrote to Mr. Brookfield on the following day to take the necessary steps to collect the amount due, at same time informing Mr. Chambers personally what I had done. The matter is out of my hands, but on my last interview with Mr. Brookfield he informed me he was tired of applying for the money, and was about to issue a summons. He probably has written you on the matter.

21st April, 1887.

5821. What was done then?—Mr. Brookfield wrote as follows on the 25th April, 1887:—

Memorandum from Brookfield and Son, Solicitors, Auckland, to the Agent for the Public Trustee, Auckland.

Re John Chambers's Mortgage.—In this matter, all efforts to obtain payment of the interest have been without avail. You know Mr. Chambers's position as well as I do. When Mr. Clarke's property was taken over by him he was what might fairly be called a wealthy man; but, owing to depression, his investments and speculations have failed, and he is now so involved that he is unable to find money. He called on me last Wednesday and stated plainly that if sued for the interest he simply must file, as he cannot pay the money. If left alone and things improve he may, of course, pull round again.

I was in Tauranga in January, and I rode over to Mr. Clarke's farm. There is a small cottage upon it in which Mr. Clarke and his family were then living. Since then they have left, and are living with one of the sons on an adjoining dairy-farm.

One of Mr. Clarke's sons is, I believe, still living on the farm. He was in Auckland at Easter, and I spoke to him about the place. He had, until lately, a flock of sheep there, and had been endeavouring to work it so as to keep up payment of interest for Mr. Chambers. In fact, Mr. Chambers took over the place as a friend to aid Mr. Samuel Clarke, and young Mr. Clarke left a situation in Wairarapa with the object of working the affair through if possible, as he understands sheep-farming. His sheep were bought on credit, and were seized about three weeks ago. He tells me that he does not think it possible to make a living out of the place, and pay £280 for interest in addition. It certainly could not be done without very considerable capital. At present the farm is unstocked. There is a considerable amount of fern on the property—in fact, none of it is quite free from fern; and unless the place is looked after the fern will increase, and the property will rapidly depreciate in value. It will be almost impossible to sell the property at any price at present, I think; and, in any case, it would not bring more than £1,200 or £1,500, in my opinion. Mr. Chambers is, of course, willing to do anything he can. If allowed time he will try to find a purchaser or a tenant; but in the meantime he cannot pay the interest, and if pressed must go through the Bankruptcy Court.

There are only two courses open:—Firstly, to sell the place at any price, and proceed against Mr. Chambers for the balance; and, secondly, to let the matter stand, in the hope of times improving. And, if this is adopted, provision must be made to have the property attended to—and the sooner the better. It is difficult to know what course to advise, but I am inclined to recommend the latter; and, unless Mr. Chambers knows of a tenant, it would, I think, be advisable to ascertain whether Mr. Fred. Clarke, who has been working the place lately, would lease the property. Whether he is in a position to do so or not I do not know. He told me he thought of leaving the district for either Napier or Wairarapa

Yours faithfully,

25th April, 1887. Frederic W. Brookfield.

5822. What reply did you make to that, Mr. Hamerton?—I did not reply to Mr. Brookfield, apparently; but I wrote to the agent at Tauranga, on the 6th of May, 1887, as follows:—

The Agent of the Public Trustee, Tauranga.

Re S. L. Clarke's Loan, now John Chambers's Mortgage.—Having acted as agent for this office in the matter of the original loan to S. L. Clarke, you are already acquainted with the location, extent, and character of the land comprised in the above mortgage; but I deem it necessary to give you the following additional particulars of the present position of the mortgage, so that you may be fully acquainted with the altered aspect of the loan from an office point of view, and thereby be enabled to follow the further progress of this matter, and, from your better

local knowledge of any circumstances affecting injuriously or otherwise the value of the security, be in a position to promptly advise the office thereon.

Mr. John Chambers, of Auckland, took over his mortgage as an act of friendly help to S. L. Clarke, who was in difficulties. Unfortunately, the prevailing depression in trade, and the consequent failure of business speculations, have placed Mr. Chambers in a position of grave difficulty, and he is unable to keep up his payments of interest.

Though I am assured of Mr. Chambers's willingness to do his best, there seems to be no prospect of his being able—at any rate at present—to effect a satisfactory settlement with this office; he promises, however, to try to find either a tenant or a purchaser for the property mortgaged.

A son of the original mortgagor (Mr. Fred. Clarke) has made an unsuccessful attempt to overcome the difficulties of the situation by living upon the farm and working. His failure, however, may be to some extent ascribed to want of capital rather than to any lack of ability or enterprise.

Mr. Brookfield, in writing on the subject, thinks it advisable to ascertain whether the son above mentioned, who understands sheep-farming, would lease the property; but it appears to me that the very conditions which brought about his former failure would render the carrying-out of such a suggestion impracticable.

I am informed that the fern is increasing on the property; and it is clear that a farm of this description will rapidly deteriorate in value if allowed to remain untenanted; and, as I do not contemplate forcing a sale by auction upon a depressed market, I should prefer to let the property under conditions, binding the tenant to keep the fern down, fences in repair, and such-like. It might even be arranged to let to a tenant approved by the mortgagor, without interfering with the mortgagor's right to redeem at any time.

Please do your best to obtain a suitable tenant; and such suggestions as you may offer as the agent of the office will have due consideration.

6th May, 1887. R. C. Hamerton, Public Trustee.

5823. That was the firm that valued the property for you originally?—No. This was addressed to Mr. Clarke, my agent. The firm which valued the property first were Messrs. Turner and Buddle.

5824. Did Mr. Clarke give you no advice when you made the loan?—Yes.

5825. What was his advice?—Mr. Clarke wrote,—

Tauranga, 23rd May, 1883.

Memorandum from John A. Clarke *re* Loans.—I enclose an application for a loan of £4,500, from Turner and Buddle, on account of S. L. Clarke, Esq. I am well acquainted with the property, and, being all good land close to town, and level, and having personally inspected it, and the improvements, should put it as a fair selling all round at £7 10s. per acre. I understand a portion of the money is to go towards building a large homestead and outhouses. The farm is at present used as a dairy-farm, and there is every prospect of its becoming far more valuable than at present. I happen to have a valuation and plan by me made in July last year, relative to the same property, which I enclose. I find there is a difference of £1,035 depreciation in the valuation then and now, which is due solely to the temporary depression under which the whole district is suffering at present.

5826. How many acres were there?—There were 824 acres, valued by Turner and Buddle at £7,535.

5827. So that at the time you lent this money the property had depreciated by £1,034 from the valuation made in the previous year?—Yes.

5828. Were the "large homestead," &c., erected, which are described there?—I do not know. The homestead has not been erected, I assume.

5829. Did you make any stipulation that it should be erected when you lent the money?—No.

5830. What did your agent say?—Mr. J. A. Clarke, our agent, in reply to a letter from the department, wrote on the 14th May, 1887, as follows:—

Memorandum from J. A. Clarke.

Tauranga, 14th June, 1887.

Re S. L. Clarke's Loan.—I will see Mr. F. Clarke, and furnish you with a report when I go over the whole property with him. I think, if Mr. F. Clarke can arrange to lease the property, and can obtain some substantial person here to guarantee the rent, that it would be advisable to let him have the first refusal. I presume the rent will not be less than 7 per cent. on the £4,000 advanced.

Then a memo. was written as follows:—

The Agent of the Public Trustee, Tauranga.

Re J. Chambers's Loan.—The Public Trustee desires me to state, in reply to yours of the 14th instant, that he will accept a rental of £280 per annum, equivalent to 7 per cent. on the advance; but is willing to consider any offer, and will be glad to have an early report from you herein.

21st May, 1887. Charles de Castro, Chief Clerk.

5831. You received a report from Mr. Clarke, your agent, enclosing an offer from Mr. Frederick Clarke of £50 a year for two years, and an increased sum for the remaining five years?—Yes.

5832. You ultimately accepted that offer to lease the property?—No; I accepted an offer of Mr. Peter Grant, no arrangement having been arrived at with Mr. Clarke.

5833. For how many years?—Seven years.

5834. At what rate?—£50 the first three years, and £200 a year for the next four.

5835. That was from the 1st January, 1888?—Yes.

5836. Has your increased rate commenced yet?—It has not.

5837. Why?—Because the man could not carry it on. He was not worth anything; and I accepted a surrender of the lease.

5838. Who has got the property now?—William Clarke, a son of the man who threw it up, and he gives £50 for three years.

5839. So that the position of that security is this: that a property mortgaged to you for £4,000 by one Clarke is now bringing in a rental from another member of the family of £50 a year?—Not from a member of Clarke's family, but of Grant's family.

5840. Do they pay rates and taxes?—Yes.

5841. But you ultimately put the property up for auction in Auckland, and bought it in at £500?—Yes.

5842. Did you proceed against Chambers's estate for the difference between £500 and £4,000?—Yes.

5843. Did you get a dividend, or any satisfaction?—No; there has been no dividend in the estate. I put it in the hands of Mr. Brookfield to recover, and he did not recover.

5844. Do you mean that there has been no dividend at all paid in Chambers's estate?—As I understand, that is so.

5845. *The Chairman.*] Will you tell me, Mr. Hamerton, how this land now appears in your books?—[No answer.]

5846. How does it appear in the balance-sheet? Where does the £4,000 appear in page 2, B.–9, upon your balance-sheet?—I cannot tell until I consult the Accountant.

5847. Can you go and find out?—Yes. [Witness, after consultation with the Accountant:] The sum appears in the total of £198,622 15s. 6d., "General Investment Account." The original advance of £4,000 appears there.

5848. *Mr. Macdonald.*] What about the overdue interest upon it?—That does not appear there, I believe. The Accountant is looking up the ledger.

5849. As you are not prepared to go into the exact figures, we will resume this branch of our inquiry at 10 o'clock on Monday morning. That will give you an opportunity, along with the Accountant, of getting the exact figures?—Yes; I shall inquire into the matter in the meantime.

MONDAY, 11TH MAY, 1891.

Mr. MOGINIE further examined.

5850. *Mr. Macdonald.*] Mr. Hamerton, have you ascertained what is the position with regard to Meurant's trust?—Yes. The accountant, Mr. Moginie, will now from the ledgers give you all the necessary information.

Mr. Moginie: The £4,000 issued to Clarke on mortgage is charged: £1,912 against General Investment Account, as it came out of the general funds; and the £2,088 is charged against Special Investment, as it came out of Meurant's trust, the mortgage being held partly on general and partly on special account. Therefore the £1,912 will form part of the total sum shown in the printed account as general investments, and the £2,088 will be included in the total of the special account.

5851. What took place then?—Default was made, and the security was put up for sale, and was bought by Chambers, who gave a mortgage for £4,000. It was held the same way as before, until he made default, and the security was eventually sold and bought in. Then the £2,088 was made good to Meurant's trust by taking over the whole mortgage on behalf of the office. On the 1st of January, 1888, the office bought from Meurant's its interest in Chambers's mortgage to the extent of £2,088, and thus the whole £4,000 became an investment on account of the office, the £4,000 now appearing in the total sum of £198,622 15s. 6d. in the printed balance-sheet on the 31st December, 1890.

5852. What about the overdue interest that had accumulated in the matter, and had not been paid?—That is not shown.

5853. Do I understand you to tell us that interest which had accumulated on that principal sum of £2,088 has been absolutely dropped out of sight in the books?—It does not appear in the books.

5854. In no way whatever?—No, not in the balance-sheet.

5855. How, then, can the books be an accurate record?—They are an accurate record of cash received; but they do not contain interest accrued but not received.

5856. Or rather amounts of interest accrued but not received?—Yes.

5857. What was the amount of overdue interest which does not appear?—I could not say without reference to the books.

5858. You have got the ledger before you; please tell us?—The ledger only shows the cash received. The mortgage register would show what interest was not paid.

5859. We have it in evidence that interest ceased to be paid by Mr. Chambers, the mortgagor, on the 13th day of September, 1886?—Yes.

5860. And when did this transfer take place?—On the 1st January, 1888.

5861. So that there was overdue interest from the 13th September, 1886, to the 1st January, 1888?—Yes, if that is the date.

5862. Will you tell us what the amount of that interest would have been on the £4,000 from the 13th September, 1886, to the 1st January, 1888?—It would be somewhere about £290.

5863. Now, Mr. Moginie, just try the calculation again. From the 13th day of September, 1886, to the 1st day of January, 1888, is one year three months and a half in round figures?—Oh, yes; it would be something over that. Would it not be £360, roughly speaking?—Yes.

5864. And the £360 was really a debit against the property?—Yes.

5865. And that does not show in any sense or form in the books?—Not in the ledger.

5866. Does it show anywhere?—Of course it shows in the mortgage register.

5867. Will you be good enough to show it to me in the mortage register?—The arrears have been worked down to the 17th June, 1887: total, £250 at 7 per cent.

5868. Where is that transferred from the mortgage register to the ledger?—It is not transferred at all.

5869. It is simply dropped out of sight?—Yes, except that it shows there.

5870. There is nothing in your ledger to guide any one to the result, excepting the £4,000?—No.

5871. Where are the costs of sale shown?—That would be shown on the papers.

5872. Will you show me the sale on the papers?—It is possible that Chambers in taking over the property paid the expenses up there, and we should not have them on the papers.

5873. The costs of sale are not on the papers?—They must have been paid up in Auckland.

5874. There is nothing to show that. The amount of £360 is dropped out of sight altogether, and not shown in the ledger?—That is so.

5875. *The Chairman.*] Then, Mr. Moginie, do you think that is an accurate method of book-keeping?—The office has never dealt with anything except the actual cash. Nothing but cash has been brought into the books.

5876. Do I understand you to tell me that the books of the Public Trust Office are merely a record of cash receipts and cash expenditure?—Yes; the ledgers.

5877. So that, in the event of a property on which you had lent money, as in this case, coming into your hands and owing you hundreds of pounds of interest, you would not show that in the books at all?—It is not shown in the ledgers at all.

5878. You are the Accountant of the Public Trust Office. Do you think your method a proper one of dealing with the public accounts?—It is the method that has obtained in this office.

5879. Do you think it is proper?—It would be far better to bring in everything, unrealised assets as well as cash.

5880. Would it not have been the proper course?—It is usual to do so.

5881. *Mr. Macdonald.*] You have had a good deal of experience in account-keeping. Is that the usual course—the correct course?—Of course a Government department is not a free agent. It follows on precedent; and a man in business can have a system to suit his own ideas.

5882. Is it not always the endeavour that precedents should be based upon absolutely correct data?—Yes.

5883. Very well. What I want to arrive at from you is this: You have a precedent in commercial usage, in dealing with transactions of this kind. That commercial usage is correct or incorrect, in your opinion. Do you think it is a correct principle for a large amount of interest, amounting to hundreds of pounds, as in this individual case, to be completely omitted from the ledger account in reference to a property?—I certainly think it ought to be brought in.

Mr. R. C. Hamerton, Public Trustee, further examined.

5884. *Mr. Macdonald.*] I notice from the papers, Mr. Hamerton, that there is a memorandum addressed to the Hon. Major Atkinson, and dated the 17th December, 1887, in reference to this particular Meurant's trust, out of which £2,088 was lent upon a mortgage?—Yes.

5885. After reciting the facts which we have already heard in evidence from you, you say,—

Hon. Major Atkinson.

Meurant's Trust.—The funds of this trust—£2,088—were lent to a Mr. Clarke, of Tauranga. They formed a portion of £4,000 advanced on the security of 824 acres within 3 miles of Tauranga, valued in July, 1882, at £7,535, and in May, 1883, at £6,500, both by Turner and Buddle of Tauranga; and by the Property-tax Department at £6,400.

The difference between £4,000 and £2,088 was lent out of office funds under the sanction of the then Colonial Treasurer.

On Mr. Clarke making default in payment of interest I sold the land to Mr. Chambers at auction for £4,000—the amount of the mortgage debt—and, according to agreement, took a mortgage from him. He paid the interest until his bankruptcy, when I sold the security through the Registrar of the Supreme Court, becoming the purchaser at £500, and claiming on Chambers's estate for the balance. Thus no interest is being now paid to Meurant's trust until I can sell or let.

It would be advisable that the office purchase Meurant's interest in this property, which will not only facilitate dealing with it, but will have the effect of restoring their money in full, which I shall at once (from the 1st January next) invest in Government securities, and thus prevent odium attaching to the office in any way.

I recommend, therefore, that this be done as from 1st January next. I will then advise the various beneficiaries that I shall thenceforward be in a position to remit interest at 5 per cent., less charges, half-yearly.

17th December, 1887. R. C. Hamerton.

That was approved by Major Atkinson, the then Colonial Treasurer?—It was.

5886. And that was the reason that the office put the £2,088 on the general fund, which was added to the £1,912 they had previously advanced on the property, making the office, as it were, the sole party to deal with respecting the £4,000 mortgage?—That is so.

5887. You evidently realised when you wrote this memorandum, and so did Sir Harry Atkinson, that it would be an extremely inconvenient and awkward thing to tell those people that their capital was lost?—No doubt it would have been severe and unfortunate.

5888. And Major Atkinson and you rather faced the position of the Public Trust Office finding the whole money?—That is what I recommended.

5889. When I say the whole money, you say you found the whole principal money, but you did not find for the Meurant trust the arrears of interest which had accumulated and had not been paid over?—That is so.

5890. That still remains practically an outstanding debt due by the Public Trustee to the Meurant trust, if you admit the principle of the liability of the Public Trustee in the matter of the principal money?—No; I think not.

5891. As a matter of record, the Meurant trust has demanded from the Public Trust Department that overdue interest?—Yes.

5892. So that the Meurant trust regard the interest which ought to have been paid to them, and was never received by the Public Trust Department, as a debt due to them?—They have so regarded it.

5893. And it has been the subject of petition by them to Parliament?—Yes.

5894. And constant remonstrance?—Yes, frequent remonstrance.

5895. So much so that they have lodged a formal complaint to the Commissioners to investigate the matter, with a view to obtaining the relief hitherto denied them?—Yes.

5896. You admitted, Mr. Hamerton, the liability of the department, so far as the principal money was concerned, by making this recommendation to the Colonial Treasurer, but you do not admit the liability as far as regards interest?—I do not admit the liability as regards interest.

5897. You submitted this property for sale by auction?—Yes.

5898. And you became the purchaser for £500?—Yes.

5899. You then leased it at £50 per annum for three years?—Yes.

5900. The lessee could not continue to pay even that rental, and you cancelled the lease?—

That is not quite correct. I leased it for £50 for three years, and £200 a year at the end of that time. The lessee could not pay £200 a year, and, as he was a man without means, his lease was cancelled. It was then leased to another person for £50 for three years; and that is the present position.

5901. That in reality the property has been leased for six years at £50 per annum?—Yes.

5902. Why do you, under those circumstances, show a property which was bought by you for £500, and which has only been bringing you in £50 per annum for three years, and is only going to bring you in £50 a year for another three years—why do you show that as being value for £4,000 in the investment account of your annual balance-sheet? Why do you treat it as an investment of £4,000, when you had purchased it for £500, and are only getting 10 per cent. on that £500?—I can scarcely explain it, excepting that I had hopes, and have still for that matter, that we shall get our money back. That is all that I can say.

5903. In your last statement sent into the Property-tax Department, what did you return this property as being valued at? You have a record of what properties you sent into the Property-tax Department?—As regards the property-tax, Mr. Macdonald, the only thing that I can find is a duplicate sent from Mr. Sperrey in 1889. They there state the rateable value of the property at £2,400. We have not sent a valuation in, apparently.

5904. You have paid some property assessment on this security, have you not?—I do not know; I will inquire of the Accountant.

Mr. Moginie further examined.

5905. *Mr. Macdonald.*] Can you tell us from your ledger, Mr. Moginie, what you paid to the Property Assessment Department as assessment upon this property?—It will show, of course, in Meurant's trust what was paid; but nothing was paid on the portion of the money belonging to the office.

5906. Why?—Because it is general funds of the office, and Government money. We do not offer any statements of the general funds of the office. All property owned by this office is exempt.

5907. If the office holds property worth £150,000, which may fall into its hands, it pays no taxation upon it?—No.

5908. So we have nothing to guide us as to what you paid?—Meurant's trust would show what has been paid on that portion of the loan.

5909. But that trust has been extinct since 1888?—There would be no assessment paid on that since the office took the property over.

Mr. R. C. Hamerton, Public Trustee, further examined.

5910. *Mr. Macdonald.*] Then, the last property-tax valuation we have of this property values it at £2,400?—Yes.

5911. That is on the 11th March, 1889?—Yes.

5912. You had a valuation from your agent that the property was not worth more than from £1,200 to £1,500 at the time of the auction sale?—That was his opinion.

5913. You had the valuation after that from the property assessment, and they valued it at £2,400?—Yes.

5914. You had the fact that you could get no bid at auction?—Yes.

5915. You had the further fact that you had to lease it for £50 a year?—Yes.

5916. Why, under those circumstances, do you show it as £4,000 on your last annual balance-sheet, or even accept the property-tax valuation of £2,400?—I have already stated I cannot answer the question. Four thousand pounds was lent on it, and that was kept in the accounts. There is no reason why it appears at that sum.

5917. When did you transfer the £18,000 out of your supposed profits to the Colonial Treasurer, Sir Harry Atkinson?—It was paid over in 1889.

5918. That £18,000 was paid over in 1889 as being a balance of profit that you had in hand, Mr. Hamerton?—Yes.

5919. At the time you did that, you had the fact before you that in regard to this particular property, which stood in your books at £4,000, you had a very considerable loss to face?—Yes.

5920. And yet you made no provision for the loss prior to handing this money over?—No.

5921. Do you not think you ought to have made provision not only for this loss, but also for losses in other investments, before this £18,000 was parted with?—It would have been better.

5922. Do you not think it was proper, as a matter of principle, that every possible chance of loss upon any single investment in the office ought to have been considered before the transfer of any surplus profit was agreed to?—Yes.

5923. It was not done?—It was not done, unfortunately.

5924. Who is responsible for that not being done?—I am.

5925. Did the Auditor-General ever investigate the securities with a view of seeing that they were all in order, and that no loss was likely to take place respecting them?—I cannot say that they made an annual inspection of the securities. Before Mr. FitzGerald would sign the accounts for the year he always required an inspection of all the securities.

5926. What was the nature of that inspection?—I could not say. I was not present.

5927. Who was present when the securities were inspected?—The officer who had charge of the mortgages and the Audit officer. There were none others present that I am aware of.

5928. This particular security of £4,000 has ceased to be a mortgage?—Yes; the mortgage has been killed by sale.

5929. Then, what would be before the Audit officer to represent the £4,000 in the General Investment Account? When he was examining the securities, what had he before him to show that the security of £4,000 existed?—There would be the deeds of the land. What else I do not know.

5930. The deeds of the land, and the conveyance from the Registrar of the Supreme Court, showing that the Trustee had purchased the property for £500?—I assume that would be so; but without the bundle of deeds I could not say.

5931. I will ask you again, Mr. Hamerton, respecting the payment to the Meurant trust of the principal money, £2,088, which you took out of your general fund and repaid; when you admitted the principle of that repayment to the trust of their principal moneys, for what reason did you not admit the principle as to the necessity for repaying the interest that was due upon the principal?—It appeared to me that the investment was a proper one, that the money had been advanced with all due preliminaries according to law, and it appeared to me the interest was a proper loss to the investors.

5932. Under similar circumstances in other estates, where you have regarded the investment as being a careful and proper one, you have made the parties lose the principal as well as the interest when a loss has been sustained?—Yes, I have done so in one or two cases.

5933. Then, if the principle holds good in other cases that the investment was gone into with care and prudence, why did you not make the Meurant trust bear the whole loss? Why did you make fish of one and flesh of another, to use a common illustration?—Well, I could scarcely explain that. It was not done. I cannot give you any satisfactory reply.

5934. Does it not occur to you on reflection that you have no justification whatever, if you admit the principle that the trust was entitled to have paid to it the principal money—that it was equally entitled to have paid to it all arrears of interest?—It has not occurred to me in that light, nor do I think so.

5935. Either you should have paid both principal and interest, Mr. Hamerton, or you should not have paid either. Is not that the common-sense interpretation of the position?—Well, it did appear to me, and it appears to me now, that the interest was a fair loss, and that the estate should bear it.

5936. What were your grounds for recommending a refund of the principal money?—In order that the estate might be recouped the principal money, and that the whole investment might be a general investment, as part of it already then was.

5937. But clearly, Mr. Hamerton, if the estate was entitled to be recouped the principal, it was equally entitled to be recouped the interest that had accrued on the principal money?—I do not entertain that view; it may be so.

5937A. Here are the securities which I assume were examined by the Audit Department in Meurant's trust?—I cannot say they were examined.

5938. I was under the impression you told us that the property was bought for £500?—Yes.

5939. The conveyance by the Registrar of the Supreme Court to you of this property states that the consideration-money was £250, and there is a transfer also of a certificate of title to land which would embrace the other £250?—That would be so.

5940. Then those are the two transactions that represent the conveyance of the property to you for £500?—Yes.

5941. And those two documents would be the documents which would be the only authority of the Audit Department to certify to that security as an investment of £4,000?—Yes.

5942. Will you explain to me, Mr. Hamerton, if you can, what is the value of an audit in reference to your Investment Account which passes a conveyance and a transfer of land which upon the face of them—and your books show—represent a payment only by you of £500 as a good *bonâ fide* security in your hands for £4,000? Why, I ask, should the Audit pass those documents as a good security for £4,000 in the balance-sheet when you had bought the property in for £500?—I am unable to explain it.

5943. Does it not appear to you a very peculiar method of audit? Does it not look as if there was no examination at all of your securities?—The securities, as I was led to believe, and do believe, were examined by one of the Audit officers; but I am not acquainted with their method of examination.

5944. Have you ever remonstrated with your agents in Tauranga for having given you a valuation of this property which induced the loan by you, now that it has turned out so disastrous?—No, because the whole of the land about the district of Tauranga has gone down from period to period worse and worse, and the values there now do not represent anything approaching the values at the time the money was lent.

5945. We can well imagine a property valued at £6,400, and which you leased for £50 a year, must have gone down very much when it now represents only one-twelfth of what it was valued at?—There has been a very large reduction of values in that district.

5946. Who valued the property for you?—The valuation was made by Turner and Buddle.

5947. Who are they?—They were valuers in Tauranga at the time; they are not there now as a firm.

5948. Did you ever look at the original deeds of this property and trace them up?—No.

5949. You never looked at the fact that the property was mortgaged to the Bank of New Zealand for a very large sum, and that your money went to pay the Bank of New Zealand? Were you aware of that?—I was not.

5950. Look at that conveyance to the Bank of New Zealand?—This would be prior to the execution of the mortgage to me.

5951. Then, would you not imagine that the moneys advanced by you went to pay Clarke's liability to the Bank of New Zealand?—Apparently so.

5952. Would you look at this? You will see it is a deed made between Samuel Ludbrook Clarke and the Bank of New Zealand in 1881, which mortgages the whole property to the Bank of New Zealand?—Yes.

5953. Messrs. Turner and Buddle, your valuators, were connected with the Bank of New Zealand in some way?—I cannot say.

5954. Had your agent any connection with the Bank of New Zealand?—Not that I am aware of. He was clerk to a solicitor in Auckland before he went to Tauranga.

5955. You can judge now in reference to the deeds in this matter that the mortgage moneys lent by you went to pay Clarke's account with the Bank of New Zealand?—Yes, apparently so.

5956. The Bank of New Zealand conveyed to him in order that he might make the mortgage to you?—Apparently so.

5957. The result of that little transaction is that you are left with a security perhaps worth £500, and on which you are getting £50 a year, and the Bank of New Zealand has parted with a bad security for your £4,000?—It may be so; of course, I cannot say.

5958. That seems to be the sequel of what is disclosed in the documents, is it not?—It looks like it. I cannot say it was so.

5959. Is this not so? Here is a mortgage from Clarke to the bank for the whole of the account, the conveyance by them to Clarke, and simultaneously with that the mortgage by Clarke to you. Does not that show that your money went to the Bank of New Zealand to pay Clarke's account?—It looks very like it indeed.

5960. And you have never remonstrated with your agent for the terrible difference, even allowing for depreciation, between the present value of the property and the amount you advanced?—I do not recollect that I have done so in this case.

5961. There is nothing in the papers to show that you have even written to him in the matter?—I think not.

5962. Now, Mr. Hamerton, I think we had better have the Audit officer, if he is in the building, so that we may get fully and clearly from him how it was that he passes a conveyance of £500 as an investment of £4,000?—I think he is in the building.

5963. Are there any other cases similar to the one we are now examining?—There is Randerson's. The return which the Commissioners have called for will show that there are perhaps six or seven such cases. Linton's may be considered as one, perhaps.

Mr. Peter Purvis Webb further examined.

5964. *Mr. Macdonald.*] Mr. Webb, is that the balance-sheet of the Public Trust Department for the year ending 31st December, 1890?—Yes.

5965. You are familiar with the balance-sheet?—Yes.

5966. Will you tell the Commissioners what the General Investment Account stands at there?—£198,622 15s. 6d.

5967. Will you tell us how you check the accuracy of the statement that there are funds to that extent in the department to that account?—I examine the mortgages, which are in the safe.

5968. To that amount?—Yes. They are compared with the statement supplied to me by the Accountant in the office, showing £198,622 15s. 6d.

5969. Where is that statement?—I do not know. It would be in the possession of the Accountant, I assume. I only got it for the purpose of checking over the mortgages. I cannot lay my hands on it. Mr. Moginie thinks it is up with the Auditor.

5970. Can you tell us what your procedure is in reference to checking that list in the balance-sheet?—I get the list supplied by the Accountant, and either myself, or with the assistance of some one in the office, we go through the whole of the mortgages kept in the safe, and see that the total is represented by the mortgage deeds.

5971. Supposing there is not a mortgage deed there?—Then its absence has to be satisfactorily explained. Sometimes we get a certificate from a lawyer to show that the deeds are in their possession in consequence of something being done in connection with them.

5972. There is a bundle of papers [produced] which represent a security in one estate. Would you kindly tell us what you consider that to be worth? Open the papers and look through them. Are you in the habit of examining these bundles?—Yes; but what I have to get is the particular deed that concerns a mortgage.

5973. This bundle produced is the bundle of deeds in reference to one of the securities in connection with that line in the General Investment Account, is it not?—Yes.

5974. Would you kindly tell us what that would represent when you examined it? Please look into the bundle, and find what it represents?—Before I made answer definitely, I should have to see the list I have, and see whether there is any note as to whether the mortgage deed was in the hands of the solicitor.

5975. *The Chairman.*] We are told by the officer in charge of the department that that parcel of deeds was in the safe when you examined them. We want you now to tell us what you considered the value of that security?—On the face of it, this is a mortgage deed for £4,000.

5976. From whom?—From Samuel Clarke.

5977. To whom?—To the Public Trustee.

5978. What is the date, and what is the term?—It expired apparently on the 30th July, 1888.

5979. On the 31st December, 1890, you examined the deeds in the safe?—Yes.

5980. Was that parcel there at the time?—Possibly.

5981. Did you examine the fact that the mortgage-money was due?—No.

5982. Supposing it had been paid off, how would you have known?—The amount would not be included in the list of mortgages supplied to me.

5983. Supposing it was included?—Had that amount of money been paid off, the totals would have corresponded with the total shown in the account.

5984. Supposing I tell you that the mortgage does not exist, and that you have passed it as if it had existed, what would you say then?—I would say this: that that was inaccurate.

5985. Then, did that mortgage of £4,000 exist on the 31st December, 1890, Mr. Hamerton?—[Mr. Hamerton, who was present during Mr. Webb's examination, replied: No; the security had been sold before then.]

5986. *Mr. Macdonald* (to Mr. Webb).] The security had been sold and realised prior to the 31st December, 1890; but it is included as a mortgage of £4,000 in the balance-sheet, and in that amount of £198,622 15s. 6d. as a general investment. What is the explanation of that from the Audit Department?—I would not attempt any further explanation until I get the list which was supplied to me by the Accountant.

5987. When will you get it?—Search is being made for it, and when it is found it will be brought up.

5988. *The Chairman.*] Then, are the Commissioners to understand that you take your reckoning-up of those securities represented in the balance-sheet of the year from the list supplied by the Public Trust Office, or do you examine each of the securities?—I examine each of the securities.

5989. Then you do not go by the list?—Yes, I do; because that is the guide as to the securities to be there.

5990. Do you keep those lists?—No; I believe they are kept by the Accountant.

5991. But the lists are kept?—Yes, I imagine they are. I cannot say they are. They do not become the property of the Audit Office.

5992. Are you perfectly satisfied you examined every security represented by that amount in the balance-sheet?—Certainly.

5993. *Mr. Macdonald.*] Can you get that list, and have it here?—The Accountant tells me it is in my possession; and I shall have search made for it. I am under the impression that it is in the Trust Office.

5994. *The Chairman.*] How long was that balance-sheet in the hands of the Audit before it was returned to the Trust Office?—It came into our hands on or about the 20th March. After examination, it was referred back to the Accountant for certain corrections in the form of account, and it came back to us and was finally passed by us on the 7th April.

5995. *Mr. Macdonald.*] Supposing the list was inaccurate, how would you know that?—Because I take that list and compare it with the Check Ledger, which shows the total of the investments.

5996. *The Chairman.*] But does the Check Ledger show you the individual mortgages or securities?—No; the list does that.

5997. Then you examined each mortgage?—Yes. The Check Ledger would show the total, and when I get the list I see that it represents all that sum.

5998. *Mr. Macdonald.*] Then, the whole point is this: the accuracy of the mortgages and the accuracy of the list; and, if there is any inaccuracy between them, then there is something defective?—But we would check it. On this list I should find the mortgage of John Chambers for £4,000. I find a mortgage deed in the safe for the same money.

5999. You told us it is bound to be accurate. Now, the whole thing hangs on your finding that list; and we will resume your examination at half-past 2, and that will give you time to find it, will it not?—I should think so. [Examination resumed at 2.30 p.m.] The list cannot be found, but the one I now produce contains practically the same information that would be in the list which is missing. And there you will find the name of John Chambers, £4,000.

6000. You produce a list showing general investments amounting to £215,000. The amount in the balance-sheet is £198,622 15s. 6d.?—That is the total of the special investments of the office, not the general. If you take that £47,000 from the total, you will find this list represents the amount invested on mortgage.

6001. We find in this list amongst general investments a mortgage of £4,000 in the name of John Chambers, 31st December, 1890. Did you look over all these matters?—Yes.

6002. Did you find there was a mortgage on the 31st December, 1890?—Yes.

6003. Will you kindly show it to us?—There is the deed.

6004. This is a mortgage, dated 23rd October, 1884, to the Public Trustee, by John Chambers?—Yes.

6005. Running for one year, and expiring in 1885?—I do not know what the term of it is.

6006. Just look and see?—[Mortgage handed to and examined by witness.] It is indefinite. It says the Trustee shall not call it in until the 17th September, 1885.

6007. That was practically a year?—Yes.

6008. And this was one of the securities which are included in that £198,622 15s. 6d. in the balance-sheet?—Yes.

6009. *The Chairman.*] Now, were you not aware, Mr. Webb, that no such mortgage was in existence?—There is the mortgage.

6009A. This is the mortgage deed, but that is not the mortgage. The mortgage has ceased to exist, because the property had long previously been sold?—Yes. Mr. Chambers defaulted, and the Public Trustee bought.

6010. What did he buy it for?—I cannot say what he bought it for.

6011. When the Public Trustee buys a property for less than he originally lent upon it, how can it remain as a mortgage for the original sum lent?—All I am concerned in is to see that £4,000 was an investment, and has not been repaid. It still stands as an investment.

6012. *The Chairman.*] Your duty is to see, Mr. Webb, that no sham securities exist?—Yes.

6013. Well, then, in reference to this £4,000, you examined that mortgage, did you?—Yes.

6014. And was it a mortgage existing for £4,000 on the 31st December, 1890, as security for £4,000?—There was an investment of £4,000, which is all the balance-sheet purports to state, by the Public Trustee, as on the 31st December, 1890.

6015. I ask you again, did that mortgage exist for that sum?—In a case where the Public Trustee forecloses and becomes the purchaser, there would be a reconveyance to the Public Trustee.

6016. For what?—Of the property which he holds as security for the advance.

6017. Are you aware whether this property was put up for sale and sold before the 31st December last?—I do not know any particulars, beyond the fact that Chambers's mortgage was one bought in by the Public Trustee.

6018. Do you know what that security was bought in for?—No.

6019. Did you never inquire?—No.

6020. Do you know that this security, originally for £4,000, now represents £500? Are you aware of that?—What do you mean?

6021. I mean that it was sold and bought in by the Public Trustee for £500. Do you know that?—I assume it is worth £4,000, because the Public Trustee has got the property on which it was lent.

6022. But if the property has been put up for sale by public auction, and that, notwithstanding the mortgage was for £4,000, it was knocked down to the highest bidder for £500, do you still assume it to be worth £4,000?—It all depends. The Public Trustee buys and holds.

6023. Would you assume the property was worth more than the Public Trustee bought it for?—I assume the property is worth £4,000 until it is finally disposed of.

6024. And that, Mr. Webb, is the principle on which you audit the securities in the Public Trust Office? Is that, I ask again, the principle on which you audit the securities of the Public Trust Office?—Yes.

6025. That is the principle, then, on which you, representing the Audit Department, audit the securities held by the Public Trustee?—That is hardly correct. There may be some little misunderstanding between us as to what this sum under the head General Investments represents. It represents that that sum has been lent. I am concerned to find that there are securities for that amount. Whether the securities represent that amount it is not for me to say.

6026. What do you mean by finding out securities to that amount?—It is impossible for me to tell. In cases where the Public Trustee has not bought in, I do not know whether the properties are of the value of the amounts advanced.

6027. Does it not come within your province as auditor to see whether there are any arrears of interest in connection with securities?—I have found it out.

6028. Have you ever reported it to the Auditor-General?—No.

6029. Have you ever called the Public Trustee's attention to it?—I have no communication with him as regards the accounts.

6030. Do you know how much in amount the arrears of interest is?—I cannot challenge my memory, but in this case I would ascertain the fact that the man had defaulted, and that the property had been put up for sale.

6031. Now, will you be good enough to tell me what has been done in this £4,000 mortgage? Will you tell the Commissioners what you have ascertained? Let us have the ramifications of that mortgage since it first came into the Public Trustee's hands?—No; I could not challenge my memory to a thing like that.

6032. Have you kept no memoranda whatever about it?—There would, in the books of the office, be memoranda representing the various transactions that had taken place. They would disclose the fact that John Chambers had defaulted, and that the Public Trustee had bought the property in. I know he bought it in and let it.

6033. Is it not within your duty to find out what a security was bought in for?—No.

6034. Do you know what interest the mortgage bears now?—No.

6035. Then what interest ought it to bear?—I could not say.

6036. Do you mean to tell me that you inspect securities, and yet you do not know what interest they bear?—The deed recites the rate of interest.

6037. Do you ever open any of the deeds?—Always.

6038. You ought, then, to be able to tell the Commissioners what interest the mortgages bear?—As regards my position, I come in after the work has been in the Audit for years, and I assume that the system which has obtained is a correct system. I presume that originally the deeds have been examined by the auditor. I am concerned to find that the deed for this £4,000 is there. I open it, and see that it is signed and witnessed.

6039. Then, do mortgages or securities never fluctuate in value?—Very likely.

6040. Is it not part of your duty to notice any fluctuations?—No.

6041. For how many years have you been auditing the Public Trust securities?—Three years.

6042. Are you aware that there was default in regard to that mortgage known as Chambers's mortgage before it fell into Chambers's hands?—Yes; the previous man defaulted. You will understand that it was before I took over the examination of that account that the other man defaulted.

6043. Now, will you just give the Commissioners the particulars of that security, if you know anything about it. It will save a great deal of time if you will do so. You have made three annual audits?—Yes; and each time I have seen that deed.

6044. And for some time that deed, instead of representing £4,000 for which you have more than once passed it in the Trust Office-books, has represented only £500?—Pardon me; it represents £4,000 lent by the Public Trustee.

6045. How can it, Mr. Webb, when you are aware that it was sold for £500?—I did not make any statement that it was sold for £500.

6046. You ought to have known; and if you did not know, then it was your duty, as inspector of audit, to ask the question?—I take my instructions from the Controller as regards my general duties.

6047. And did he not inform you that such was your duty? Did the Controller-General not inform you that it was at any rate a part of your duty to find that the securities represented by the Public Trustee's balance-sheets are real securities and really exist in his office?—Yes, certainly.

6048. Then, did you do that?—Yes.

6049. And yet you say that this parcel of deeds represents £4,000?—Certainly; that is the amount standing in the books of the office as an investment.

6050. *Mr. Macdonald.*] The evidence of the fact you mention is in the mortgage deed: that £4,000 was invested on mortgage on the face of this deed?—Yes.

6051. Do you think that deed is worth £4,000—that it is a good security for £4,000?—I do not know.

6052. You have accepted it as such?—I accepted the fact that the Trustee lent £4,000 on mortgage, and I establish the fact that there is a mortgage for that amount.

6053. But do you know that for three years there has been no mortgage?—Very likely. The actual transaction of lending the money is still under the head of "Investments." It may be unremunerative, but still it is invested. When they eventually realise the investment may turn out to be worth twice the amount advanced.

6054. What I want to get clear from you is this: that you take a certain list from the Public Trustee which represents mortgages amounting to nearly £200,000?—Which represents moneys lent.

6055. Mortgage deeds?—Yes, and other securities as well.

6056. Will you tell us what the other securities are?—Deficiency bills, bonds of boroughs, and securities of that nature.

6057. But you have taken for three years the particular deed which you produce as being a valid and good security for £4,000: is not that so?—Yes, that is so.

6058. Supposing you were to take that deed to-day; supposing it was in your possession and you took that deed to a bank, or to a solicitor, and asked them to lend you anything upon it, would they not tell you that deed was valueless, as the mortgage was dead, the property having been sold through the Registrar of the Supreme Court, and the mortgage having been wiped off?—I do not know what they would tell me. The Trustee would have a reconveyance from the Registrar of the Supreme Court.

6059. Does the fact of a sale through the Registrar of the Court, and a conveyance of the property to the purchaser at that sale, not kill any mortgage deed which existed on the property?—Well, I do not know.

6060. Then, Mr. Webb, how is it possible for you to be able to gauge the value?—Pardon me, I am not at all concerned to gauge the value.

6061. How is it possible for you to gauge the value of deeds submitted to you in the course of your duty if you are not acquainted with that particular fact?—It does not seem to me that comes in at all. All that, I assume, is a question for the Board when they originally agree to lend the money. All I have to see is, that for that £4,000 lent there is a mortgage deed.

6062. And if that mortgage deed is dead and has been changed, as long as it is produced to you, you are satisfied to take it as an equivalent for £4,000?—The deeds disclose the fact that the Public Trustee has the conveyance of this property from the Court. I know he is holding that property.

6063. Does he hold any other properties in this way?—Yes.

6064. How many?—I could not say. I suppose half a dozen of them. There are several properties in the Tauranga district which came into his hands in that way.

6065. Any others?—I do not know.

6066. What I want to make clear to your mind is this: You are content to take a list from the office representing the total amount of money due to the office in the shape of investments on mortgage?—I think you are hardly correct in that. That list only represents to me the total of the sums which have been lent. I do not know that it purports to represent the total value of them.

6067. The list represents the totals of the sums lent. If mortgage deeds are submitted to you representing that amount and the names, you are content to take that fact?—Yes.

6068. Supposing a number of fictitious mortgages were submitted to you?—I am not content to have anything of the kind submitted to me.

6069. How would you be able to check the fact?—The deeds themselves would disclose the fact whether they are fictitious or not. For instance, I do not know that that is John Chambers's signature; it may be fictitious.

6070. You never go behind the mortgage deed which is submitted to you?—No; certainly not.

6071. Then, as in this case, when the mortgage deed has ceased to possess any value, the mortgage being absolutely dead—dispensed with and done with—you are content to take this as long as it is exhibited to you, year after year, as a security for £4,000?—Yes.

6072. And that is the practice which has been pursued by the Audit Department in investigating the securities?—Yes. It is a matter of impossibility for the Audit Office to go behind the mortgage deed. That is a question as between the solicitor and the office when the Trustee lends the money, as regards the genuineness of that. How could the Audit possibly know whether that is John Chambers's signature?

6073. *The Chairman.*] Are you not aware that the £4,000 mortgage in amount exists in its original sum to-day, and notwithstanding that the security has long since changed hands for £500?—I know the Public Trustee is the owner of the property.

6074. How long have you known that?—I could not say.

6075. Have you known it for six months?—I could not say.

6076. Or have you only just learned the fact within the last day or two?—I cannot challenge my memory to answer with exactitude every question as regards any number of transactions in this office.

6077. There are not so many transactions in connection with large and particular securities that you ought not to remember?—I am concerned with many things other than securities.

6078. How long have you been aware of the fact that this mortgage of £4,000 belonged to the Public Trustee?—I assume I became aware of that when I first took over the auditing of the office.

6079. And yet how many balance-sheets have you passed since then?—I think, three.

6080. And you have passed for three years this security bought in for £500 as a good asset for £4,000?—No, I have not.

6081. Then, what have you done?—Passed the fact that the Public Trustee had lent on General Investment £198,622 15s. 6d.

6082. But you passed this security: that those deeds represented a security worth £4,000?—Yes.

6083. And you have been long aware that it belonged to the Public Trustee for £500, after being sold to him at auction as the highest bidder?—You have just told me it was sold at £500.

6084. You led me to suppose you were aware that he had bought it for £500?—Not aware of the amount. I was aware he had bought it.

6085. Then, did you not think it right to inquire at what price he had bought it, so as to put the security in its proper position as an asset?—No.

6086. Do you believe that he bought it for £500?—I take your word for it.

6087. Then, do you think it has a right to stand among the assets of the Trust Office for £4,000, having been long previously purchased for £500?—There is a difference as to what those figures under the heading "General Investments" represent.

6088. Among the investments securities there stands in the Public Trustee's balance-sheet an amount of £198,622 15s. 6d., of which this security of £4,000 is part?—Yes.

6089. On that balance-sheet those securities are supposed to be worth 20s. in the pound?—I do not know that. That represents the total sum of money that was lent.

6090. And is this not the only annual balance-sheet of the office put before the Government and the country, to show the position in which affairs stand?—No; that is merely a cash balance-sheet, to show how much cash has been received, and how much paid away. It is not a balance-sheet to show the position of the Public Trust Office.

6091. Indeed; does the department not make out a balance-sheet to show the position of the office?—No.

6092. Then, is this a balance-sheet of convenience?—No; it is designed by Act. The Act of 1872, I think, describes the form.

6093. You say that this balance-sheet is not a balance-sheet that shows the correctness of the figures that are in it?—Oh, yes.

6094. Then, what is the annual balance-sheet intended to be?—The balance-sheet is what it represents itself to be—an account of the receipts and expenditure.

6095. It shows that there are £478,895 18s. 4d. invested in securities?—Yes.

6096. Well, is it intended to show that this sum is represented by securities?—Yes, certainly.

6097. Then, I want you to tell me how that £4,000 is represented?—I do not know as a fact that if the securities were sold at any time they would realise the amount represented there as being lent upon them.

6098. Knowing that this £4,000 security has been foreclosed and sold and sold over again, and lastly was bought in by the Public Trustee for £500, and is now in his hands as the highest bidder, I want you to show me as auditor how it can represent £4,000 in the total of the general investments?—Simply because £4,000 is originally lent; and that is all that account purports to disclose—that that total sum of money was lent.

6099. Then, supposing that out of this £198,622 15s. 6d. certain securities have been realised, and there was a deficiency of £20,000 on the several securities realised, and that this is shown to you, in your duties as auditor would you pass them for the original amount?—Certainly not. If realised, the Investment Account would be changed to the extent of the realisation.

6100. The £4,000 security had long been realised?—It becomes a question as to who purchases. In this case the Public Trustee is the buyer, and he does not stand in the same position as any other person.

6101. Has the Public Trustee a right to keep that as a security for £4,000 in the books of his office?—I think so, until the security has been realised.

6102. Then, knowing that it had been realised, and that the interest originally was 7 per cent.—that would be £280 a year; but for the last three or four years this security, bought in by the Public Trustee for £500 as the highest bidder, has been leased for £50 a year; do you still think the Public Trustee has a right to keep it in his books as representing £4,000?—Until in his discretion he realises upon the security, and then a change in the account would take place.

6103. Then, such is your idea of auditing the books of the Public Trust Office?—Yes.

6104. Now, do you know what the 42nd section of "The Public Trust Office Act, 1872," says?—I cannot repeat the whole of it. I know what the spirit of it is.

The Public Trustee shall, within twenty days after the close of each year ending on the thirtieth day of June, prepare a balance-sheet showing the whole receipt and expenditure of the Public Trustee's account during such year, and also the sums invested in any securities as provided in this Act, and further showing under a separate head the receipt and expenditure of the Public Trust Office Expenses Account, and the advances thereto out of, and the repayments into, and the balances outstanding due to, the Consolidated Fund; and further showing the receipt and expenditure on account of each several property placed in the Public Trust Office by Order in Council, and further showing the aggregate of the receipt and expenditure on account of all properties placed in the Public Trust Office by deed, will, or appointment, or otherwise as hereinbefore provided, but not showing any particulars in respect to each or any of such last-mentioned properties.

And the Public Trustee shall send such balance-sheet to the Commissioners of Audit, who shall forthwith transmit the same, together with such report thereon as they think fit, to the Colonial Treasurer, by whom it shall forthwith be laid before the General Assembly if in session, or, if not in session, then within ten days after the next meeting thereof.

6105. What sum, in your opinion, is invested now in that security of £4,000?—Four thousand pounds still.

6106. How can £4,000 be invested when the last sum paid for it was £500?—Four thousand pounds was actually taken out of the Trustee's account and lent to this man, and therefore shows correctly in the balance-sheet as £4,000 invested.

6107. And notwithstanding that it has been twice sold and the old deed has become absolutely void by having been rubbed out by sale at auction?—It does not destroy the fact that £4,000 was lent by the Public Trust Office.

6108. It does not destroy the fact, but it makes it apparent to common-sense and common honesty that the original deed had become an instrument of no use, obsolete, and new deeds had to be prepared vesting in the Public Trustee as owner for £500?—The section of the Act says the balance-sheet shall show the total amount invested.

6109. Also the particular sums invested in any securities. What is invested now in Chambers's security?—Four thousand pounds.

Mr. R. C. Hamerton, Public Trustee, further examined.

6110. *The Chairman.*] Mr. Hamerton, I must ask you to state, for the information of this representative of the Audit Department, Mr. Webb, what sum is now really invested in that old security of Chambers's, which has come into your hands for £500?—There is no doubt the £4,000 was invested.

6111. I want to know from you what sum does that security now represent?—Four thousand pounds.

6112. Did you not recently buy it for £500?—Yes.

6113. How, then, does it represent £4,000?—Because £4,000 was lent on it.

6114. But it brings in only £50 now, instead of £280. If you make a loss of £3,500 on a security, which you know to be a loss, how can the original mortgage be represented for £4,000 as a security?—There is no doubt the £4,000 was lent on the security, and there is no doubt we bought it in for £500.

6115. Now, Mr. Hamerton, will you be good enough just to answer this: how many times have you realised on that security?—Twice.

6116. Had you any bid the first time?—Yes, £4,000.

6117. Had you any fresh security from the second buyer?—None.

6118. You were glad to take the offer for £4,000, a most unusual thing for any business man to do in realising without asking any further security?—Yes.

6119. How long after selling this security for £4,000 had you to foreclose on it again?—Speaking from memory, I should say about two years.

6120. And how much interest did you get meanwhile?—£307, on one occasion.

6121. But there was a large amount of arrears of interest when you had to foreclose again?—Yes.

6122. You had it sold by auction by order of the Registrar on the last occasion?—Yes.

6123. And you were the highest bidder?—Yes.

6124. And you gave for it £500?—Yes.

6125. And yet you still consider that those original deeds of mortgage represents good security for £4,000?—Oh, no.

6126. Then, what do you consider?—That £4,000 was invested.

6127. I do not dispute that for a moment, but I want you to tell the Commissioners what, in your opinion, that security, originally representing £4,000, and which you subsequently bought at £500, represents now?—I had a valuation made by Mr. Gill, of Tauranga; and I think he said we should get our money back. It was valued at £3,460 on the 26th September, 1890.

6128. Have you ever tried to sell or seen your way to get anything like that sum for it since?—No; I have not tried to sell it since.

6129. Now, will you read Mr. Gill's letter?—It is as follows:—

Report on Condition, &c., of Land known as Samuel Clarke's Farm, Tauranga.

This land consists of Sections 13, 18, 92, 94, 96, 97, 98, 99, 370, and 371, Parish of Te Papa, 820a. 2r. 16p. About one-sixth of the land is swamp, undrained; one-third is unfenced. Of the fenced land, there is now 100 acres in oats, and about the same area in turnips; the balance of the fenced land (about 350 acres) is in grass, but fern is again spreading over it fast. Most of this land requires breaking up early. I think that the present tenant has, during the past two years, done fair average improvements both to the land and fences: 300 acres have been ploughed, and 800 new posts used in making good the fencing. I value the land at £3 per acre, £2,460; fencing, outbuildings, &c., £1,000: total, £3,460. I do not say that a purchaser could be found ready to take over the land at this price (as every second farm in this district is for sale), but I contend that the land is worth holding, till the price, or perhaps 10s. per acre more, could be got, as times improve. As to the value of a lease for seven years, I think £100 each year a fair value at the present time, with certain stipulations as to the fencing being kept in good order, and the land stocked for grazing. Much depends on this, as without stock it is impossible to keep down fern on newly-laid-down grass land: at least this applies to this district. Richard John Gill.

26th September, 1890.

6130. But meanwhile you are getting £50 a year for this £4,000?—Yes.

6131. Then, I ask you again, is it fair or honest that that security should remain in your balance-sheet as representing £4,000?—I think it would have been better to write it down.

Mr. Peter Purvis Webb further examined.

6132. *The Chairman.*] Now, Mr. Webb, again I ask you whether you consider that you were justified, knowing that Clarke's or Chambers's security had been resold after two auction-sales, and had been knocked down to the Public Trustee as the highest bidder for £500—I again ask you seriously whether you think you were justified in passing it, for the purposes of the balance-sheet,

as a genuine security of £4,000?—Again, I put my answer in that form—that represents the total money in General Investment Account, and is in accordance with the Act.

6133. Do you think you were justified in passing that security in the last balance as representing good security for £4,000?—I will not answer it in that way.

6134. You will be good enough to answer Yes or No?—If I were to answer Yes or No it would be contrary to fact. I am going to tell you what I actually passed.

6135. If you decline to give straightforward answers, you had better withdraw, and I shall report your conduct to the Colonial Treasurer?—Will you kindly repeat the question.

6136. I wish to know this: Were you justified, knowing this security had been dealt with twice by the Public Trustee, and that on the last occasion it had been knocked down to him as the highest bidder for £500, in passing that security in your audit of the balance-sheet as representing £4,000?—Yes, most certainly.

6137. You have told the Commissioners that you inspected that security of £4,000 amongst the rest?—Yes.

6138. Did you look through all the deeds in connection with it?—No.

6139. You did not see this deed made on the 15th day of November, 1887, transferring this security to the Public Trustee?—I did not look into it.

6140. Did you even see it?—I could not say.

6141. You did not examine it?—No.

6142. Had you examined it you would have found that the other deed was dead, and that this deed had taken its place and was the proper deed to have examined in connection with your inspection and audit as really representing a security for £500. Is it not so?—I did not examine it.

6143. *Mr. Loughrey.*] Should you not look through all the securities when you are checking? Do you not think it is part of your duty to examine all the securities?—No. All I had to see was that there was a deed which purported to represent the amount invested.

6144. Do you know anything about conveyancing?—No.

6145. Do you know that a mortgage deed alone is not a complete title?—No.

6146. Is it not your duty to see that the title is complete?—All I am told to do is to see there is a mortgage representing that investment.

6147. If you had looked through these deeds carefully, would you not have discovered this conveyance to the Public Trustee?—Yes.

6148. Would not that put you on the alert as to the position of mortgage?—I will assume, for the sake of your argument, I saw that; it would not have altered anything I have done.

6149. Do you not know that when the property is purchased by the mortgagee the mortgage merges?—Yes.

6150. Do you not know, then, that the mortgage would be dead?—Yes.

6151. So that there would really have been no mortgage in existence?—No.

6152. Do you mean No or Yes?—I mean No.

6153. Do you know that when the mortgagee purchases the mortgage merges, so that there would be no mortgage in existence?—Yes.

6154. So that when you looked at the mortgage you must have known that it was gone. If you had looked at this conveyance to the Public Trustee, you must have known the mortgage was gone?—I could not say whether I saw that deed or not.

6155. So you did not know whether the mortgage had merged or not?—I could not say.

6156. Do you think it is part of the duty of the auditor to see whether these mortgages are really in existence or not?—Yes.

6157. And was this particular security in existence when you examined the securities?—I do not know.

6158. To your own knowledge, did you know whether it had merged or not?—I could not say whether I saw that or not.

6159. I am putting this question to you as an auditor. The Public Trustee had purchased this property for £500, so that he had the whole estate. What, then, becomes of the balance of the money?—Supposing that the buying for £500 was the final realisation of that estate, then the difference of £3,500 would be taken out of the investments.

6160. Would this amount be lost?—Yes.

6161. And a business man would write it down as lost?—Yes.

6162. Do you not think that loss should appear in the balance-sheet? Suppose, as a business man, this £3,500 had been lost, would not that appear in your balance-sheet?—Yes.

6163. Written off as a bad debt?—Yes.

6164. I suppose you know the Public Trustee could have sued this Chambers for £3,500?—Yes.

6165. And would have got it if Chambers was worth the money?—Yes.

6166. Is not the balance-sheet, then, as prepared, very misleading?—The balance-sheet only purports to show the total amount lent. That is in accordance with the Act.

6167. Is not the security absolutely lost?—I will not admit that.

6168. The Public Trustee buys for £500, and Chambers is indebted £3,500 outside the security. Would you put that down as a good debt? [No answer.]

6169. Have you not admitted that £3,500 is absolutely lost?—I have not admitted it.

6170. If the Public Trustee were to realise on this sum, and only received £500, would not it be lost then?—Yes; clearly.

6171. Cannot the Public Trustee sue if Chambers is worth the amount of the deficiency?—Yes.

6172. So that this £3,500 should be written off?—Yes.

6173. And do you not think the attention of the authorities should have been drawn to this

loss?—I do not know in what way. If the Trustee sold it to-morrow, and it brought £500, he would take £3,500 off the investment account; but while he holds it it remains £4,000, because it is possible the property may bring in £4,000.

6174. There is no mortgage; is not that so?—Yes.

6175. *The Chairman.*] Then, do I understand you, Mr. Webb, that this annual balance-sheet, made out by the Public Trust Office merely purports to show the amount of moneys lent and the amount of moneys received?—Yes.

6176. But, if losses are made during the year, it does not purport to show them?—It would not disclose that.

6177. Is it not proper that it should, in your opinion?—Not in accordance with the Act, in my opinion.

6178. You think the Act does not intend that the Public Trust Office should show losses?—It does not say so in the wording of the Act.

6179. Then, do you think the Act favours a fictitious balance-sheet?—No.

6180. Is it not the meaning of the Act that a proper balance-sheet should be issued?—It defines the exact information which should be given in the balance-sheet.

6181. And that is the principle on which your audit of the Public Trust Office works?—Certainly.

6182. Well, now, do you know anything of a security by Thomas Bell?—I have heard the name.

6183. Do you know whether there is any interest in arrear in respect to it?—I could not say from memory.

6184. Will you be surprised to know that there is over £70 in arrears?—No.

6185. Do you know the estate of M. J. Ward?—Yes; the name I know.

6186. Do you know whether there is any interest in arrear in that case?—I do not know.

6187. Will you be surprised to know that there is £49 10s. in arrear?—No. I am familiar with the fact that the mortgage was bought in by the Public Trustee.

6188. Do you know the estate of William Sly?—Yes.

6189. Do you know whether any interest is in arrear in that?—I do not know.

6190. Would you be surprised to know there is £23 12s. 6d. in arrear there?—No.

6191. Touching the estate of James Chambers, do you know there is much over £350 in arrear?—No.

6192. In the estate of F. Hicks, do you know there is over £58 of interest in arrear?—No.

6193. Do you know the estate of E. Sexton, and that there is £16 interest in arrear there?—No.

6194. Do you know the estate of A. Arundle?—Yes.

6195. Do you know there is £7 14s. 2d. in arrear there?—No.

6196. Do you know the estate of Sir William Wasteney?—Yes.

6197. Do you know there is £26 13s. 9d. in arrear there?—No.

6198. Do you know the estate of William Shaw?—Yes.

6199. Do you know there is £45 10s. in arrear there?—No.

6200. Do you know the estate of J. R. Randerson?—Yes.

6201. Do you know there is £55 18s. 3d. in arrear there?—No.

6202. Do you know the estate of J. G. Kinross?—Yes.

6203. Do you know there is £140 14s. 9d. of interest in arrear in that estate?—No.

6204. Do you know the estate of Robert Veilson?—The name does not strike me.

6205. Do you know there is £8 6s. 3d. in arrear there?—No.

6206. Do you know that there is £51 17s. in arrear in the estate of Hannah Asher?—No.

6207. Do you know the estate of R. K. Davis?—The name does not occur to me.

6208. It was a mortgage for £3,500, and there is £230 19s. 9d. interest in arrear. Do you know the estate of Esther Smyth, or the amount of her mortgage?—No.

6209. The amount of her mortgage is £325, and there is £7 13s. 5d. in arrear. Do you know the estate of John Savage, and that there is £8 interest in arrear?—No.

6210. Do you know the estate of H. T. R. Owen?—Yes.

6211. Do you know that there is £28 of interest in arrear there?—No.

6212. Do you know the estate of Richard Lynch?—Yes.

6213. How much is that mortgage?—I do not know.

6214. Do you know that £75 15s. 1d. of interest is in arrear there?—No.

6215. Do you know that, apart from over £10,000 due by an estate at Palmerston North, there is £15,104 10s. of those securities in the hands of the Public Trustee, and the amount of interest in arrear is considerably over £1,200, and the amount of law-costs and auctioneers' charges incurred in foreclosing on those estates and otherwise changing the securities is £527 9s. 10d.? And of this £15,104 10s. represented by the original loans, do you know that the net amount realised by sale when they were bought in by the Public Trustee comes to £1,150? Are you, as Auditor, not aware of that?—No.

6216. And yet you allowed £15,104 10s., besides the Palmerston security, to stand in the annual balance-sheet as representing 20s. in the pound, when you ought to have known that over £15,000 had been bought in for £1,150?—I did not know it had been bought in, but that would not affect the balance-sheet.

6217. It would not affect your mode of dealing with the accounts, and your mode of audit?—No.

6218. It will be very interesting for you to know that the only revenue received from this £15,104 10s. for a very long time is £307 18s. That is a large return for £15,104 10s., is it not? However, these are small matters that seem hardly worth your attention?—Pardon me, it is not correct to say that.

6219. You do not seem to realise that it was your duty to look into these things. You do not seem to have realised that it was your duty to have carefully looked into these several securities, seeing what small amount of interest was being returned to the country for these moneys?—I never said so.

6220. You never looked into them?—Pardon me, I have.

6221. Then, you knew nothing about the arrears of interest? Have you ever reported a single amount of arrears to the Audit Department?—No.

6222. Have you ever spoken to Mr. Hamerton about them?—No, never.

6223. Then, you treated the matters with contempt, if you ever knew of the arrears?—No.

6224. What did you then do?—I satisfied myself of the reason why interest was not paid.

6225. But you appear to have kept it to yourself?—Who else should get the information?

6226. Should it not have been your duty to have brought it before the Audit Department?—No; unless there was something irregular.

6227. Is it not irregular within your knowledge to have arrears of interest not paid up?—No; there might be a reason why interest was not paid up.

6228. Then, should you not find out the reason and report to the Audit Department? You kept it to yourself?—Yes.

6229. It was too small and trifling a matter for your attention?—No, it was not.

6230. Evidently from the way you appear to have treated it?—No.

6231. And yet you consider that £15,104 10s., represented among the securities of the Public Trust Office, and only bringing in a revenue of £307 18s., was too small a matter to be noticed in the balance-sheet, for evidently you never noticed it or made any remarks or memoranda in reference to it, and therefore to your mind it is clear to me that you must have thought it too small a matter for your attention?—I have already told you that all I am concerned to do is to follow out the provisions of the Act.

6232. Has the Auditor-General the slightest idea there is this large amount of the securities in this condition in the Public Trust Office? Has he had the slighest idea, during all these years that he has been in the high position he is, that the state of the Public Trust Office is such that it has £15,104 10s. which is known and recognised as bad and doubtful securities?—I do not know.

6233. Did you never give the Auditor-General any information to lead him to suppose so?—I have spoken to him at various times about these securities.

6234. You told me just now you never had said anything to him at all about it—that you never had reported arrears of interest?—Then, you will understand it is brought under his notice in this way: Matters are spoken of at balance which are not brought under his notice during the year. I know Mr. FitzGerald has knowledge of the fact—that the Public Trustee is the holder of certain securities which he bought in.

6235. And then there is over other £10,000 held by the Public Trustee — Linton's security at Palmerston North. Do you know anything of that?—Yes.

6236. Have you ever reported on that security to the Auditor?—No.

Mr. R. C. Hamerton, Public Trustee, further examined.

6237. *The Chairman.*] Can you tell me, Mr. Hamerton, how this estate of J. Linton appears in the list of mortgages on the 31st December last; it appears at £6,807 8s. 3d. Is that separate and distinct from the property you have taken over?—Yes; the return was made out by Mr. Hamilton.

6238. It is made out for the purpose of your balance on the 31st December last. It does not matter by whom it is made out. The question is: Has this loan to the same man from whom you have got another security, which you are trying to work out, anything to do with the account I have now before me?—I cannot tell. There has been only one transaction. It is the same man, but there has been only one loan to Linton.

6239. How is it then that the amount in this list appears £6,807 8s. 3d., but in the account which comes before me it is £10,129 14s. 6d.?—I do not know.

6240. Where can I get the information?—Mr. Hamilton is the only person I know could tell you.

6241. Surely you have some one or more officers in the office who can do so?—I will inquire.

Mr. P. P. Webb further examined.

6242. *The Chairman.*] Had you any idea there was such a large amount of interest in the Public Trust Office in arrear?—I have never taken the figures out so as to make a general total of it.

6243. Did you not think that arrears of interest came within your duties?—No, not by Act.

6244. Then, in order to make arrears of interest come within your duties there would have to be an Act of Parliament passed?—Yes; and to alter the form of the balance-sheet, and what information should be disclosed in it.

6245. Then, is that your idea of keeping and auditing accounts?—I am only carrying out the wishes of the Act, which prescribes the form.

6246. *Mr. Macdonald.*] You say that you are guided in passing the balance-sheet by the exact terms of the Act?—Yes; it is directed what securities the Public Trustee shall invest in.

6247. Therefore, that General Investment Account has got to be looked at in accordance with the provisions of the Act?—No; the words are, "Shall invest in securities provided by Act."

6248. Will you tell us what they are?—I fancy under that Act of 1872 the only securities stated were deficiency bills or securities of the Government of New Zealand.

6249. The third amount on your list is J. Linton, £6,807 8s. 3d. Can you show me the security which represents that?—That represents the sum still standing out on investment.

6250. Are you sure of that?—Yes.

6251. Did that represent £6,037 3s. 3d. on the 31st December, 1890?—Yes.
6252. You are sure £6,807 8s. 3d. represented the sum outstanding in Linton's estate on the 31st December last?—On account of the investments.
6253. You are quite sure of that?—Yes.
6254. If I show to you that in the account furnished by the Trust Office to-day up to the 30th June, 1890, the amount stands at £ , would you say that was correct?—I could not possibly tell.
6255. These are your initials on this list?—No. I have never seen that until to-day.
6256. Was that the list you were guided by?—No.
6257. Would the list not be in the Public Trust Office or the Audit Office?—It should be in the hands of the Accountant.

Mr. R. C. Hamerton, Public Trustee, further examined.

6258. *Mr. Macdonald.*] Did the Board authorise the purchase of this Chambers's property for £500?—No, they did not authorise it. I put it up, and endeavoured to realise it.
6259. *The Chairman.*] Has the Board anything to do with authorising any purchase of that kind?—I do not think so. The sanction of the Board was not obtained.
6260. *Mr. Loughrey.*] Where do you get your authority to buy in properties?—I simply did that which I thought best for the protection of the security.
6261. Where do you get your authority from for the purchase of property? Is there any authority?—I do not know that there is, except as an ordinary mortgagee, and I used my discretion, doing that which I thought was the best under the circumstances to do.
6262. Did you receive the authority of the Board to dispose of these properties by auction?—No.
6263. Will you read the 26th section of "The Public Trust Office Act, 1872," to see whether you had that authority?—The section is as follows:—

It shall not be lawful for the Public Trustee, except by approval of the Board in writing, to invest any moneys of the Public Trustee's Account in any securities, or to draw any moneys from such account for the purpose of such investment, nor to sell or otherwise dispose of, nor to enter into any agreement for the sale or other disposal of, any such securities.

6264. Then, did you in this case obtain such authority?—Yes. I find a minute here, "Reported this matter in its entirety to the Board on the 2nd." This is the Board minute on the 6th October, 1884: "The Board resolved, *re* S. L. Clarke's loan, to decline at present to consider the application made to cut up and sell in lots the property held in security for this loan." At the Board meeting on the 20th September, 1884, "The Board resolved to approve the sale to John Chambers, of Auckland, of the security held under S. L. Clarke's mortgage, £4,000 to remain under mortgage at the same rate as before."
6265. *Mr. Macdonald.*] There has been no authority given by your Board to purchase that security for £500?—No.
6266. Have you any authority under your Acts to buy any properties?—I do not remember at present. I do not think I have; but I have power to act as an ordinary trustee, and that, I think, would give me the power. I shall look the matter up.

Mr. P. P. Webb further examined.

6267. *Mr. Macdonald.*] The Audit Office, I presume, is an office of control with respect to expenditure by the Public Trust Office?—Yes, to a certain extent.
6268. Under what authority do you suppose the expenditure was made which was incurred in reference to the sales of those properties when they were bought in by the Public Trustee?—I cannot say from memory how those expenses come before us.
6269. Does not all expenditure come before you?—Not necessarily all expenses in connection with sales.
6270. But when there is no money passing, as in this case, the expenditure would have to be paid by special voucher, would it not?—I think so.
6271. Well, that would necessarily bring before you the fact of the sale?—Yes.
6272. And the right of the Public Trustee to purchase?—No.
6273. Clearly?—No; we would not raise that question at all. The voucher would come before us covering the amount of expenditure, and a certificate by the Public Trustee that it was correct.
6274. Do you allow transfer entries from one account to another in the Trust Office?—I do; they go through the Audit Office.
6275. Have you never objected to these transfer entries?—I could not say. It has not been the practice until very recently to have these first submitted to the Audit Office. They are now submitted to the Audit Office. I do remember a proposed transfer which the Audit Office objected to—£1,100, in connection with the Kaihu Valley Railway debentures.
6276. We are, then, practically to understand that the Audit concerns itself in nothing in connection with the Public Trust Office except seeing to the fact that the receipts and expenditure are properly credited and debited and vouched?—There is much more work than that in connection with the audit.
6277. Is it not simply an audit in reference to cash? You have told us you have looked upon the balance-sheet as a balance-sheet of cash balances?—Yes.
6278. Does that not mean that your audit is an audit of cash transactions?—There are many other transactions which are not necessarily cash transactions.
6279. Would you kindly indicate what they are?—Transfers from various estates are not cash transactions. Those would come under the notice of the Audit Office.

6280. Will you kindly indicate what you regard as transactions which come under the ken of the Audit Department outside the cash transactions? You have told us you do not regard it as your duty to deal with the question of losses or prospective losses in regard to investments?—That is so.

6281. You do not regard it as part of your duty to examine into the question as to whether arrears of interest have improperly arisen or not?—Pardon me; I did not say that.

6282. Well, we have it in evidence that you have not called attention to the matter?—Oh, yes. I have never called the attention of the Controller to arrears. I found there has always been a reason for arrears.

Mr. R. C. Hamerton, Public Trustee, further examined.

6283. *Mr. Macdonald.*] Mr. Hamerton, there is one point of procedure in connection with the office which I would like to ask you something about. In a number of estates which come into your hands under trusts the Commissioners notice there are various forms of securities. You have mortgages, shares in banks, shares in finance companies, insurance companies, shipping companies, and so forth. Have you any principle with reference to the realisation of these securities—I mean to say, do you regard it as necessary to get rid of these securities as rapidly as possible, such as share securities?—In intestate estates always, but in trust estates I must act in accordance with the tenor of the trust deed or will. But in intestate estates we get rid of shares as soon as possible.

6284. But if a trust deed does not specifically state what shall be done, is it wise to keep what you can call speculative stock?—It is not wise. It is not often done unless required by a testator in his will.

6285. There are such fluctuations in stock that you might find yourself in the position of having stock which is very good to-day but which might be very bad six months hence. Is it wise in trust estates for the Public Trustee to lay himself open to the risk of considerable depreciation?—Not unless the trust distinctly specifies. There is one trust in which the testator stated very distinctly that he wished his investments to remain, as far as possible, as they were at the day of his death. That is the only case I can call to mind, but I do not remember the name at this moment.

Mr. Moginie further examined.

6286. *The Chairman.*] Mr. Moginie, here is a list of mortgages in the Public Trust Office brought up to-day by Mr. Webb, Audit inspector, who said he was guided by this list in checking the securities on the 31st December, 1890. Is that so? He said this is the same list he had checked the securities by?—It is not exactly the same, although it contains the same amounts and the same names.

6287. Now, is this list complete?—Quite complete.

6288. Ought the total of it agree with the total in your balance-sheet?—Yes.

6289. Will you take a sheet of paper now and show me how you work it out?—The total of mortgages included in the General Investment Account is £47,372 15s. 6d., and the total of mortgages included in Special Investment Account is £168,536 5s. 6d, as shown by the balance-sheet before the Commissioners, together amounts to £215,909 1s.

Tuesday, 12th May, 1891.

Mr. Moginie further examined.

6290. *The Chairman.*] Mr. Moginie, this return which the Commissioners called for, and which has been prepared in the Public Trust Office, is a return of mortgage properties bought in or taken over from time to time by the Public Trustee?—Yes.

6291. Are you familiar with the contents of this return?—Of course, I have not gone over it minutely, but I have seen the return since it was prepared.

6292. Have you any idea of the total amount of the several securities contained therein?—No, I have not.

6293. Do you know whether they amount to £5,000, £10,000, £15,000, £20,000, or £25,000?—I have never calculated them up.

6294. What do you think they do amount to? You, as Accountant of the Public Trust Office, ought to have some idea of the loans that have been foreclosed, and the interest in arrear in connection with each or the whole?—They might amount perhaps, to £15,000.

6295. They amount to £15,104 10s. Would that include the Palmerston North loan to one Linton?—Yes, it would include it, calculating the principal of Linton's estate at about £6,000.

6296. Principal and interest on Linton's loan makes it up to about £10,000. Do you think the £15,104 10s. would include that?—Yes.

6297. Now, if I tell you that the securities that have been bought in and taken over by the Public Trustee amount to over £15,000 without Linton's security, would you be surprised?—No, I should not be surprised, because I have not calculated them. It was a guess I made.

6298. Do you not, as Accountant of the Public Trust Office, have a better reckoning than by guesswork of the securities that are, vernacularly speaking, sick?—Of course we deal with them individually.

6299. Yes; but do you not carry in your mind in the course of your business the totals of such securities in your hands that have become sick?—I have never carried in my mind the exact total.

6300. Then, without the Palmerston North estate of one Linton that you have taken over, the other securities taken over and bought in by the Public Trustee amount to over £15,000. Are you satisfied of that?—Yes, if you say so; certainly.

6301. Will you please look at this return. [Return examined by witness.] Are you satisfied now that the total of this return is £15,104 10s. without the Palmerston North security?—Yes.

6302. Are you familiar with the names of the different mortgagors in connection with the estates that comprise that large amount?—Of course, I can recollect some of them; but I do not know that I can recollect all of them.

6303. Do you remember Thomas Bell's estate?—Yes; that was somewhere in Otago—a mortgage for £350.

6304. Do you remember that security being offered for sale?—Yes; I think I recollect it being offered for sale, and there was no bid for it.

6305. And it has been carried on by the Public Trustee since?—I think it is sold now, or let with a purchasing clause.

6306. Is it not let for £25 a year?—Yes.

6307. There was no bid when it was offered for sale on the 1st January, 1888?—No; it was in the hands of an agent for a long time.

6308. Then, it has been carried on since as an unsaleable security?—Yes.

6309. Well, now, do you remember the estate of one Ward—£600?—Mrs. Ward, of Gisborne. Yes.

6310. That security is in the hands of the Public Trustee now?—Yes.

6311. There are arrears of interest, £49 10s., in that?—Yes, I suppose there is.

6312. And the cottages in the estate are let now for 8s. and 7s. 6d. per week respectively?—Yes; I believe so.

6313. You have been unable to realise that security?—Yes.

6314. Now, do you remember the estate of one William Sly?—Yes, at Tauranga.

6315. An appropriate name for one of your securities. You realised that property, did you not?—We put it up for sale and bought it in for £15, if I recollect rightly.

6316. The security is for £150?—Yes.

6317. You have since again realised it?—I believe so.

6318. Do you know how you realised it?—I think altogether we got something like £158 in that matter.

6319. You received a cash deposit of £32, and the balance is payable by enormous half-yearly instalments of £9?—Yes.

6320. That is, without interest?—Yes.

6321. And without interest on that security, you then show a deficiency of £51 15s. on that estate?—Yes, I suppose that is so.

6322. What did you do with that loss of £51 15s.?—We do not show that at all in the books—not the loss.

6323. What do you do with it?—What I mean is it would show, of course, this way: the account lending the money would be at so much loss, and it would show in that way. If an estate lends money, and the security is realised and fetches less than the amount lent, the estate would receive back less the amount lost.

6324. The estate would suffer the loss, and it would never be known and never heard of unless found out?—Yes.

6325. Supposing the estate could not bear to suffer the deficiency?—If the estate lent the money it would have to bear the loss.

6326. Then, whatever the loss was, the principal money originally lent would be so much less when the Trust Office had done with it?—Yes.

6327. You are familiar with the loan of £4,000 to Chambers?—Yes.

6328. And that there are largely over £350 arrears of interest, and expenditure in auction and legal charges of £49 15s.?—

6329. And that is now really a security in your own hands for £500?—Well, it stands in the books as £4,000.

6330. Will you explain why it does still stand in your books as £4,000?—The money has been advanced out of the general funds of the office, and it will remain so until the final realisation of the security, when it will be ascertained whether there is any loss or profit.

6331. Do you expect to make much of a profit out of it?—It does not look as if we should at the present time.

6332. Do you think you will make a loss?—There is a probability of that.

6333. Did you bring that loss under the notice of the Public Trustee before preparing your last balance-sheet?—The loan has been under the notice of the Public Trustee from time to time.

6334. He has seen it through a glass, darkly; but have you ever reminded him, in fact, that what he lent £4,000 upon a few years ago was knocked down to him at auction as the highest bidder for £500?—I have never reminded him of that, because there was an officer in charge of mortgages who was doing that, and it would come before him in ordinary course.

6335. Who was that officer?—Mr. Hamilton, who is now in Christchurch. I believe he brought the matter under the notice of the Public Trustee from time to time.

6336. I presume Mr. Hamilton is subordinate to you?—Yes. In the matter of mortgages he dealt directly with the Public Trustee, not through me.

6337. There is a mortgage of F. Hicks—£400; arrears of interest, £48; auction and legal expenses, £25 13s. That security is bringing in no interest, and you are unable to let or sell the property?—Yes, I believe so.

6338. That stands in your balance-sheet, does it not, as £400?—I forget whether that is a general investment of the office or on behalf of some estate.

6339. I presume it still stands in your balance-sheet, the same as the £4,000, under one or other heading. Will you go downstairs and find out, because we must have no mistakes?—I find, on reference, that the mortgage stands at £400 in the books now.

6340. And therefore it was in your balance-sheet on the 31st December last?—Yes.

6341. And in the General Investments?—Yes.

6342. And yet you cannot sell or cannot let it?—I believe that is so.

6343. Do you think it is fair and honest that such a security for 20s. in the pound should remain in your balance-sheet?—I think it is; that is the only way we have of showing it.

6344. Ought you not to have a bad and doubtful account in your ledgers and balance-sheet, composed of securities bad and doubtful, and when securities become sick in any way should they not appear under that head of "bad and doubtful"?—The correct way, as I understand, is to keep the amount standing in full until the final closing of the account, and then, if there is a deficiency, it must be made good, either by the Public Trustee or be voted by Parliament.

6345. Then you rely upon the country, by the aid of Parliament, making good any deficiency when it suits the Public Trustee to test the question, and to realise the property?—Yes.

6346. Then, you do not think it is wrong to show that an amount is worth 20s. in the pound in your annual balance-sheet issued for the information of Parliament and the public? You do not think it is wrong that any securities should appear there as worth 20s. in the pound when, within your own knowledge, at the time the balance-sheet was made up they were not worth anything within cooey of 20s. in the pound?—It might be as well to give information that certain mortgages are doubtful, but of course Parliament has an opportunity to discuss it when the vote is submitted.

6347. But here are certain securities that must have appeared doubtful in your minds for the last three or four years, and they have never been brought before Parliament, and Parliament is in ignorance and in the dark?—Still, by waiting we may realise something for them.

6348. But still in the end there is bound to be a heavy loss?—It does not follow. Things might arise which would prevent a loss. For instance, we have a matter in Christchurch. If we had sold quickly we should have lost heavily, but by holding on we sold to advantage. That is in Watson's mortgage.

6349. But there was still a deficiency in that case?—Yes.

6350. *Mr. Macdonald.*] The policy which you have just enunciated was the policy of the Directors of the City of Glasgow Bank, which landed them all in gaol—showing in the balance-sheet the properties and the advances they made upon them, although they knew at the time they were not worth the money, being neither saleable nor revenue-producing. Is not that so with regard to your balance-sheet?—I suppose they should have been written down.

6351. *The Chairman.*] All I wanted, Mr. Mogenie, was to have your opinion, as Chief Accountant of the office, in reference to such important matters?—I gave that as the course laid down. I did not say it was my opinion. Afterwards, I said it would be as well to inform Parliament of doubtful securities.

6352. Will you tell the Commissioners how you would inform Parliament, because you have been inactive and in a dormant state over the matter for the last three years?—The Public Trustee might write a report, to be laid on the table, giving a history with regard to the year.

6353. Do you not think it would be a much easier way of informing anybody if, before making up your annual balance, seeing your securities were not worth 20s. in the pound and that many were bad and doubtful, that you wrote them off, or opened an account for bad and doubtful debts? Would that not be a much better way?—Yes.

6354. It has never occurred to you to bring that under the notice of the Public Trustee?—Yes, that we should have a fluctuation fund.

6355. Have you ever brought it under the notice of the Controller-General, or any of his officers?—I cannot say I ever have.

6356. Have you ever brought under the notice of the Controller-General, or any of his officers, the arrears of interest, and the total amount of arrears of interest that remained outstanding on the 31st December last?—No.

6357. You did not consider it part of your duty to do so?—It is not our duty to volunteer information to the Audit. They have free access to all our books, and they can see for themselves.

6358. Then, what they do not find out from your multifarious books it is not your duty to discover for them?—It is their duty to keep us straight, of course.

6359. Has the Audit had much difficulty in keeping your paths straight?—I do not know that they have.

6360. Have they never had occasion to find fault with any work in your office?—They have found fault at times with actions we wished to take.

6361. Has the Audit ever found fault that you did not send the cash-book up to the Buildings as soon as you ought to have done?—That was a bone of contention in the old days between the two departments.

6362. Then, when the Audit inspector is with you in the Trust Office, you have perhaps to place certain books before him?—No; he goes round and gets the books for himself.

6363. Do you know anything of a loan to Sir William Wasteney?—Yes; I recollect that loan of £350.

6364. Is that security worth the money advanced upon it?—No; there is a deficiency of nearly £200.

6365. And yet that trifling loss still stands in your books representing £350?—I could not say that. If it is held as a general investment account it does stand as representing £350.

6366. Will you please satisfy yourself on the point, because I do not want any doubtful answers from you?—If the whole of the mortgage is on special investment, it shows that the mortgage was not included in the Investment Account.

6367. Then what is it in?—It is taken on as an asset of the trusts which lent the money originally—that is, each trust has its share in the property.

6368. Have the several trusts been advised that it was bought in for £100?—They have been advised of the reason for the non-receipt of any interest under that mortgage.

6369. And have they been advised that the Public Trustee has bought the security in for £100, and made a loss for them?—[No answer.]

6370. Is Sir W. Wasteney's loan included in investments?—No.

6371. Where is it then?—It stands in the same position as Shaw's. The trusts lent the money, and own the land.

6372. Have the beneficiaries of the trusts been advised that there has been a loss of £197 14s. 4d.?—I think they have, but could not say for certain without reference to the papers. They have been advised we hold the land.

6373. Have they been advised that the security has resulted in the loss of their money to the extent of £197 14s. 4d.?—I could not say without reference to the papers. [Papers referred to by witness.] Wasteney's mortgage was held by five trusts. I have searched the papers of three, but I do not find so far that any intimation has been given to any of the parties interested. Here is a letter which was written to Mrs. Masters in connection with another mortgage, not the one under consideration.

6374. Then you are quite sure there is no record of any intimation having been given to the estates or parties interested of the loss made upon Sir William Wasteney's mortgage?—As far as three of the contributory estates are concerned, there has been no intimation. The papers of the other two are not forthcoming.

6375. If no intimation has been given to three of them, is it likely that any intimation has been given to the other two?—It may be so. They might have written.

6376. Are you aware that Mrs. Masters has written about the state of her affairs to your office more than once?—Yes, I think she has.

6377. And the Public Trustee has written her a mere memorandum, without giving her any real information?—Yes.

6378. What did you write to Mrs. Masters last?—On the 12th August, 1889, she was written to as follows:—

Mrs. M. S. Masters, Petone, Richmond, Tasmania.

Re H. J. Masters's Trust.—Your letter of the 27th ultimo is to hand. I have paid into the Union Bank here for transmission to you the sum of £15 5s. 5d., net interest received since the 30th June last. I may say that the only change that has taken place in the investments is a loan of £20 to Hugh Campbell, farmer, Opaki, at 7 per cent., the amount having before been in Government securities at 5 per cent. Interest on the investments, with the exception of Mrs. Asher's, has, on the whole, been fairly well paid. Mrs. Asher is, however, six quarters behind, having paid only to the 19th January, 1888, thus owing £20 8s. I am doing all that is possible to recover it, and hope to succeed.

12th August, 1889. R. C. Hamerton.

Now, at that time, had the loss been ascertained on Wasteney's mortgage?—No.

6379. Has the loss on Wasteney's mortgage occurred since?—I think it occurred in 1890.

6380. Then, you say Wasteney's mortgage is not among the general investments?—No, it will be in special investments.

6381. What shows the mortgage to be among the special investments?—It is special, but is not amongst them, as it was discharged as a mortgage prior to the 31st December, 1890.

6382. Are you aware whether the parties interested were informed that the mortgage of £650 was foreclosed, and bought in by the Public Trustee for £100?—I cannot say without reference to the papers, and I have asked them to look them up.

6383. I now come to another mortgage to one Mr. Randerson of £932, originally made for £1,000?—There is only one mortgage to Randerson, of £1,000.

6384. Is that in the general investments? And are you aware how that mortgage is made up?—I am not aware without reference.

6385. Are you aware that the mortgage was foreclosed and bought in by the Public Trustee for £225?—Yes; I suppose that is so.

6386. And that there are accumulated arrears of interest of £55 18s. 3d., and auction expenses £25 11s. 6d., to add to the £932?—Yes.

6387. Now, a portion of the security has been sold and has realised £68?—Yes.

6388. Do you know what is being done with the rest, the unpaid balance?—I cannot say from memory whether it was bought in for the estates or the office. If bought in and taken over by the office as a general investment it would be included in the total of the general investments.

6389. Do you know what is being done with that security?—It is let for twelvemonths, I believe, at a peppercorn rent, the tenant to pay rates.

6390. It is not let for three years without rent in consideration of clearing the furze and paying rates, the tenant to have use of the land as tenant at will?—Yes.

6400. And that is one of the good investments in the balance-sheet?—Yes.

6401. Well, now, there is Kinross's mortgage of £1,000, and arrears of interest £140 14s 9d. Do you know about that security?—That was a security handed over with the trust.

6402. Was Kinross the agent for the Trust Office?—Never. He was agent for Condy.

6403. Then, has that security to Condy been realised?—Yes; we sold the security and proved upon Kinross's estate for the deficiency.

6404. Do you know what the result is?—We got a dividend from Kinross's estate of 2s. in the pound—£200 odd, I believe.

6405. Who is Condy?—A gentleman living in Scotland.

6406. Have you advised him of the result of the realisation of that security?—I believe he has been fully advised.

6407. Do you know what loss was made upon it?—I could not say from memory.

6408. The account that I have looked into here shows that there is due by Kinross's estate £1,140 14s. 9d. You received a dividend amounting to £220 16s. 5d., and the security was sold for how much?—I think, £250.

6409. Making altogether the amount received £470 16s. 5d.?—Yes.

6410. Then, the loss on that security was £669 18s. 4d.?—Yes.

6411. Then, you think that Condy has been duly advised of the exact state of things?—I think I can safely say he has been fully advised.

6412. Will you to-morrow be good enough to send up a statement of accounts, and a copy of the letter sent to Condy in relation thereto?—Yes.

6413. Do you know the security of Owen and of a loss in respect to it of £700?—That was not a loss made by this office; it was handed over by the trust.

6414. That security, however, was realised by the Trustee?—Yes.

6415. There were arrears in that case?—Yes.

6416. And do you know the final result?—I suppose there would be a loss there of about £400.

6417. The loss, I find, is £329 6s. 2d.

6418. Who was Owen?—He is dead since.

6419. Who are the beneficiaries?—Mrs. Shepherd.

6420. Has she been advised?—Her solicitors have been advised.

6421. Will you take a note of that estate, and send me up copy of your letter of advice, showing the particulars of account you sent her?

6421A. Do you know the estate of Esther Smyth?—Yes; a mortgage of £325.

6422. Where is that standing?—That is not an investment now. The property was sold and bought in, and sold finally, and the estates have been credited with the net proceeds.

6423. Do you know there is a loss on that?—Not much.

6424. How much?—We sold the property for £225 finally; so that there would be a loss of £130 16s. 8d.

6425. Will that come out of the estates?—The estates lose that.

6426. Have the parties interested been advised?—That I could not say from memory.

6427. Will you take a note of that estate?—Yes.

6428. There is a mortgage made to the Public Trustee by one Savage of £50. That has had to be foreclosed and realised, and it shows a loss of £8. Will you take a note of that, and give me similar particulars in reference to that estate?—I will.

6429. Now, I think you have had some documents brought up to you in reference to Wasteney's estate. Perhaps you can tell me whether the other two contributories to that mortgage have been informed of the real state of things?—No, there is no evidence of their having been informed.

6430. Then, none of the contributories to that mortgage from Wasteney were informed of the real state of things, and the loss made in connection with their moneys?—Not by letter. I was told by the officer in charge of Masters's trust that Mrs. Masters has been verbally informed once or twice at this office.

6431. Is that the way you inform parties interested as to the results of their investments?—Mrs. Masters called in, and of course she was informed.

6432. Do you not deem it necessary periodically—quarterly, half-yearly, or yearly—to send statements of accounts in proper form?—We send statements of accounts.

6433. Have you sent statements of accounts to those people?—One; Mrs. Masters has had them regularly; the last one in December, 1890.

6434. Perhaps you will bring up particulars to-morrow, showing what you have done?—Very good.

6435. Now, neither the Auditor-General nor any of his inspecting officers has asked you for particulars of those investments which are in arrear with their interest?—No; not to my knowledge.

6436. Did the Auditor-General ever ask you for any particulars of securities that had been foreclosed upon?—No.

6437. Did he ever go through the securities annually?—Yes, they have gone through them annually.

6438. How has the Auditor-General gone through them?—The officer in charge of the deeds would go through them with the Audit officer and check them off.

6439. Did the auditor check each packet?—I do not know. They might open them and count them.

6440. Did you ever see the auditor do so?—I cannot say I have ever been in the safe when they were doing it.

6441. Who is the officer who went through them with the Audit officer?—Mr. Hamilton.

6442. With respect to Clarke's mortgage of £4,000, are you aware that in that packet there was a subsequent deed to the original mortgage representing the sale to the Public Trustee?—Yes; I am aware of that.

6443. How is it the Audit officer did not observe that—did not see that there was a deed standing in its place which was substituted for the £4,000 mortgage?—He may have noticed it for all I know.

6444. You did not call his attention to it?—No.

6445. Looking at this list, and finding that these securities which have been bought in by the Public Trustee amount to over £15,000, and also that the Palmerston North one amounts to some £10,000, do you not think it would have been a more *bonâ fide* balance-sheet that you issued on the 31st December last had those securities been shown in some form separately—securities bought in and taken over by the Public Trustee as certainly doubtful securities?—I do not know that the Public Trustee has any power to buy in land.

6446. That is not an answer to my question. Do you not think it would have been proper to show those securities in their proper place as doubtful securities?—It would have been more in accordance with fact, certainly.

6447. That is what I want to get at. I will not trouble you any more just now, Mr. Moginie, on these securities; but there is one little matter I should like to ask a few questions upon. Who is the bailiff or rent-collector in Wellington for the Public Trust Office?—Mr. Williams.

6448. He has been your collector here for a number of years?—Yes; long before I came into the office.

6449. When he brings in any money to the Public Trust Office, does he pay it to you?—Not to me; but to one of the juniors at the counter.

6450. But it comes into your hands?—Yes.

6451. Did you ever furnish Mr. Williams with a book—a register or cash-book to keep in reference to all moneys collected by him?—He is furnished with rent-returns; so that every week when he pays in money he has to fill in these rent-returns, giving the name of the tenant, the name of the estate, the number of the block of the receipt, the period for which the rent is paid, the amount of rent paid in each case, and the total.

6452. What does he do when he pays in that money?—He leaves the return with us.

6453. What has he to keep, to show what money he has paid in?—I think they initial the receipt-blocks.

6454. And these are also left with the return?—No; they are not. They are left in the book until it is full.

6455. And then, when full?—He hands it into the office.

6456. And he is then without any receipts for himself?—Yes.

6457. Supposing any rents are in arrear, what record does he furnish you with?—He does not furnish us with any record at all. We know that by our own terriers, because his rent-returns are immediately entered in our own terriers, and he is reminded from week to week that they are in arrear.

6458. But supposing the amounts have never been entered in the terriers?—They ought to have been.

6459. But would it not have been a more regular way of dealing with an officer intrusted with collecting moneys, the rents for the Public Trust Office, if you had furnished him with a proper book that he should bring to you, showing the amount of rents in arrear month by month, and his remarks as to the reasons why the rent had, in many instances, not been paid, in order that you could compare his book with your books in the Public Trust Office?—It might have been better to do so.

6460. Then you know that has never been done?—It has not been done since I have been in the office.

WEDNESDAY, 13TH MAY, 1891.

Mr. MOGINIE further examined.

6461. *The Chairman.*] Mr. Moginie, you were to bring up certain statements of different accounts?—Yes. One was with regard to Wasteney's mortgage of £350; another, Owen's mortgage, £700; Kinross's mortgage, £1,000; Savage's mortgage, £50; and Randerson's mortgage, £932, originally £1,000.

6462. Is that all?—I think that was the lot.

6463. Where is the list of securities that was originally used at your last annual balance?—It cannot be found. Mr. Webb thinks he gave it back to us.

6464. *Mr. Loughrey.*] Is it not very important that the original list should be kept in the office?—It will be hunted up somewhere, either in the Audit or in our own department.

6465. Is the original list from which the Audit officer inspected your securities on last balancing day missing?—Yes, but I will have it hunted up. The list you have contains the same information, only in another form.

6466. *The Chairman.*] Of the several statements of account which you have now produced to the Commissioners referring to Owen's, Wasteney's, and Savage's mortgages respectively, you say that they are not included in the investments now in the Public Trust Office?—Yes; I have made a note to that effect on them, that they are not included.

6467. Can you tell me when they were taken out of the investments?—I could by referring to the ledger.

6468. I thought you would have given this information on the statements without further questions?—I did not understand that was to be one of the items.

6469. Please understand that I do not want incomplete statements, and I have continually to refer them back to your office. I want the fullest information, and it is necessary to know when those estates were taken from your list of investments?—I could soon ascertain. [Witness referred to the ledgers for information.]

6470. In the statement that you furnished relating to Randerson's mortgage you say there is a deficiency of £788 9s. 9d.?—Yes, on the sale of the property.

6471. And is this amount of £932 due by Randerson's estate included in the investments appearing in your balance-sheet on the 31st December last?—Yes.

6472. And yet there is a known deficiency of £788 9s. 9d.?—Yes.

6473. Now, with regard to the mortgage from A. Kinross for £1,000, has that security been realised?—Yes.

6474. When was the security finally realised absolutely?—It was realised some time this year.

6475. Your statement shows that it was realised at the beginning of last year, 1890?—The statement, then, will be correct.

6476. I do not wish you or myself to make any mistake. I see by the statement that it was realised on the 3rd of January, 1890?—Yes, I see it was; it is longer ago than I thought it was.

6477. Then it has been realised for a longer time than you thought was the case?—Yes.

6478. The security for £1,000 finally sold for how much?—£250.

6479. On two long-dated bills?—Yes.

6480. One payable on the 18th of February, 1894, for £125; and the other on the 19th February, 1897, for £125; to bear interest at 8 per cent.?—Yes.

6481. Then, it was early last year that that security for £1,000 was absolutely wiped out?—Yes.

6482. And did it not then show a deficiency in the investments of £669 18s. 4d.?—Yes.

6483. Now, what have the Public Trustee, the Auditor-General, and yourself done with that deficiency balance? Does it show itself still included in the investments?—Yes; it has not been journalised from the investments.

6484. What do you mean by "journalised"?—That is, when a mortgage is finally disposed of and it is no longer a mortgage, a voucher is passed discharging it as an investment.

6485. You must deduct it first from some one's balance? You must first deduct the loss from some person's account? I want to know what you ought to have done with this absolute loss of nearly £700?—Of course, the loss is made by the estate, which receives less than it advanced.

6486. You do not take it off the estate?—No, because the money was lost before the estate came into this office.

6487. But what do you intend to do with this loss?—We shall simply discharge it from the two investment accounts, and then the thing is finished.

6488. But how are you going to make it up?—The journal voucher would be for £1,000 on each side.

6489. But there will be a loss of nearly £700?—We would charge it to the estate. That has already been done.

6490. Now, when was it done? Was it done before the 31st December last?—I could not say. Of course, there was a dividend received.

6491. Mr. Moginie, I am done with the question of dividend for the present, and I now bring you up to the point when the security has been realised; and in your explanation you say, after receiving a dividend of £220 16s. 5d. towards the £1,000 that had been lent on mortgage, the security was realised by the Public Trustee and the Official Assignee, and was sold for £250?—Yes.

6492. Well, that leaves a deficiency of £669 18s. 4d. I want to know what you did to dispose of that deficiency?—Well, we did not do anything.

6493. Then, do the Commissioners understand that, notwithstanding the Public Trustee and you, and the Audit, of course, knowing that £669 18s. 4d. had been absolutely lost on the security of £1,000, that £1,000 was allowed to appear among the mortgages as £1,000 investment? Is that so?—It is so.

6494. Then, I say, looking at your balance-sheet (page 7), on which your name appears as Accountant, Mr. Hamerton's as Public Trustee, and Mr. James Edward FitzGerald's "audited and found correct," as Controller and Auditor-General, I ask you how do those £168,536 5s. 6d. of mortgages represent 20s. in the pound and show a faithful and correct statement?—Well, no; I do not suppose it is.

6495. It could not be so if there is £669 18s. 4d. in one mortgage alone that had been lost, and within your knowledge at the time, and when you knew that such a loss was absolutely made?—No; it is not exactly the correct thing.

6496. Is there any other term applicable to this balance-sheet than for me to say that it is a "cooked" balance-sheet?—I do not think you can apply that term to it.

6497. Do you know why such a term is applied sometimes to balance-sheets?—Well, I suppose it is because they have been served up in a particular shape for a particular purpose.

6498. Was the balance-sheet of the Public Trust Office not served up for the public to infer that the figures upon it were correct?—Yes, certainly; but it was not supplied with the intention of misleading. There has simply been a failure on the part of the officer to pass the journal vouchers.

6499. And this failure has led to one security of £1,000 being made to appear in your balance-sheet on the 31st December last as £1,000, when to your own knowledge £669 18s. 4d. of the amount had been absolutely lost?—Yes.

6500. And also, in this other security of £932, by your own showing there is a deficiency of £788 9s. 9d., and that, too, is made to appear as £932 among your investments—is that so?—Yes, that is so.

6501. Then, under those circumstances, do you still think the term "cooked balance-sheet" would not apply?—No, I do not think it would.

6502. Well, I am sorry to differ with you; I am most strongly of opinion that it would apply in the most forcible way possible. Do you know anything of Esther Smyth's security?—Yes; that was one you examined me on yesterday.

6503. Did I not ask you to bring a similar statement of that estate to others I have had prepared?—I have one being prepared downstairs.

6504. In reference to Wasteney's mortgage, how long ago is it since the security was realised in that case, which enabled you to show a deficiency of £197 14s. 4d. in a mortgage of £350?—I do not recollect the date.

6505. Will you find out when all those securities were realised. That information ought to be on these statements. You do not seem to regard dates or localities in any shape or form in your office. There is not a date as to when those securities were realised. Dates are a secondary consideration, and addresses, or where domiciled, and callings are never heard of in your office. Will you arrange to have this information furnished, because I really cannot lose so much time over your examination. Will you arrange with some officer to find out the particulars, so that I can go on with your examination. What I want you to do is to supply dates when mortgages were granted, and the dates when the securities were realised, and all arrears of interest?—Very well, sir, I shall obtain that information for the Commissioners.

6506. Will you tell me where Wasteney's mortgage of £350 now is, notwithstanding that the security has been realised?—The mortgage has been written off the investments.

6507. And where does it stand?—The money realised stands at the credit of Wasteney's mortgage account in the ledger.

6508. Does Wasteney's account still stand in your ledger at 350?—No; it stands with a credit balance of the net sum realised.

6509. Will you bring up the ledger showing me the account, and also the accounts in Owen's and Smyth's mortgages?—I now produce Miscellaneous Ledger No. 5, showing at folio 240 the account of Wasteney's mortgage.

6510. Wasteney's mortgage shows a credit balance now in your ledger, does it not?—Yes, of £177 18s. 5d.

6511. Then, on the 31st December it showed a credit balance of £177 18s. 5d.?—Yes.

6512. Then, where is the mortgage of £350?—That was discharged from the investments, and is no longer in the books.

6513. How was it discharged?—By journalising it off.

6514. How is this credit balance then now standing to Wasteney's account of £177 18s. 5d.?—You see the investment shows in two accounts.

6515. Will you then bring me the other account it appears in. Will you kindly understand what it is that I want. I do not want part-information, but absolutely the fullest information you can set before the Commissioners as to the disposal of accounts to a single penny. It is no use your coming before me with half-information?—I shall go downstairs for the ledger.

6516. What ledger is this?—Miscellaneous Ledger No. 4.

6517. At folio 269 you pass a credit entry of £350, the amount of the mortgage?—Yes.

6518. Will you give the particulars of how you passed it. You passed, on the 29th December, 1890, the following entries to the credit of your Special Investment Account. Will you give the particulars?—"On account of Wasteney's mortgage realised: J. S. Worthington, Special Investment Account, £100; Worthington's minors, £100; H. J. Master's special investment, £30; children of D. V. Kent, £80; children of W. H. Diamond, £40." Debit entries would be made on the same day in those several accounts, charging these amounts as losses against these several estates.

6519. Is it so that on the 29th December last, the day you credit your Special Investment Account with £350 on account of Wasteney's bad mortgage, you debited those five respective poor little estates which you have just named?—Yes, in this ledger, with the amount of the mortgage discharged.

6520. Now, will you turn to the folio that contains the corresponding debit entries?—I have urned to folio 443: under the head of "Masters" there is a debit entry of £30. At folio 438, under the same heading "Proceeds of Estates specially invested," we charge D. V. Kent's estate with £80; at folio 506, under the same heading, we charge the estate of Diamond £40; under the same heading, at folio 386, we charge the estate of Worthington's minors £100; at folio 479, under the same heading, we charge the estate of Worthington's trust £100: making a total of £350.

6521. Then, those entries you made on the 29th December last absolutely wiped out the mortgage from Wasteney of £350?—Yes, from the investments.

6522. And was absolutely and wholly charged to the several little estates which had formerly lent the money. Those estates lent the money, according to your system of book-keeping, in portions, making up the £350?—Yes, just so.

6523. Then the mortgage was foreclosed and the security realised, and left a deficiency of £197 14s. 4d.?—Yes.

6524. Then, the Public Trustee, to begin with, appears to have charged the whole of the moneys lent to the several estates, and thus you have charged back the whole £350?—Yes.

6525. Notwithstanding which, you have at the credit of Wasteney's mortgage account to play with and meanwhile doing nothing £177 18s. 5d.?—Which is held on account of the five estates.

6526. Then, if the Public Trustee was at liberty to lend those moneys on behalf of those several estates on one mortgage, when that mortgage was realised and the deficiency made known, was he at liberty to charge the whole amount originally lent, or only the proportion that had been lost?—Ultimately, only the proportion.

6527. But I want to know, when you charged the whole amounts on the 29th December last, whether you were justified in charging the whole?—I think so, because the mortgage was killed, and we discharged the mortgage in whole.

6528. Then, why is there a credit balance standing in Wasteney's estate when the mortgage was killed, and which at least is money belonging to the estates you originally took it from?—That was the money realised from the sale of the security.

6529. Then, why was that money not distributed among and credited to the several estates on the 29th December?—Because it is held until all the money is realised.

6530. And meanwhile those several estates are losing interest?—Interest can be added.

6531. But it was not added on your balance-day, nor has it been added since?—No.

6532. Why was interest not added on your balance-day to that money if you meant honest book-keeping? As that money stands now there would be every probability, if your business went on as we found it, of being swallowed up by the Consolidated Fund. There is no doubt about it that would be the end of that balance. Would it not have been the straightforward and proper mode of dealing with that mortgage, if the Public Trustee is at liberty to charge it to those different estates which originally he had lent the money from—if he ever was at liberty in the first instance to lend those several sums to Wasteney on mortgage—when he realised that security, and found a loss, then, were you not only at liberty to charge the respective proportions of the loss to those several estates?—Yes, that would be the result.

6533. Then why does the Trust Office trifle with clients' moneys and accounts in this form?

Why keep unnecessary accounts, and keep a balance in the name of Wasteney when it does not belong to him, but to your clients?—We think it is necessary.

6534. What do you mean by and why do you think "It is necessary"?—Because it is not finally closed. The amount has to be recovered from Wasteney.

6535. Then, what steps have you taken to recover it?—He has been served with notice.

6536. What amount are you going to recover?—I cannot say.

6537. Why not give the unfortunate people who lent the money the benefit meanwhile of this balance?—We may have to incur expenses in recovering the moneys.

6538. And therefore you keep this £177 18s. 3d. that belongs to those several small estates so that you may dwindle it down by any kind of mismanagement you may choose to pursue, or by costs that you may choose to incur?—The Public Trustee will not use it unnecessarily, but as he finds necessary in recovering the amount from Wasteney.

6539. Then, I want you to answer me this: Have you any right to charge those several estates with any more than a proportion of their loss in connection with that security when realised?—No, and I shall not do so.

6540. Have you any right to hold that money?—No, we have not done so.

6541. You have charged the several estates the full amount of the mortgage? There is no use in your prevaricating and fencing with me, as I notice you are trying to do. Answer this question direct, either Yes or No, or I shall report you?—I try to answer truthfully.

6542. But I notice a desire on your part to prevaricate?—I do not try to prevaricate.

6543. Then, your manner seems very much like it?—Then you misjudge me.

6544. Then, I ask you again whether those sums are not charged to the individual accounts under the Special Investment Account?—They are charged to the individual investment accounts.

6545. Under the names of the people from whom you took the money?—Quite so.

6546. Then, I ask you again, have you any right to charge them more than a proportion of the loss their estates had to bear?—We had a right to debit the full sums in the investment accounts.

6547. Although you did not absolutely lose the whole amount of the mortgage-money lent from those several estates, you still maintain that you had the right to charge the estates the whole sum of the mortgage?—In their investment accounts.

6548. And you still maintain that you had a right to keep £177 18s. 5d., the balance to the credit of the mortgagor whose estate had been wiped out? Had the mortgage not been wiped out?—Yes.

6549. Then, what right had you to keep £177 18s. 5d. to the credit of that account?—We may have to incur expense.

6550. And you wish to keep this in reserve in order that the estates can be saddled with any legal or other expenses you may choose to incur. Is that not the reason?—Yes, that is one reason. Of course, we could have transferred it to the estates.

6551. Would it not have been proper book-keeping to have done so, and have been a straightforward dealing with the accounts had you done so?—It would be the straightforward way.

6552. I never heard of such a thing as the way in which those accounts have been kept. I could not have believed it. Now, will you kindly show me how you advised those five estates at the time you made those charges on the 29th December, when you charged those several estates with the total money lent, as though it had all been lost? Will you show me how you advised the respective beneficiaries of what you had done with their money. I will begin with the first one, Worthington's trust?—There has been no letter of advice in J. S. Worthington's estate.

6553. Of any kind?—No, not of any kind; nor to Worthington's minors. Mrs. Masters has been verbally told at the Public Trust Office.

6554. Who told her?—From what I can gather from the Ledger-keeper, the Public Trustee.

6555. Did you tell her?—No.

6556. From what you gather, the Public Trustee told her?—Yes.

6557. Is that the only manner in which she has been advised of her loss?—I believe it is.

6558. What was the last communication written to Mrs. Masters about that time?—The last letter written to her is in October, 1890. There has been nothing written to her since. There has been nothing written either in Kent's or Diamond's cases.

6559. Then, out of these five contributories of moneys lent on Wasteney's mortgage, none of them have ever been advised by anything in writing—letter or memorandum—of the loss made in connection with their investment; but you think, Mr. Moginie, that the Public Trustee informed Mrs. Masters verbally in her case?—Yes.

6560. Do you suppose that those unfortunate beneficiaries, the parties interested, have any idea how the Public Trust Office is dealing with their moneys?—No; of course they do not know by memoranda.

6561. Do they know that any losses have been made?—They know from statements of accounts received that they were receiving no interest. There have been no statements of accounts rendered to the children of Diamond and Kent. In Masters's trust, Mrs. Masters has had statements from time to time. The last is dated the 16th December, 1890.

6562. Now, is there anything in that statement showing that her account was going to be charged with the loss of her principal money on Wasteney's mortgage?—No, there is not.

6563. In December, 1890, you did make that charge?—Yes, but after that date.

6564. Still, in the same month you made the charge?—Yes.

6565. And this statement is sent by you as Accountant?—Yes.

6566. Had you no knowledge when making out that statement that that loss would be made in connection with Wasteney's mortgage, and would have to be charged to Masters's estate?—I had a full knowledge of that.

6567. And yet you never referred to it in any way, or made any memoranda for her guidance in the statement you sent her?—No.

6568. Will you show me what other estates have had statements?—The children of Worthington have had a statement of account dated 22nd December, 1890.

6569. Now, Mr. Moginie, it was quite within your knowledge at the time you sent that statement, which is signed by you as Accountant, that a loss would have to be made in connection with moneys invested from their little capital?—Yes.

6570. And you made no reference to it when sending that statement of account?—No.

6571. Then, we will take the next case—Worthington's trust?—The statement was made on the same date as the other, the 22nd December, 1890.

6572. And you knew at the time you signed that statement, as Accountant, that £100 had been lent from that estate to Wasteney, and that the loss would absolutely be made. Did you refer to it?—No; it was not referred to.

6573. No mention whatever made of it?—No mention made of it.

6574. And yet some days after sending the statement you charge the account in your books with £100 loss?—Yes.

6577. Do you think that was treating those several clients in a proper way, presuming even that the moneys had been properly lent, and that you were at liberty to make the charges you intended to make and did subsequently make? Is that a proper thing to do—to keep those poor clients of the Public Trust Office entirely in the dark?—Of course, it would have been better to have advised them.

6578. Was it not the duty of the Public Trustee to have treated those people differently and with more consideration as the custodian of their moneys?—Well, the Public Trustee might think it better to wait until the whole thing was closed.

6579. Is it not usual, and even the duty of a financial institution, to say nothing of a Public Trust Office, that is intrusted with moneys by clients, to advise exactly as to the state of those accounts from time to time, certainly quarterly, at any rate?—Yes, it is a duty to do so.

6580. Then, the Public Trust Office has failed to notice any custom of that kind?—Yes, it has in these cases.

6581. Then, this amount still standing to the credit of Wasteney's mortgage account is under the heading of "Special Deposits"?—Yes.

6582. And under that head it appears in your balance-sheet of the 31st December last?—Yes.

6583. I notice under that head you have £13,384 4s. 8d. to the credit of Special Deposits?—Yes.

6584. Are they all of a similar nature to Wasteney's?—No; the bulk of the money under that head is Native money.

6585. Then, why did you make a Native balance of Wasteney's balance?—Special deposits is the name of a class in which we put all accounts in the nature of temporary accounts—that is, deposits for subsequent dealing with.

6586. Then, have you any more similar balances to that standing under the name of Wasteney?—Oh yes; there may be some more in mortgages that are still being worked out.

6587. Will you make a note, and send me up this afternoon a list of any other balances in a similar position to Wasteney's mortgage balance?—Yes—that is, I understand, the mortgages fully realised.

6588. Fully or partially realised. Now, as to Esther Smyth's mortgage, that appears to have been what is termed "journalised." What is your meaning of "journalised"?—That is, when the journal vouchers have been passed.

6589. But what is the practical meaning of it?—That the entries have been made in that account in discharging the mortgage as an investment.

6590. And that the several estates originally contributing to the mortgage have been surcharged?—Yes.

6591. Is Esther Smyth's mortgage in a similar position to Wasteney's? Is there a balance standing to the credit of her account?—No; I think that has been transferred to the several estates. It is finally closed. There are no more moneys to be received, and the whole thing is closed.

6592. By this statement that you have brought up relating to Smyth's mortgage, I am led to infer that the whole amount has been charged to the different estates?—The whole sum of the mortgage has been charged to the investment accounts in the estates, and the estates' current accounts have been credited with each one's share of the net proceeds—that is, the estates between them have received £200 16s. 7d.

6593. When did they receive back that money?—On the 24th April last.

6594. When were the original amounts charged to the several estates?—On the 22nd September last year.

6595. On the 22nd September last year you charged the several estates the amount of Esther Smyth's mortgage?—Yes, through their investment accounts.

6596. That is to say, you charged the estate of Parson's, £40; Gibson, £150; Field, £95; Hardcastle, £40. These sums made up the amount lent to Esther Smyth?—Yes.

6597. Notwithstanding at that time you had some money in hand realised from the sale of Smyth's mortgage?—Yes.

6598. Now, will you show me the balance of these moneys—£200 16s. 7d.—which you actually credit the estates with on the 24th of last month. Will you look and tell me whether you have allowed interest on this money. I want a statement of that sum which the Public Trustee in his goodness found it necessary to recredit those several estates with?—We have got it there.

6599. Then, this statement you produce, showing how you have disposed of the several contributories whose estates you had surcharged with the original amount of mortgage, is to show how you have recredited their proportion of the proceeds?—Yes.

6600. Then, you sold the security for £225?—Yes.

6601. And from which you have deducted—advertising, £8 18s. 9d., and bills of costs, £15 4s. 8d.?—Yes, that is so.

6602. Then, before I go further, may I ask if that estate was sold privately or by auction?—Finally it was sold privately. It was put up at auction originally, and bought in on behalf of the several estates, and then finally sold.

6603. And you credit Gibson's trust, £92 13s. 10d.; Field's trust, £58 14s. 1d.; Hardcastle's trust, £24 14s. 4d.; and Parsons's trust, £24 14s. 4d. That, together with the advertising and bill of costs—£24 3s. 5d.—makes up £225?—Yes, that is so.

6604. On what date did you credit those sums?—On the 24th April last.

6605. Did the Public Trust Office allow interest on that balance that remained in their hands from the time the Public Trustee received the money?—There is no interest credited in the mortgage account.

6606. Ought interest not to have been credited? Is that credit balance which you say is the proceeds of Smyth's mortgage and remained for some time in the hands of the Public Trustee, not entitled to bear interest?—It is.

6607. And no interest has been allowed?—No interest has been credited.

6608. And so you disposed of that mortgage altogether and wiped the security out—disposed of all the credits and charges to the several estates interested?—Yes.

6609. And yet you have told me that in Wasteney's case the amount lying to the credit there would bear interest?—I said we could allow interest.

6610. But you have never allowed interest in those estates which you have dealt with in a similar way?—No.

6611. I want you to have the dates put on all these statements when all moneys were lent and realised. Was this security of Wasteney's realised privately?—No, it was sold at auction.

6612. And it fetched £200?—Yes.

6613. Have you got the account sales from the auctioneer?—They are on the papers which are downstairs, and I will get them. I now produce the conditions of sale. There was £50 deposit paid.

6614. This security of Wasteney's realised £200 at auction?—Yes.

6615. What expenses were there in connection with the sale?—There were expenses, but I cannot tell what they were. £200 is the gross sum.

6616. How is it you were enabled to credit the gross sum to the estate which the security sold for, as shown by the statement you bring up to the Commissioners? Is that not so?—Yes.

6617. What about the auctioneer's charges?—They would be placed on the other side of the account and debited.

6618. In which account?—Wasteney's mortgage account.

6619. Then, this statement cannot be a correct statement. There are some auction charges in the statement, but do they include the charges I see now in reference to the first deposit of £50?—I suppose they will include all the charges.

6620. I observe, as taken from the first deposit of £50 paid to the auctioneer on account of the £200, there are charges deducted by him amounting to £8 15s. Is that £8 15s. included in the £17 16s. 3d. that I see in the statement you have brought up?—Yes, I believe it is.

6621. Will you refer to the ledger and see? Besides that, rates have been paid and deducted amounting to £4 4s. 4d.?—Yes.

6622. Do you remember anything about a portion of the property that was excepted at the auction-sale which was not included in the property sold?—I do not recollect anything about that.

6623. Then, you have not looked at the plan?—I have not compared the plan with the plan on the mortgage.

6624. Then, you cannot tell anything about a portion of land excepted in the conditions of sale?—No; I never read the conditions of sale.

6625. Now, with regard to Esther Smyth's mortgage, which we dealt with during the forenoon, and which you pointed out had been charged to the different contributing estates to the mortgage, were the beneficiaries represented by those estates advised at the time of the loss of what had been charged to their several interests?—In the first estate, Noah Parsons, there is no record whatever of any information, either verbally or in writing, having been conveyed of the loss on that mortgage. Gibson's estate contributed to the loan, but the papers are not forthcoming just yet.

6626. You have no recollection of Gibson's beneficiaries having been advised?—I can safely say there is no memorandum; but as the lady resides in Wellington, she has no doubt heard of it, as she comes frequently to the office.

6627. But there is no record in the office of her having been advised?—I have not got the papers, but I should not think there is. In Field's trust there were statements of account rendered and a memorandum to Admiral Field relative to Smyth's mortgage.

6628. What is the date of the last statement of account to Admiral Field?—It is dated the 6th April, 1891.

6629. Is there any reference in that statement to the loss made in connection with that trust? No, there is no reference in that statement to the loss made in the trust.

6630. When is that statement made up to?—To the 31st March, 1891.

6631. And there is no reference in it to the loss the trust had then sustained?—There is no reference to it.

6632. From what date is it made up?—It is for the quarter from the 31st December, 1890.

6633. Will you read the memorandum which you wrote at the time to Admiral Field—that part with reference to Smyth's mortgage?—It is as follows:—

Admiral Field, M.P., The Grove, Gosport, Hants, England.

. . . . With regard to Smyth's mortgage, I have so far been unable to dispose of the security at anything like a

satisfactory price. I am, however, in treaty for a sale, and hope ere long to inform you of its completion, although I shall be compelled to report a loss. . . . .

4th March, 1891. R. C. HAMERTON, Public Trustee.

6634. When was the loss actually arrived at according to those entries that you have passed in your ledgers?—The entries crediting Field's account with his share of the proceeds were passed on the 24th April last.

6635. But when were the entries charging Admiral Field's estate with the money that was first advanced passed?—They were passed, if I recollect right, on the 22nd September, 1890.

6636. Then, who wrote the last memorandum?—Mr. Alexander would write the memorandum.

6637. Who would sign it?—The Public Trustee.

6638. At that time it was known that the loss had been made?—Yes.

6639. And the amount?—Not quite that. We were waiting for Brookfields' bill of costs, which, if I recollect right, came in on the 6th April.

6640. The auctioneer's account sales are dated the 10th April, 1890, when the property was realised. You write to Admiral Field in the beginning of March, 1891, in the form you have, and you were absolutely, by your own showing, aware of the loss and what the proceeds would be, save and excepting the costs of Brookfield and Son, solicitors, Auckland. Is that not so?—That is so.

6641. Then, why was not the case put plainly before him in the beginning of March, when he was written to?—There was no good in telling him an estimated amount.

6642. But you did not even tell him there was an estimated amount nor an actual loss?—We said we should have to report a loss.

6643. "You would have to report." Read it again. You did not tell him there was an actual loss—that the property had been sold and the security realised?—No, we did not say the security had been realised.

6644. What was it you told him? [Memorandum again read.] The Public Trustee writes a memorandum to Admiral Field, on the 4th March, that he (the Public Trustee) is in treaty for the sale of that security, when, to the Public Trustee's knowledge, it had been sold on the 10th October previously. Now, when was Smyth's mortgage realised? You had long ago passed entries charging Field's account with his proportion of the loss?—We bought it in.

6645. The security had been realised?—Yes, it had been sold, and bought in.

6646. Sold by auction or privately, which?—By auction.

6647. And had realised how much?—We bought in for £105.

6648. That was September, 1890?—Yes.

6649. And yet you wrote to Admiral Field on the 4th March, 1891, and you never told him the security had been realised, and for a considerable sum less than his original mortgage-money lent by you?—Yes, but there may be a prior memorandum; I do not say there is.

6650. If you please, do not waste time. Have these security papers in some sort of order, that I can get through them?—I cannot find that any prior memorandum has been written.

6651. Then, the plain English of the case is this: that Admiral Field, whether intentionally or unintentionally, has been misled in connection with the real estate of that security?—I do not know that he has been misled.

6652. Well, what are the facts? Had you not realised the security in September last year, and had come to the conclusion that there was a loss to be charged to each estate contributing to Smyth's mortgage? And on the 4th of March this year you write to Admiral Field, and you tell him nothing about the real state of the case, but you merely hint to him that the security would yet have to be realised, and a loss might be made. Is that not so, and is it not misleading?—That is so.

6653. Is that misleading or is it not?—We did not keep him posted up.

6654. Is it misleading? If the Public Trustee makes one statement and puts it in writing as a record in this office which is not a true statement of fact in connection with an estate in his office, is that not misleading? If you think it is not misleading say so?—Well, perhaps it is. [List handed in by witness of mortgage accounts, more or less in the position of Wasteney's.]

6655. This document marked "Z" now produced, is a list of mortgages opened as special deposits in Miscellaneous Ledger No. 5?—Yes.

6656. Are the mortgages in this list more or less in the same position as Wasteney's?—Yes.

6657. Well, now, in John Savage's mortgage of £50, the security has been realised and a loss has been made of £8, minus interest, which has to be borne by the estate from which the money was lent?—Yes.

6658. Has that estate been advised of the loss?—Yes.

6659. Who was John Savage?—I think he was a settler Nelson way.

6660. Where does Mrs. McKinley, the beneficiary out of whose estate the money came, live?—She lives at Port Molyneux.

6661. Will you show me where you advised Mrs. McKinley of the result of the investment of £50?—There is a memorandum dated the 12th February, 1889, in which she is informed. The memorandum is as follows:—

Mrs. McKinley, Nugget Point Lighthouse, Otago.

YOUR TRUST.—I am in receipt of your letter of the 2nd instant. As to Savage's mortgage, I may state that Mr. Savage defaulted in payment of interest, and the security was sold for £50, the amount lent upon it by the former trustees. It did not, therefore, realise enough to pay principal and interest, nor is there any hope of ever recovering the interest due. As to Newport, repeated demands for payment of interest have been made, and the agent has been instructed to take active steps to secure payment. He owed £8 on 20th December last.

12th February, 1889. R. C. HAMERTON.

6662. What did you do with that deficiency of £8?—The estate lost it.

6663. Did you charge it to the estate?—It was never brought into the books, seeing it was interest unpaid.

6664. You never advised further than that memorandum?—That appears to have been the only advice.

6665. Have you got Kinross's papers there?—Yes; Condy's trust.

6666. Have you got the auctioneer's account sales of that security?—I fancy it was a private sale, if I recollect right.

6667. Will you find out whether it was a private sale or a sale by auction; and, if it was a private sale, will you show me the correspondence in connection with it?—It appears to have been a private sale.

6668. Who is Mr. Jardine?—The agent of the Public Trustee at Napier.

6669. And also the Official Assignee at Napier?—Yes.

6670. He holds these two high offices?—He does.

6761. Is he anything else besides?—That I do not know.

6672. Is this the whole of the memorandum from Mr. Jardine, because it bears no signature?—The agents, when they write on these printed forms, do not sign them, but put their names at the top.

6673. Then, how long had this sale of Kinross's security been under negotiation?—It had been under negotiation for some time.

6674. Can you say how long?—No, I could not say from memory.

6675. Was it under negotiation for six months?—I think so, because I think that Mr. Jardine first, as Deputy Official Assignee, tried to realise it for the estate.

6676. At what time?—I think that was before the property was abandoned to Condy's trust.

6677. Can you tell about what date?—No, I cannot.

6678. Then, after all, the security has only been sold conditionally?—Yes, conditionally on the title being good.

6679. That is to say, that the purchaser, if he is disturbed in his title by the Native Land Court, is to be forgiven the payment of the principal money he proposes to pay?—Yes, that is so. There is a contingency in it that it may not be completed.

6680. Then, this security was realised privately by the Public Trustee's agent, who is also the Official Assignee at Napier?—Yes.

6682. And did he send you any account sales?—No, I think not.

6683. Then, Mr. Condy has not been advised of the result?—In the last statement of accounts sent to Condy, dated the 20th April, 1891, I find the following memorandum from the Public Trustee to Mr. Thomas Condy:—

Thomas Condy, Esq., Classlochie, Kinross, Scotland.

RE YOUR TRUST.—I have to inform you that I have at length obtained an offer for the purchase of the Whangaparoa leasehold; and, on the strong recommendation of Mr. Jardine, my agent at Napier, after consultation with Mr. Cotterill, the offer was accepted. The title, however, was found to be imperfect, and the best terms I could make were that the purchasers give a new security for the whole amount—half payable on 19th February, 1894, and half on 19th February, 1897, and interest at 8 per cent. I have also had to give two undertakings, copies of which I enclose for your information. The deed of confirmation mentioned in one of the undertakings having been required by the solicitors of the purchasers, same is being prepared by Mr. Cotterill, of Napier, and will shortly be forwarded for your execution. I am remitting through the Agent-General, London, a cheque for £92 15s. 2d. for payment to you, being the net income in my hands at this date; and this sum (less exchange) will be paid to you on application to the Agent-General. I have not, as yet, been able to obtain any offers for the security under Bennett's mortgage. Enclosed please find statement of account.

20th April, 1891. R. C. HAMERTON, Public Trustee.

6684. Now is there anything in that statement of accounts to show what that security realised?—No.

6685. Nothing whatever?—Nothing.

6686. Is there anything in that memorandum I have just read to show what that security realised?—No.

6687. So that up to the present time Mr. Condy is in ignorance of what the result of the realisation of that security was?—Yes, I expect he is.

6688. Then, Mr. Condy has really never been advised up to the present time what the real state of that security which was realised is, and what the actual loss has been?—It appears so.

6689. Then, the several contributories to Esther Smyth's mortgage have never been advised?—I think Admiral Field was advised: I read out the paragraph in the memorandum to him.

6690. That did not state the loss was made, or what he would lose. Have any of them been advised of the real state of things—the actual loss made?—No; that will go in the next statements of account.

6691. I want to know whether they have been advised up to the present time?—No, they have not.

6692. Has Mrs. McKinley been advised?—No, it appears not.

6693. Then the five contributories to Wasteney's mortgage have not been advised?—No.

6694. In the case of Owen's mortgage, £700, showing a loss of £329 6s. 2d. out of the estate of one Shepherd, has the beneficiary in that estate ever been advised?—Statements of account have been sent in reference to that mortgage.

6695. When was the last statement sent?—26th January, 1891.

6696. Does that statement show the loss made on that mortgage?—It does not actually show the loss, but gives a statement of the amount of interest received, and what it is reduced down to. The original mortgage was £700, but it was sold for £425 gross, and then, I suppose, reduced by the charges, resulting in a total of £356.

6697. Is there anything to show that the loss has been made in the mortgage in which those people were interested?—Nothing more than the fact that they got £425. Of course, they are fully aware of the circumstances.

6698. Well, I have not seen anything yet to show they are aware of the circumstances or the loss. You have no letter-books, only memoranda that you pile together in confused heaps; and when we come to this statement you have sent in Shepherd's trust, is there anything to inform us

that there is not yet another part of the property left—that the whole security has not been realised?—No, nothing.

6699. There is nothing in the memorandum signed by the Public Trustee to show the real state of affairs?—No.

6700. Then, in Randerson's estate there is nothing to show that information has ever been sent to the three contributories to that mortgage—Miss E. Burnes, A. Cunningham, and Henare Kaihau?—In the matter of Henare Kaihau, the Natives wrote through the Native Minister, and there was a memorandum from our office to the Native Minister on the 16th October, 1890.

6701. Which was drawn out of the Public Trustee by the communication which he had received from the Native Minister? Is that not so?—Yes.

6702. What does the Native Minister say to him?—Mr. Dufaur, a lawyer in Auckland, wrote to the Native Minister on the 8th October, 1890, as follows:—

SIR,— Auckland, 8th October, 1890.

Henry Kaihau is dissatisfied at the rate of interest he has for the last two years been receiving from the Public Trustee. He states that the condition of the deposit with the Government was, that 6 per cent. at least was to be obtained for the money. The last three quarters have been £8 7s. 3d., £11 7s. 5d., and £8 16s., and Henry thinks that he is not getting 5 per cent. for his money. Will you, therefore, refer this matter to the Public Trustee and ascertain if an interest of 6 per cent. was guaranteed by the deed of trust, and if it is from the want of investments that his income this year has fallen short.

I have, &c.,

The Hon. E. Mitchelson, Native Minister, Auckland. E. T. DUFAUR.

The Public Trustee.—Please report.—ARTHUR T. BATE, Private Secretary. 8th October, 1890.

6703. Will you read the Public Trustee's reply to that, dated the 16th October, 1890, addressed to the Native Minister?—It is as follows:—

The Hon. the Native Minister, Wellington.

RE HENARE KAIHAU AND OTHERS TRUST.—Mr. E. T. Dufaur's letter of 8th instant, stating that "Henare Kaihau is dissatisfied at the rate of interest he has for the last two years been receiving from the Public Trustee," and that "the condition of the deposit with the Government was that 6 per cent. at least was to be obtained for the money," having been referred to me, I have to report that there is nothing in the trust deed to show that 6 per cent., or any other particular rate, was guaranteed. The falling-off in the income during the past two years arises from the fact that one of the mortgages on which part of the Trust Fund was invested has not produced any income since June, 1888. The mortgage referred to is that of John Richard Randerson, of Auckland, to whom £280 of the fund was lent at 7 per cent. The mortgagee having made default in payment of interest, the security was offered for sale by auction on 2nd February, 1889, but as no satisfactory bid was obtained it was bought in, and is now held on behalf of the trusts interested. I am in hopes that, eventually, I may be able to realise the security without loss, but in the meantime it remains unproductive.

16th October, 1890. R. C. HAMERTON, Public Trustee.

6704. There is nothing in that memorandum stating how the security was to be dealt with, or what Kaihau's loss was?—No, nothing.

6705. Was any communication made to the other two contributory mortgagees?—In the case of A. Cunningham's estate there was a letter from the Public Trustee to the Provost of Dunfermline, dated the 20th June, 1889, as follows:—

MEMORANDUM from the PUBLIC TRUSTEE, Wellington, to the PROVOST, City Chambers, Dumfermline.

RE A. CUNNINGHAM, DECEASED.—I have to acknowledge yours of the 2nd ultimo, covering receipts from the beneficiaries for amount remitted in March, 1888. With respect to Randerson's mortgage, I regret to say it was necessary to exercise the power of sale under his mortgage, and, as Trustee, buy in the security, as, through the great depreciation in the value of property in Auckland District, the amount advanced was not obtainable. I am endeavouring to dispose of the land, which is well situated, and in time will sell for more than was lent on it. It would be unwise to force the security into the market now, as a certain sacrifice would result.

20th June, 1889. R. C. HAMERTON.

6706. Has the Public Trustee sent any further communication?—That is the last.

6707. Then only two years will have passed next month, and no further communication on the subject has been sent by the Public Trust Office?—Not by way of memoranda. Statements of account have been sent.

6708. But nothing in the statements of account referring to that particular loan, nor the probable loss upon it?—No.

6709. This list marked "Z," which you have just brought upstairs to me, contains accounts which are in the same condition, and working in your office in the same way as Wasteney's?—Yes.

6710. Then, will you be good enough to have prepared at once similar statements to those you have had prepared in reference to all these balances?—Yes.

Mr. R. C. HAMERTON, Public Trustee, further examined.

6711. *The Chairman.*] Mr. Hamerton, from a return called for that is now in the possession of the Commissioners it is observed there is a mortgage by Thomas Bell of £350, with arrears of interest £190, and expenses incurred by auction and legal charges £35 15s. 4d. in the realisation of that security: do you know anything about it?—I do not at present.

6712. This return refers to a list of mortgage securities bought in and taken over by yourself as Public Trustee: do you remember that security among the list?—I do not recollect it.

6713. Do you recollect in the same return the security of one M. J. Ward?—Yes, I recollect that; it is in Gisborne.

6714. The loan is £600, arrears of interest £49 13s., and legal expenses and auctioneer's expenses for realising the security £60 0s. 6d. The property was bought in at the highest bid for £450. That security stands in your books for £600, notwithstanding that it was bought in for £450?—Yes; we are collecting the rents. I think it is returning now about 7 per cent.

6715. Have you any hope of getting the principal money?—I am informed there is a likelihood of getting the mortgage-money.

6716. Do you remember the mortgage of William Sly, £150? There is £23 of interest due and £32 2s. 6d. of auctioneer's charges and legal charges have been incurred on it. Do you remember buying that security as the highest bidder for £15?—Yes.

6717. Do you remember what you sold it for?—I think, for £132 and some interest.

6718. Then, it is disposed of?—Yes.

6719. And you made a loss there?—I think it was a loss represented by the legal charges and arrears of interest.

6720. What was done with the loss? Was it charged to any estate, or did the colony bear it?—The colony bore it.

6721. Was it charged to Expenses Account, or how was it hidden?—I could not say.

6722. Next on this list is that mortgage about which I think we had some information the other day—Chambers's mortgage of £4,000, with arrears of interest, £350—and I believe truly a great deal more, and auction and legal charges besides, £49 15s. That security was bought by you as the highest bidder for £500?—Yes.

6723. That stands still in your Investment Account for £4,000, and did so on the 31st December last?—Yes.

6724. Do you remember F. Hicks's mortgage, £400, with arrears of interest, £50, and auctioneer's and legal charges, £25 13s.?—I recollect that.

6725. Have you tried to sell that?—Yes, but cannot sell.

6726. Where does that stand in your balance-sheet?—It was taken over by the colony.

6727. When?—Somewhere about two years ago, on my representations to the Colonial Treasurer, Sir Harry Atkinson.

6728. Where did Hicks reside?—Either at Te Puki or Te Papa, near Tauranga; I am not quite sure which.

6729. From what estate was the £400 lent?—Part of it was lent from Hackett's trust. I think more than one trust lent the money. The valuations were all so very high that I did not then hesitate to recommend the Colonial Treasurer to take over the security.

6730. After you had foreclosed?—No; I do not think so.

6731. Then, where was the necessity of recommending the Colonial Treasurer to take it over so long as the mortgagor was paying his interest?—He had defaulted; it was after he defaulted.

6732. Had you no other reason for recommending the Colonial Treasurer to take it over?—I should like to refer to the papers.

6733. Do you remember the case of E. Sexton, a loan of £200?—That was not one advanced by the office. It was taken over, I think, with Mackay's trust, if I recollect rightly.

6734. Still, it falls into your hands as an investment?—As an asset of an estate.

6735. Do you know what state it is in now?—We sold it, and became the purchaser on behalf of the trust from which the money was advanced. We hold it now, and are drawing the rents.

6736. Does that still stand in your books for £200?—No; that will stand now as a property purchased, £164. The property now belongs to the trust, and does not appear as a mortgage belonging to the trust.

6737. Whose money was advanced?—The money was not lent by the office. I took over the estate for management.

6738. Are you sure the man was not a lunatic before he lent the money?—I have no knowledge.

6739. But he has become a lunatic since he lent it?—No doubt about that.

6740. Then, you think the difference between the sum lent and the sum which the property was bought in at has been charged against the lunatic's estate, or do you think it stands as originally in your books for £200?—No; I think it will be found that whereas one was a mortgage of so much money lent to Sexton, it now appears as property purchased on behalf of the lunatic.

6741. And in whose name would it appear?—In the Public Trustee's, on behalf of the estate.

6742. Do you remember the mortgage of A. Arundel, £215?—Yes. That was money not lent by the Public Trustee, but lent by the Gisborne Harbour Board, and was transferred to me for management. We are now endeavouring to sell that.

THURSDAY, 14TH MAY, 1891.

Mr. R. C. HAMERTON, Public Trustee, further examined.

Mr. Hamerton (addressing the Chairman): With respect to Edward White's estate, as to which the Commissioners desired me to correspond with the Curator of Intestate Estates, Melbourne, I did so correspond, and asked him to give me all information. He writes to me under date 9th April, 1891, that he obtained an order to administer the deceased's estate in Victoria, with the object of realising the land at Footscray. He states that it was reported to him that the land was not worth more than the amount paid for the costs of conveyance, and at last, finding he could not obtain a better offer, he accepted £4 for it from Mr. Wright, and conveyed the land to him. As no claim was made upon him for the balance—£2 17s.—the money was transferred to the Consolidated Fund after the lapse of six years.

6743. *Mr. Macdonald.*] Would it not be advisable to apply for a refund of that money, as it belongs to this colony?—I think it would.

6744. Then, you will take steps to have that done?—Yes.

6745. *The Chairman.*] Mr. Hamerton, some few days ago the Commissioners asked you to get a legal opinion as to your power of making those favourite contributory mortgages of yours. Have you done so?—Yes.

6746. Will you please bring it up and read it to us?—Here is the opinion from Messrs. Buckley, Stafford, and Treadwell:—

MESSRS. BUCKLEY, STAFFORD, AND TREADWELL, to the PUBLIC TRUSTEE.

Opinion as to the Right of the Public Trustee to advance Moneys upon a Contributory Mortgage.

IN reply to your memorandum (2171) of the 8th instant, a copy of which is below, we have to advise that it is undoubtedly a breach of trust on the part of a private trustee to advance trust moneys on what is called a contributory mortgage.

In Webb *v.* Jonas (39 Ch. Div., 660), a sum of £2,000 was advanced—£1,500 belonged to one set of trustees and £500 to another set. The mortgage was taken in the names of the two sets of trustees. It was held to be a breach of trust. The powers of investment were to invest the funds in "their or his names or name," in Government, parliamentary, or real securities in England or Wales. Mr. Justice Kekewich, in the course of his judgment, observed: "To my mind, trustees not having any power expressly given them are bound to invest on a mortgage where they have the entire control in their own hands, and where they can exercise their own discretion for the benefit of their *cestuis que* trust, and not where they are bound to consult others, or where, if they do not consult others, they are bound to act for the benefit of others, as well as for themselves. It robs them of that control which is an essential part of the propriety of the security."

The question then resolves itself, so far as the Public Trustee is concerned: Has the Legislature placed the Public Trustee in such a position that the rule as so laid down does not apply to him?

In the first instance we may say that the Public Trustee would be guilty of a breach of trust if he advanced moneys upon a contributory mortgage jointly with other persons; but is he guilty of a breach of trust when he advances the money of several estates of which he is the trustee, taking the mortgage to himself solely?

The sections of the Public Trust Office Acts which appear to have a bearing upon this question are sections 25, 31, and 32 of "The Public Trust Office Act, 1872;" section 9 of "The Trustee Relief Act, 1862" (in substitution for which section 78 of "The Trustee Act, 1883" is re-enacted); and section 47 of "The Public Trust Office Act Amendment Act, 1873."

By section 32 of the Act of 1872, all moneys part of property placed in the Public Trust Office are to be paid to an account to be called the "Public Trustee's Account."

By section 25, the Board may direct, in accordance with regulations, in what securities the moneys in the Public Trustee's Account shall be invested with this proviso: "That, except as otherwise provided by the particular trusts affecting the trust property, all such investments shall be made in the Government securities of New Zealand or the United Kingdom, or of any of the Australian Colonies, including Tasmania." It would therefore appear that under this section, where the trusts do not authorise investments to be made on other securities, the investments must be upon the class of securities mentioned in the 25th section, and on those only. If this is so, then, so far as regards such moneys, the Public Trustee has a more limited power of investment than private trustees. These latter were empowered—where not expressly forbidden by the trust—to invest on General Government securities or Provincial Government securities or freehold securities in New Zealand (see section 9 of "The Trustee Relief Act, 1862"). This section is re-enacted by section 78 of "The Trustee Act, 1883" (excluding Provincial Government securities). It is true that section 31 of "The Public Trust Office Act, 1872," declares that the provisions of "The Trustee Relief Act, 1862," shall, so far as the same are not inconsistent with or repugnant to the provisions of that Act, apply to the Public Trustee; but we think that the provisions of the 9th section of the Act of 1862 are repugnant to the express proviso to the 25th section of the Act of 1872, because it authorises other investments—*i.e.*, Provincial and real securities.

By the 5th section of "The Public Revenues Act, 1882," it is provided that the Postmaster-General, &c., or the Public Trustee, may, subject to the approval of the Colonial Treasurer, and any Act or Acts to the contrary notwithstanding, invest any part of the balances of their respective accounts in such securities as the Governor in Council from time to time declares to be securities in which such moneys may be invested. The Public Trustee informs us that an Order in Council has been made authorising him to invest such balances upon mortgage of real property, and under this he has invested moneys coming within the provisions of section 25 of the Act of 1872, and also moneys which form part of trusts where trusts for investment are provided. The effect of this provision, and the Order in Council, is to enlarge the powers given by section 25 of the Act of 1872 so as to enable the Public Trustee to make investments upon mortgage securities as well as upon the securities mentioned in the 25th section.

As regards the investment of moneys which are subject to provisions for investment—*i.e.*, where the trusts provide for investments—we doubt whether it would authorise investments to be made upon mortgage securities where the provisions of the trust do not authorise such investments. But, as no question seems to turn on this, we do not express any opinion as to the effect of that section and the Order in Council in such case. We have not seen the Order in Council.

We now come to section 47 of "The Public Trust Office Act Amendment Act, 1873," which is as follows: "All moneys in the Public Trustee's Account, from whatever property arising, shall, except as regards moneys as to which special provision is made for the investment thereof by the trusts affecting the particular property, be, for the purposes of investment, one common fund; and the investments thereof shall not be made on account of, or belong to, any particular property, unless the Governor shall otherwise direct as to any particular property, and the interest accruing from the investment of such moneys shall be divided amongst the properties from which the fund arises, in such manner and at such times and in such proportions as shall be prescribed by regulations to be made for the purpose from time to time by the Governor in Council; and such regulations shall have the force of law as if included in this Act." Now this section is difficult to construe, and may well have been misunderstood by the Public Trust Office. In our opinion it means this: that where, by the trusts under which moneys are held by the Public Trustee, no provisions for investment are made, then all such moneys form one common fund, and may be invested on the class of securities mentioned in section 25 of the Act of 1872, as amended by the Order in Council under section 5 of "The Public Revenues Act, 1882," and these investments are not to be made on behalf of any particular estate except the Governor so directs. The interest accruing from these investments are to be divided amongst the properties from which the fund arises, as provided by regulations to be made by the Governor in Council. But with respect to trust moneys where the trust does provide for investment, such moneys do not form part of the common fund, and must be invested upon separate investments on behalf of each trust. With regard to the moneys which do form part of the common fund, then, should a loss arise in the investments, it must be made good by the Consolidated Fund.

With respect to trust moneys where the trusts do provide for investment, then we are afraid that, upon the principles laid down by Mr. Justice Kekewich in Webb *v.* Jonas, they cannot be invested in a contributory mortgage. It is quite true that upon a contributory mortgage taken by the Public Trustee many of the objections pointed out by the Judge would not apply. For example: The legal estate would be in the Public Trustee, because the mortgage would be taken to him solely and the covenants for payment of principal and interest entered into with him alone; and he would be in a position to sell the property or sue for the money without joining others. But nevertheless, in exercising his powers, his duty to one trust might conflict with his duty to another, and this is a position in which he ought not to place himself according to the doctrine laid down in Webb *v.* Jonas. Further, some of the *cestuis que* trust of one trust might be entitled to payment of their moneys or assignment of the securities representing them; and so strangers would be introduced into the transaction, thereby involving the Public Trustee consulting such persons as to dealings with the mortgaged property. Further, suppose the Public Trustee, by reason of default in payment of the mortgage moneys, finds it necessary to attempt to sell the property, and no purchaser can be obtained, it might be to the interest of one estate that the property should be purchased by him (under the power given to mortgagees to do so) and not to the interest of another estate. Again, by the trusts of one estate he might be prohibited from purchasing land at all.

The concluding words of the judgment in Webb *v.* Jonas, as to the difficulties attending a contributory mortgage, will convey the difficulties which the Public Trustee might be placed in. "They would have to correspond with other trustees; there might be proceedings pending with regard to the other trusts. They might be involved in all sorts of difficulties—difficulties which are frequently incident to an investment on mortgage, and must necessarily be so according to our law of real property, but not difficulties which trustees ought to embrace in the first instance, and to really reserve for themselves against the rainy day. If the rainy day comes the trustees ought to be utterly unembarrassed by their own acts, though the law or other adverse circumstances may embarrass them."

The Public Trustee informs us that, with respect to the loan mentioned in his memorandum—(1) In the minutes granting the loan no reference was made to nor was it known to the Board that different estates were to contribute to

the loan; (2) no allocation of the amounts to be contributed by each estate took place until some time after the completion of the mortgage. Upon both these points we do not think it necessary to say more than this: As to the first point, that we assume it was known to the Board that the Public Trustee was in the habit of investing the moneys of different estates on a common mortgage, and, if our assumption is right, his failure to give the information in this particular case does not appear to be wrong. If, however, the Public Trust Board was not aware of the practice of making such advances, then the Public Trustee probably neglected his duty to the Board. As to the second point, the failure to allocate the amounts until after the completion of the mortgage does not appear to us material if the Public Trustee made the allocation at a time when no question of *bona fides* could arise. Of course, an allocation should have been made at the time of the advance, or immediately afterwards.

The above two points do not seem to us material, in view of the opinion that the advances were breaches of trust.

If the security taken turns out to be insufficient the loss will have to be made good by the Public Trust Office.

12th May, 1891. BUCKLEY, STAFFORD, and TREADWELL.

Enclosure.

Messrs Buckley and Co. are requested to advise under the following circumstances:—

An application for a loan on mortgage of £16,000 was received, valuations obtained, and the Board sanctioned the advance. No one estate in the office had sufficient funds uninvested to make the necessary advance. The funds, therefore, of several estates were invested in this mortgage. Again, other applications for smaller sums have been sanctioned where the funds of one estate respectively were available, but advances in each case were made from two or more estates.

The question upon which I desire to be advised is whether such an investment of funds of different estates upon one mortgage is within the strict letter of the law, and, if not, what is the measure of responsibility incurred by the office in any such advances. The only enactment referring to the matter in the Public Trust Office Acts is section 47 of "The Public Trust Office Act Amendment Act, 1873."

8th May, 1891. R. C. HAMERTON.

DEAR SIR,— Wellington, 13th May, 1891.

RE INVESTMENTS ON CONTRIBUTORY MORTGAGES.—We find that an error has been made in our opinion *re* above which we have sent you. On page 4 of the opinion, in quoting section 47 of "The Public Trust Office Act Amendment Act, 1873," the copyist has made an error in putting in the word "no" between the words "except as regards moneys as to which" and the words "special provision is made for the investment thereof," &c. The sentence should read: "Except as regards moneys as to which special provision is made for the investment thereof," &c.

Yours, &c.,

BUCKLEY, STAFFORD, and TREADWELL,

The Public Trustee, City. Per W. H. M. Maclean.

6746A. That is the only opinion from Counsel you have had?—Yes.

6746B. Well, now, after reading that opinion, in what position do you think the Public Trustee stands in relation to all those mortgages that he has made should any of the securities prove insufficient to recoup the principal money?—Well, if the opinion is correct—of course, we all know lawyers differ very much—then it follows that the Public Trust Office must make good any deficiency which arises from a contributory mortgage.

6747. Did it never occur to you, all these past years and before the Commissioners advised you, to get a legal opinion on that important point?—I have never got a stated opinion such as this, but I have spoken to solicitors, who have agreed with me that it was impossible to carry on the duties of the office unless money was advanced on contributory mortgages.

6748. But that is not getting a legal opinion?—No.

6749. That was an opinion you got from a solicitor in the street or from your office Solicitor?—Yes. I cannot call to mind the names of other solicitors I have mentioned it to, but I have mentioned it.

6750. Will you be good enough to bring up any Orders in Council relating to this question?—There are no Orders in Council referring to any distribution of moneys from estates by way of contributory mortgages. The Orders in Council merely give me power to invest on mortgage.

6751. *Mr. Loughrey.*] You have a solicitor in your office?—Yes.

6752. Did you ever consult him on the distribution of mortgages?—Yes.

6753. What was his opinion?—I understood from him that the business of the office could not be carried on without them.

6754. What was your legal position with reference to the distribution of mortgages? Did you ever consult him with reference to your legal position?—No; our consultation was simply of a conversational kind.

6755. And was the distribution of mortgages a matter only of expediency?—Yes.

6756. You are a solicitor yourself?—I am.

6757. Did you ever consider the position from a legal point?—No; this opinion from Buckley and Co., if correct, will paralyse the office. I cannot now invest on mortgage, because there is not an estate in the office that can advance anything more than £3,000 or £4,000.

6758. *The Chairman.*] Do you not think it a great pity that your office had not been paralysed a long time ago?—No, I do not think so.

6759. If it had been then a good many mistakes that have occurred would not have occurred?—Yes, in that sense.

6760. It might be well to refer this opinion to your solicitor, Mr. Wilson; and if you will be good enough to instruct some one to send a copy of your memorandum to Buckley, Stafford, and Treadwell, and their opinion up to Mr. Grey, the Commissioners will feel obliged. Will you please do so?—Yes.

6761. Why was it necessary to obtain the Orders in Council of 19th February, 1883, and the 28th March, 1884?—Because what we have always termed the general funds of the office, in contradistinction to the trust funds of the office, could not, before those Orders in Council, be invested in mortgage.

6762. *Mr. Macdonald.*] Do I understand you to say you will not have funds in your general funds which you will have a right to invest in mortgage now?—I mean to say this: that supposing an application for a mortgage comes in for £500, and that I hold in each of many estates £499, or any smaller sum, I cannot invest except out of general funds.

6763. *The Chairman.*] Is not this the case. Presuming that, as you stated just now, the business of your office will be paralysed pending an alteration in the Act to give powers to do what you have long been doing, will not the whole of the general funds be bearing 4 per cent. interest, even if they remain *in globo* in one fund?—I shall be able to do better than that with trust funds.

6764. But the minimum will be 4 per cent.?—Five per cent., because I will put it in Government securities.

6765. What will other moneys bear?—Four per cent.

6766. Will it not be much better they should be bearing 4 per cent. with safety than be invested in the risky securities such as we have had to discuss just now?—I do not admit at all that the securities are risky, except such as have failed.

6767. Except such as those that have had to be bought in by you?—Yes.

6768. Therefore it is better the moneys should be bearing 4 per cent. certain, without risk of the capital being lost, than that they should be invested in securities of the nature you have had to buy in?—Yes.

6769. When we parted yesterday afternoon we were on the list of securities that have been bought in by you as Public Trustee. Do you remember the mortgage security of Sir William Wasteney—£350?—Yes, I do recollect it.

6770. Do you remember having to foreclose upon that?—Yes.

6771. Do you remember what it was bought in at?—No, I do not.

6772. Then, if I remind you that the sum was £200 for a security of £350, and that there were arrears of interest £26 12s. 9d., and auction expenses £21 0s. 7d., do you know whether that was one of the contributory mortgages, or whether the loss was charged to the several estates that had contributed to that mortgage?—Yes.

6773. How was the loss charged?—Proportionately to the advance by each estate.

6774. Or was not the actual money originally lent charged to the several contributing estates?—[No answer.]

6775. Let me ask you how this £350 you lent was made up? Do you remember that it was taken from the estate of Worthington, £100; Worthington's minors, £100; Masters's trust, £30; from the children of Kent, £80; and from the children of Diamond, £40: making up £350?—I have no doubt that is so.

6776. When the loss was ascertained the security was realised, and you charged those several estates with the money that they had originally lent?—I should say not. [Mr. Moginie, the Accountant, was called into the room to assist Mr. Hamerton in this line of his evidence.]

6777. Will you turn to J. S. Worthington's trust. When that security of Wasteney's was realised, did you charge the proportion of the loss to the several estates, or have you charged the whole amount originally lent by the several estates?—We charge the estates when we lend the money; then here is a refund of part of the sum originally lent.

6778. If you look at the account of Worthington's trust, folio 479, you will see the estate is actually charged the whole amount that was originally lent by it, £100?—It appears to be so; but I will ask Mr. Moginie to explain it.

6779. That was on the 29th December last. We will now turn to Worthington's minors. On the 29th December, in Wasteney's mortgage, they are charged the whole amount?—That appears to be so.

6780. Is it necessary to show you the other accounts which are charged the whole amount?—No; I see how it is.

6781. Seeing there was a large balance, was it fair they should be charged the whole amount, even if you were legally entitled to charge them at all?—I do not quite understand why the amount is charged at all, but I am quite satisfied Mr. Moginie can explain it. When the money was first lent it was originally a loan to G. A. Coles, on the 10th November, 1885.

6782. Then, Mr. Hamerton, you do not know why those several estates were charged the full amount on the realisation?—No. It would appear to me they should have been credited with the proportional part of what the security realised.

6783. Now, in Wasteney's mortgage, you see that Wasteney's mortgage still remains in credit in your books, in this Miscellaneous Ledger No. 5, £177 18s. 5d., although the security has been realised?—Yes.

6784. Now, to whom does that money belong?—It belongs to the contributors to the mortgage.

6785. Then, why on earth was it not credited to the contributories' accounts?—I am unable to say why it has not been done.

6786. We have had the Accountant's explanation, but in your opinion what do you think ought to have been done with it?—It appears to me it should have been divided amongst the contributories to the mortgage.

6787. In the early part of December—in fact, in November—you see there was £189 6s. 6d. to credit on account of that security?—Yes.

6788. And those estates were charged on the 29th December, the following month, with the actual total amount of the moneys originally lent?—Yes.

6789. Is it not very hard on those estates, even if your reading of your powers is correct, that this money is kept back from those several estates, and remains still in your books to the credit of a security that has been wiped out?—I confess I do not understand why it should appear so.

6790. Then, is it not so?—It is so by the ledgers.

6791. Is that ledger correctly kept?—I have no reason to doubt at all.

6792. Then, you cannot understand it?—I cannot.

6793. You were in ignorance of it?—I was in ignorance of it.

6794. Then, you had no idea how that sum appeared in your balance-sheet of the 31st December last?—I do not know.

6795. If I tell you it is included under the head "Special Deposits, £13,384 4s. 8d." in your last balance-sheet, will you say that that is so?—I have no reason at all to doubt that it is.

6796. Ought it to be there?—No, I do not think so.

6797. It ought to be distributed, presuming you had the power to make those moneys, to the credit of the several estates that had lent the money?—Yes.

6798. Well, now, in the security of William Shaw, you lent £650?—Yes.

6799. And there are £45 10s. arrears of interest, and £26 13s. 4d. auctioneer's expenses?—Yes.

6800. You bought that estate in at £100?—Yes.

6801. Do you ever expect to get the money back that was lent upon that security?—I do.

6802. I see you have leased it with a purchasing clause. Have you any further security?—No.

6803. It is not a compulsory purchasing clause?—No.

6804. Then, after the tenant has run his lease out, he may, if he chooses, throw it back again on your hands?—Yes, it is so.

6805. Well, now, in the estate of Randerson, which still stands in your books at £932; arrears of interest, £55 18s. 3d.; expenditure by auction and legal charges, £25 11s. 6d., it was bought in by you—wound up in fact for £225. Is that not so?—That is so.

6806. And this is a statement of account furnished by your office in reference to that security? Is that correct?—Yes, I believe it is correct.

9807. Then, that shows a deficiency of £788 9s. 9d. out of £932?—Yes.

6808. I will first point out to you that this security showed its deficiency as far back as January, 1889. Are you aware, then, that security has stood for the full amount of £932 in your balance-sheet since that date—as worth 20s. in the pound?—Yes, that is so.

6809. Seeing that amount, £932, remains there, when a deficiency has been shown of £788 9s. 9d., is it fair that £932 should stand in your balance-sheet—the last balance-sheet—as representing 20s. in the pound?—I think it would have been better to have written it down, but I do not admit the deficiency has taken place. I admit there is an apparent deficiency, but I am in hopes of selling for an amount that will lessen that deficiency very much.

6810. But it has been for a long time bringing in no revenue?—That is so.

6811. You are aware it is let to one Henderson for the purpose of taking care of it, Henderson paying rates and clearing gorse?—Yes, and he pays no rent.

6812. I must ask you again, how could you possibly leave that security among the list of your general investments on your last balance-sheet as representing £932?—The reason was, because it was not finally disposed of. If I had finally sold, and made a large deficiency, then it would not have appeared on the balance-sheet.

6813. Do you ever expect to get £932 for it?—I am advised by the Auckland agent that I shall.

6814. Have you formed any opinion on the subject yourself?—I have been over the land, and examined it, and I have no hesitation in saying that if prosperity again visits Auckland, such as was the case some years ago, we shall have no difficulty whatever in getting £932.

6815. How many allotments did the security consist of in the first instance?—I think it was twenty-two.

6816. Then you originally lent about £50 a section?—About that.

6817. How many sections have you sold?—One, for £68.

6818. Have you ever tried to sell any since?—Yes.

6819. And have you had any bids for them?—Yes, there were two or three offers.

6820. You are sure you only sold one section?—I can only find one, purchased by Hunter for £68.

6821. Is the portion that has been sold the worst part of the property?—No.

6822. Will you point out to me by the plan in Randerson's security what part of the land you have realised?—Allotment No. 40.

6823. Now, if the land is valuable, and you have great hopes of getting a large portion of the money back again, how is it you cannot get any rent for it?—We have tried to get rent, but we have failed. I do not know what is the reason.

6824. It is more than two years since the security came into your hands, and yet you have only succeeded meanwhile in realising sixty-eight pounds' worth of the land towards recouping the £1,000?—Section 40 was sold long before we realised the whole security. We gave Randerson leave to sell, and he had to pay the whole of the purchase-money to us.

6825. You say it was before the security came into your hands that the land was sold? When was that?—1st December, 1885.

6826. None of that security has been realised since, although you have often tried to realise it?—That is so.

6827. Does not that make it appear to you more ugly as an investment than it did?—It makes it apparent that the depression in Auckland for some years has not yet passed away.

6828. Then, looking at that fact, that there has been an attempt to realise that security since 1885, and that you have only managed to get £68 by the sale of any land out of it, do you think you were justified in leaving that amount of £932 in your balance-sheet on the 31st December last?—I think, as I have said before, that it should be written down.

6829. Now, do you remember Kinross's estate?—Yes.

6830. Do you know when you realised that security?—Yes, in January last year.

6831. Then, in January last year you came to the conclusion that out of the thousand pounds

there would be a deficiency, including the dividend and the value of the security, of £669 18s. 4d.?—Yes.

6832. So that absolutely the deficiency of £669 18s. 4d. was known on that security early last year?—That is an asset of the trust. It was not an investment by me.

6833. But it came into the Trustee's hands?—Yes.

6834. How does that thousand pounds stand in your balance-sheet? Have you any idea?—I have not. I am not well up in the Accountant's portion of the work.

6835. Did not that thousand pounds security belong to the estate of Condy?—Yes.

6836. Did you write to Condie and tell him how much money was lost in connection with it?—I believe so. I have not Condie's papers here.

6837. Now, seeing that that mortgage security was practically realised in January, 1890, did you advise the beneficiaries of the loss that the estate would have to face?—I advised them on the 8th May, 1889.

6838. The estate was not realised until January, 1890. I want to know what happened after January, 1890?—On the 8th April, 1890, I wrote,—

Thomas Condie, Esq., Clashlochie, Kinross.

I DULY received your letter of the 22nd January last, and am only now in a position to reply thereto. This, I think, I can best do by copy of memorandum just received from my Napier agent, who is also the Official Assignee in Bankruptcy administering Kinross's bankrupt estate.

"The valuation of the Whangaparoa security is an extremely difficult matter, and I should advise that you value it at not more than £250. If you examine the security you will find that it was given and valued by Kinross at £1,000, but this amount included the value of the sheep, cattle, horses, and working plant of the station, which were not ade over to Condie according to law, and are therefore the property of Kinross's estate. I value the sheep and cattle at about £500. The Clive sections I would value at £200, which amount I have little doubt you will before long succeed in realising for them. This would make a total of £450 to be deducted from the amount of £2,658 4s. The actual amount on which you would receive the first dividend, now payable, would therefore be £2,208 4s., which at 2s. in the pound would be £220 16s. 5d. With regard to Whangaparoa Station, I would advise you to leave it in my hands, for sale either as your agent or as assignee in Kinross's estate. It is a property that could not possibly realise anything at auction, and it may be some little time before a purchaser is found. In the meanwhile I pay the rent to the Maoris out of the proceeds of the wool. This involves a loss to Kinross's estate, but one which, under the circumstances, cannot be avoided. I hope during the next few months to be able to effect a sale of the whole."

To which the following reply was sent:—

"I am directed by the Public Trustee to acknowledge receipt of your memorandum of the 3rd instant, and to return herewith proof of debt duly declared. The Public Trustee requests that you will effect a sale of the Whangaparoa security at the fullest possible price; and I am to ask you to furnish a full statement of Mr. Condie's account with Mr. Kinross."

The present position, then, of the matter is that we hold George Condie's bond for £2,000, E. Bennett's mortgage for £400 (valued at £200), J. G. Kinross's mortgage for £1,000 (valued at £250), and a balance due from Kinross on current account, £1,258 4s. For these three latter items I have claimed against Kinross's estate after deducting the value of the securities as estimated by me—namely, £450; so that the estate is liable for £2,208. I enclose copy of the claim preferred by me against the estate. I am not aware how much may be expected from the estate, but it is clear that you must sustain a very heavy loss herein.

A letter, dated 10th instant, from Wilson and Cotterell, enclosing a year's interest on the bond, is headed "George Condie, deceased." I at once wrote my agent to ascertain the fact—if it be so—of the decease, and to procure copy of the will, if any; but, in order that I might be able to give you definite information, I telegraphed this morning to my agent, who replies, "David and Thomas Condie executors for George Condie, deceased; £220 16s. 5d., Kinross's dividend, paid bank yesterday. This dividend is at the rate of 2s. in the pound." I am unaware whether David Condie is in this colony; if not it will become my duty to apply for letters of administration, with the will annexed, in the absence of the executors. I will make full inquiries without delay.

8th April, 1890. R. C. HAMERTON, Public Trustee.

6839. Then, you knew the loss?—No. I see the following letter from the agent on the 3rd April:—

MEMORANDUM from J. F. JARDINE, Agent, Public Trust Office, *re* Thomas Condie's Trust.

I HAVE pleasure in forwarding herewith form of "Proof of Debt," to be declared by you in the estate of J. G. Kinross, bankrupt.

The valuation of the Whangaparoa security is an extremely difficult matter, and I should advise that you value it at not more than £250. If you examine the security you will find that it was given and valued by Kinross at £1,000, but this amount included the value of the sheep, cattle, horses, and working-plant of the station, which were not made over to Condie according to law, and are therefore the property of Kinross's estate. I value the sheep and cattle at about £500. The Clive sections I would value at £200, which amount I have little doubt you will before long succeed in realising for them. This would make a total of £450 to be deducted from the amount of £2,658 4s. The actual amount on which you would receive the first dividend, now payable, would therefore be £2,208 4s., which, at 2s. in the pound, would be £220 16s. 5d. With regard to Whangaparoa Station, I would advise you to leave it in my hands for sale either as your agent or as assignee in Kinross's estate. It is property that could not possibly realise anything at auction, and it may be some little time before a purchaser is found. In the meanwhile I pay the rent to the Maoris out of the proceeds of the wool. This involves a loss to Kinross's estate, but one which, under the circumstances, cannot be avoided. I hope during the next few months to be able to effect a sale of the whole. Next week I will forward, should you wish it, a full statement of Mr. Condie's account with Kinross.

Napier, 3rd April, 1890.

6840. But you knew of the loss in January, because you and your agent at Napier, who is also Official Assignee, took the security over for £250, and you knew you would be lucky to get £250, if you ever did get it?—That is so.

6841. Did you advise Condy of that state of things?—Not until the 18th April, 1890.

6842. Well, at any rate, in April, 1890, you were aware there was a loss on that mortgage of £669 18s. 4d.?—Yes, I must have been aware of it.

6843. Then, do you think that it was proper to allow that mortgage of £1,000 to appear among your general investments as £1,000 in your balance-sheet of the 31st December last?—It could not have been entered in general investments, because it was not an investment of the office at all.

6844. If I show you it is in general investments?—If so, it is a mistake.

6745. Well, you admit this is the list of your investments [List shown to witness]? The total of the general investments is £47,372 15s. 6d. Now, will you give me the grand total of the whole list?—£215,909 1s.

6846. And that includes the amount that you gave to me just now?—Yes,

6847. Then, if I take the £47,372 15s. 6d. from this, that should give the amount of the special investments on mortgage in your last balance-sheet?—Yes.

6848. That gives an amount of £168,536 5s. 6d.?—Yes.

6849. We will refer to your balance-sheet of 31st December last, and see what you have got under that head. On page 7 of your balance-sheet of that date, what amount is there opposite mortgages? Mortgages, £47,372 15s. 6d.; mortgages, special investments, £168,536 15s. 6d. Is that correct?—It appears to be.

6850. Is there any doubt about it?—There is no doubt about the correctness of the figures.

6851. Now, will you look at this list and see whether, under Condy's trust, that mortgage of Kinross's is included there for the full amount of £1,000?—It is.

6852. Then, it is included in this last balance-sheet issued by the Public Trust Office?—Yes, it must be.

6853. Then, I ask you, is it correct it should be there representing £1,000?—I do not think it should.

6854. Perhaps you have no doubt it should not?—I have no doubt it should not.

6855. Then, that balance-sheet, not to apply a harsh term, is not correct?—It does appear to be inaccurate so far as the things you have pointed out to me.

6856. Is it not absolutely inaccurate?—Only as regards the items you have pointed out.

6857. There is an amount of less than £400 represented as £1,000?—Yes, that is so.

6858. Therefore it is an incorrect balance-sheet. Should the Audit Department not have discovered that? If the Auditor-General had done his work, or if the inspecting auditors had done their duty in auditing the accounts of the Public Trust Office properly and examining the securities, would they not have discovered that irregularity?—I think so.

6859. Was it not the duty of the Audit Department to have made that discovery, even if it escaped your attention?—I think so.

6860. I think there can be no doubt about it. Now, there is a small loan to Robert Neilson, £62 10s.; arrears of interest, £8 6s. 3d., and auction expenses, £4 7s. 10d. It was taken over in full satisfaction of the mortgage. Do you remember that?—Yes; I recollect.

6861. Can you not realise that?—No; the life tenant does not wish it to be realised. She wishes to make use of the land.

6862. It brings in nothing?—I allow her to live on it; or, rather, she occupies it.

6863. Do you remember Hannah Asher's mortgage, £170; arrears of interest, £56 4s. 11d.? That has fallen into your possession, and you are getting a rental of 4s. a week from it?—Yes. The Public Trustee is in possession as mortgagee. I do not think the property has been sold. I know we are getting a very small rent for it. It is in a very good position in Tauranga. It is in the main business street, and if Tauranga succeeds in getting rid of the depression that overshadows it now we shall get our money and more.

6864. Do you remember Esther Smyth's mortgage?—Yes.

6865. Do you remember that that was for £325?—Yes.

6866. You remember you foreclosed?—Yes.

6867. And the proceeds of the security amounted to £225?—Yes.

6868. And a deficiency appears of £130 16s. 8d.?—Yes.

6869. Do you know what estates you lent that money out of?—I could not say from memory.

6870. You are aware these amounts have been charged to the several estates in the same way as I pointed out a short time ago?—I was not aware of it.

6871. Have any of those parties in those several estates been advised by the Public Trust Office that a large portion of their money has been lost?—I could not say from memory.

6872. I do not see any advices in the papers in the case of Esther Smyth's mortgage, and the only advice that would be given, seeing the advice is not on the papers, is the forwarding of quarterly statements of accounts. Have you got those statements of account there?—No.

6873. Have you got the statements of accounts in Kaihau's trust, Masters's trust, Fielder's trust, Hardcastle's trust, and Shepherd's trust?—In Shepherd's trust, and I believe, but am not quite sure, in Kaihau's trust, the beneficiaries were notified of the loss.

6874. Were they notified of the actual state of their advances in reference to their accounts?—Yes, so far as I believe.

6875. Will you read the several notifications. [Letter from Public Trustee to the Provost of Dunfermline *re* Cunningham's trust read.] Have you made any further intimation in that matter?—No, that is the last.

6876. That is all the information the beneficiaries got in respect to any loss?—Yes.

6877. What did you say to Mr. Kaihau?—Kaihau's was through the Native Minister.

6878. Then, it was through the Native Minister writing to you on the subject that you wrote a reply?—Yes, that is so. It arose through a letter received from Mr. Dufaur, a solicitor of Auckland, addressed to the Hon. Mr. Mitchelson, then in Auckland.

6879. And what you sent, which has been already read, was the only intimation Mr. Kaihau got that there is a loss in anticipation?—No, not the only one. When rendering a statement of accounts in Kaihau's trust on the 3rd November, 1890, the following paragraph was written:—

SECURITY UNDER J. R. RANDERSON'S MORTGAGE.—The sum of £280 belonging to the trust was invested (with other trust funds, amounting in all to £932) with Mr. Randerson at 7 per cent. The mortgagee having made default in payment of interest, the security was offered for sale by auction on the 2nd February, 1889, but, as no satisfactory bid was obtained, it was bought in, and is now held on behalf of the trusts. It at present yields no income.

6880. Do you say in that statement the amount which that security was bought in for?—No

6881. Nor is there anything about there being a deficiency shown at that date in connection with that mortgage of £1,000, and a deficiency appearing of £788 9s. 9d. at that date?—No; there is no statement to that effect.

6882. Then, did you inform Miss M. E. Burnes?—Yes, on the 25th February, 1891, there is a statement of the securities in which her money was invested, showing that £250 of her money was invested in that mortgage.

6883. Is there anything in that statement pointing out at a date antecedent you had come to the conclusion there was a deficiency of £788 9s. 9d. in that mortgage?—No.

6884. Then, in point of fact, these three contributories—Kaihau, Burnes, and Cunningham—had no direct intimation that there was an absolute loss to come upon their estates?—No; because I do not admit the loss was absolute.

6885. There was no intimation to any of those three contributories that the security had been bought in for £225?—No; there was only an intimation that it had been bought in.

6886. But not that it had been bought in for £225?—No. I ought to state that on the 8th of February, 1890, there was another statement to Miss Burnes, and therein is a notification in these words:—

RANDERSON, J. R., AUCKLAND.—Mortgagor defaulted. Security bought in by Public Trustee. At present unproductive. £250.
8th February, 1890.

6887. Did you mention in that statement that the security had been bought in for £225?—I did not.

6888. You did not intimate to her or her two co-contributories that the security had been bought in for £225?—I did not.

6889. By which he or she might have seen there was every probability of a large loss?—It was not so stated, because I did not think, nor do I now believe, there will be a large loss.

6890. Will you tell the Commissioners what was done in the case of Worthington's trust, Masters's trust, children of Kemp, and children of Diamond?—A statement of account, dated 13th October, 1890, was sent to Mrs. Hardcastle, one of the beneficiaries in Smyth's mortgage. This note, signed by the Accountant, appears at the foot of the statement of accounts:—

THE mortgagor under Smyth's mortgage having made default in payment of interest, the security was offered for sale by auction, but, as a satisfactory bid was not obtained, it was bought in on behalf of the trusts interested therein. The Public Trustee is now endeavouring to lease the property, and hopes, when things improve in the colony, to be able to effect a sale without loss. Meanwhile interest ceases.
13th October, 1890 J. C. MOGINIE, Accountant.

6891. Did you tell Mrs. Hardcastle what the security was bought in for?—No; in reply to that statement of accounts, Mrs. Hardcastle says,—

DEAR SIR,— 126, Barbadoes Street, Christchurch, 21st October, 1890.
I acknowledge with thanks interest and statement. I regret Smyth's failure, but have no doubt the Public Trustee will do the best that can be done under the circumstances.
Yours, &c.,
The Public Trustee. E. HARDCASTLE.

6892. What did you do in Parsons's case?—There was nothing shown to the beneficiary, because she was in the lunatic asylum.

6893. Then, what did you do in Gibson's case?—I do not think there was any advice in that case.

6894. Was there anything sent to Admiral Field to tell him the actual state of the security on which you had lent £50 of his money?—On the 4th March, 1891, I wrote to Admiral Field as follows:—

MEMORANDUM from the PUBLIC TRUSTEE, Wellington, to Admiral FIELD, M.P., The Grove, Gosport, Hants, England. RE YOUR TRUST.—Your favour of the 2nd instant came duly to hand, and in reply to questions 1 and 2 contained therein, I enclose a memorandum by my office Solicitor, which I trust will enable you to carry out your wishes regarding your property here and in Australia. With regard to Smyth's mortgage, I have so far been unable to dispose of the security at anything like a satisfactory price. I am, however, in treaty for a sale, and hope ere long to inform you of its completion, although I shall be compelled to report a loss. The security under Blair's mortgage, £1,200, is considered unexceptional. The valuer employed by me to make the valuation reported as follows: "The section, a corner, is nearly, if not quite, the best in Gisborne; on it are built three sets of offices and a tobacconist's shop. I value the section and the buildings at £2,950." My agent at Gisborne reports that "this property is perhaps the best business site in Gisborne," and that "the security is ample." The Government valuation is £3,300. With reference to the rate of interest, I may mention that for some time past there has been a considerable downward tendency, and loans such as this can be obtained in the colony at present without the slightest difficulty. R. C. HAMERTON, Public Trustee.
4th March, 1891.

6895. Are you aware you sold Smyth's property for £225?—Yes.

6896. Are you aware that you bought that property in for £105?—Yes.

6897. Are you aware that you subsequently sold it absolutely for £225?—And on the 6th March the Auckland agent remits £225.

6898. Are the account sales there?—No; it was a private sale to Smyth's widow.

6899. Are you aware that that sale took place in September or October, 1890?—No.

6900. Then, how is it you came to journalise the entries and applied the loss to the different estates?—I cannot say why it was done.

6901. I want to know, Mr. Hamerton, why those several accounts were charged with the loss on the 22nd October, 1890?—I am unable to answer. I have not a good knowledge of the Accountant's branch of the office.

Mr. MOGINIE further examined.

6902. *The Chairman.*] I want to know, Mr. Moginie, what is your meaning of "journalising" a security"?—The word "journalising" simply means that the journal vouchers have been passed, but in the case which has been referred to it means that the mortgage has been discharged as an investment.

6903. And then, if there is any loss on any contributory estates, the loss is charged to those estates?—Only in their investment account. It would show in that account that so much had been lent to Smyth on mortgage. It would not touch the current account of the estate.

6904. The mortgage would stand as it was originally. You do not journalise until the security has been realised?—It is done after the first realisation in some cases.

6905. Then, why was it not done in Randerson's case?—I suppose it has been omitted.

6906. Then, Randerson's mortgage stands improperly in the balance-sheet?—Yes; it ought to have been written off.

6907. This estate of Smyth's was journalised on the 22nd October, 1890, and you then arrived at the fact that a deficiency of £130 16s. 8d. was apparent?—That was a deficiency arising on the sale.

6908. Do you know when the security was sold?—It was sold in April last.

Mr. R. C. Hamerton, Public Trustee, further examined.

6909. *The Chairman.*] Will you look and see what advice of their loss was sent to the Worthington's?—I do not see that there is any advice.

6910. Was there any advice sent to Mrs. Masters in Wasteney's mortgage?—Yes; I gave her verbal advice, and I think written advice also. On looking through the papers, I do not appear to have given her any advice in writing of the loss in Wasteney's mortgage.

6911. Has any advice been sent to the children of Kent?—I think I may answer No, because advice would not be sent to minors.

6912. Have they no guardians?—No; not that I am aware of.

6913. And Diamond's children?—The same reason would apply.

6914. Taking all the contributories in these cases, is it not a fact that no true advice has been given to any of them where the securities had been foreclosed and bought in? Is it not a fact that no true advice has been given to them of the amount for which the securities were bought in?—Advice has not been given of the amounts for which securities were bought in. That does not matter at all. Smyth's mortgage was bought in at £105. The mortgage was £325.

6915. Still, there was a loss of £100, *plus* legal charges and rate of interest. Has it not occurred to you that had the several beneficiaries been informed of the amount at which these securities had been bought in as the highest bid, it would have made them inclined to be very inquisitorial in reference to the future outcome of the security?—It did not occur to me in that light.

6916. Take Randerson's £1,000 mortgage, bought in for £225, the highest bid. It is over two years ago, and now the property is let and is bringing in no rental. Do you mean to tell me that if you were interested in that mortgage as a lender of money, and you were informed that was the state of the security of £1,000, you would not feel very uneasy about your principal money?—No doubt I should.

6917. But in no single instance have those interested been informed by the Trust Office of the amounts which the securities realised when they were bought in?—No.

6918. You heard the Accountant say just now that Randerson's mortgage had no right to be in the balance-sheet?—Yes.

6919. That it ought to have been journalised and transferred last year?—He said something to that effect.

6920. And those securities of Randerson's and Kinross's appear in the Special Investment Account in the balance-sheet of 31st December last?—Yes.

6921. So that taking the deficiency in both of these securities, amounting to some £1,400, that sum appears wrongly among the mortgages?—Well, it appears wrongly there, to an extent. There is no finality as regards Randerson's, because we have not sold all the security.

6922. But in any case it must be wrong in respect to Kinross's security, which has been dealt with absolutely?—Yes.

6923. You and your own agent, who is also Official Assignee, valued the security at the beginning of last year, and took it over at £250, and sold it for that, so that the loss was shown at that time?—Yes.

6924. And that security had therefore no right to be among those mortgages on the 31st December last?—No.

6925. On that 7th page of your balance-sheet on the 31st December last, that amount appears, including Kinross's mortgage and also Randerson's, under the heading mortgages £168,536 5s. 6d. There is written at the bottom of that balance-sheet—"Audited and found correct, James Edward FitzGerald, Auditor and Controller-General; R. C. Hamerton, Public Trustee; J. C. Moginie, Accountant.—Wellington, 7th April, 1891." Is that so?—Yes.

6926. That was and is an indication that the balance-sheet is *bonâ fide* one?—It is so.

6927. Do you remember the mortgage of H. T. R. Owen?—Yes, that came over with Shepherd's trust.

6928. Will you show me where you informed Shepherd's trust of the loss made on that? The mortgage is for £700, and it was foreclosed and bought in by you for £400?—On the 15th July, 1887, I wrote as follows:—

Memorandum from the Public Trustee, Wellington, to Messrs. Fell and Atkinson, Solicitors, Nelson.

Re W. L. Shepherd's Trust.—Through the death of the late Mr. H. T. R. Owen, and the non-payment of the interest due under his mortgage, I have been compelled to exercise the power of sale therein. The present value of the property as stated to me is so small that I would be glad if you would kindly forward me the valuations upon which the money was advanced, in order that I may compare the two.

15th July, 1887. R. C. Hamerton.

6929. Who are Fell and Atkinson?—They are solicitors and the agents of the former trustees at Nelson, and they invested the moneys in Shepherd's trust.

6930. Is the security in Nelson?—No, in the Wairarapa.

6931. What do Fell and Atkinson say?—They wrote as follows:—

DEAR SIR,— Nelson, New Zealand, 19th July, 1887.

H. T. R. Owen.—We are to-day in receipt of your letter of the 15th instant, and have searched amongst our old valuations without finding anything but a description of the place by Mr. Owen himself, and which is as follows: "There is a house, stabling, and other small buildings upon it. It is all well fenced and subdivided, chiefly post-and-rail fences in good preservation. It is some of the best reclaimed swamp and bush land in the district, well drained and perfectly clear of all stumps. It is on the main road between Carterton and Masterton, half a mile from railway station. About 50 acres is now in oats and grass. It adjoins the Taratahi Cheese and Butter Factory, and in all respects is a valuable little property. In round figures I purchased it for £1,400, but it has been valued by very able men in this part at £18 per acre. I was nearly forgetting to tell you that on it is a thriving going orchard of 7 acres, well fenced, with water running through, and I need scarcely tell you that every paddock is well watered but never flooded. These, I think, are all particulars concerning it, and if you will oblige me by an early answer I shall consider it a favour. I should probably require the money for five years. With kind regards."

Mr. Owen was personally known to our Mr. Fell, and no doubt reasonable credit was given to his own statement; but from our reply to him (copy enclosed), it is clear that we must have seen a Mr. Burrow and heard his report on the property, as indeed we remember was the case, but, unfortunately, have no note of what he said, nor can we now reproduce it, though we believed he valued the property at from £1,200 to £1,400, and we have not the slightest doubt his other statements were also quite satisfactory, as our next letter to Mr. Owen was sent on the 9th August with the deeds for signature, and on the 16th wrote again with draft for the full £700 without deducting our own charges, of which we merely sent a note, so that we must also have had confidence in his position and trustworthiness. We had the same opinion at that time of Mr. Burrow, which, we regret to say, has not been confirmed by our subsequent experience. The district has, we understand, fallen heavily in value of late years, as we ourselves have had sufficient experience, and we very much regret to learn that Shepherd's estate is likely also to be a sufferer.

Yours, &c.,

R. C. Hamerton, Esq., Public Trust Office, Wellington. FELL AND ATKINSON.

6932. Then the security was absolutely realised on the 8th of November, 1890, for £425? What advice have you sent to the beneficiaries of Shepherd's estate since that date?—Here is a statement of account, dated the 26th January, 1891, showing the gross proceeds of the sale to be £425; balance transferred to trust account, £356 4s. 10d.

6933. Did any letter or memorandum go with that in reference to the loss?—On the 7th January a letter—one of our printed memoranda—was addressed to Mrs. Jane Shepherd giving notice that a sum had been forwarded. That covered the statement of accounts I have just read.

6934. Now, is there anything in that statement of accounts to show Mrs. Shepherd that the whole security had been realised, and that the sum forwarded was the final payment?—I cannot say it is in so many words, although it can be gathered from the statement of accounts I read.

6935. Have you pointed out in any way that that was the balance coming from the sale of the security?—Yes, I wrote as follows:—

MEMORANDUM from the PUBLIC TRUSTEE, Wellington, to Messrs BLUNT and LAWFORD, 95, Gresham Street, London, E.C.

RE SHEPHERD'S TRUST.—It will be within your knowledge that the former trustee advanced to Mr. H. T. R. Owen the sum of £700 on mortgage, the security being Section 186, Taratahi (91 acres); and you have been informed by this office that, in consequence of the death of Mr. Owen and the non-payment of interest, the security was submitted for sale by public auction and bought in for this trust, no satisfactory bid having been made.

Knowing that the sum of £700 had been lent on the property, and being advised that the security did not warrant the advance of so large a sum, I addressed a note to Messrs. Fell and Atkinson as to the valuation, and now enclose copy of their reply.

I may inform you that, having decided to lease the property, my agent for the district advertised accordingly, and the only tender received was for one year at £20 per annum; nor does it appear probable that a better offer can be obtained.

Yours, &c.,

25th July, 1887. R. C. HAMERTON, Public Trustee.

6936. Show me how would Mrs. Shepherd know there was not some more money to receive from the security? There is nothing in those particulars to lead her to suppose that the whole security had been realised; in fact, she would be a very clever woman with great foresight if she did understand so?—She had notice of what Owen's mortgage consisted of.

6937. Did you send any definite and direct statement to her as to Shepherd's trust?—A statement of accounts was forwarded *re* H. T. R. Owen's mortgage.

6938. But you do not show what the loss is or what the arrears of interest were, and what was the expenditure incurred by auction and legal costs?—We do not show arrears of interest, but we do show the auctioneer's and legal costs.

6939. Now, is that statement a true statement, when it does not show the arrears of interest belonging to that mortgage security?—I think so, under the circumstances, because we had months before advised these solicitors there was going to be a loss on Owen's mortgage.

6940. Did that mortgage bear interest?—Yes.

6941. There are £28 arrears of interest when this statement is made up. Was it not your duty to show the arrears of interest?—I cannot see that it would have been of any use.

6942. But still, was the beneficiary not entitled to know the exact position of the mortgage she was interested in?—Certainly.

6943. Did she know the exact position of the mortgage, when the arrears of interest were left out in that statement you forwarded to her?—Yes; the statement only purports to show cash received and cash expended.

6944. But that is not a true statement for an office like the Public Trust having to send statements to clients intrusted with the business of other people, is it?—Under the circumstances, it appears to me that the statement is sufficient.

6945. Supposing you were in Mrs. Shepherd's place, and you were interested in an estate to the extent of £700 money lent on a mortgage, and Mrs. Shepherd happened to be the Public Trustee for the time being—and she might be capable—and she were to send you such a statement, only telling you that so much money had been paid in to your account, but not showing you the arrears of interest and all other matters of account in connection with the mortgage security. If Mrs. Shepherd had done all or only that for you would you have been satisfied?—Yes, if she had given me, as I have given those people, a statement of the loss that might be expected.

6946. Now, have you ever given an absolute statement of the real loss that might be expected in any of your statements in relation to any estate under your control, and have you shown in this case that the loss would be £329 6s. 2d.?—No, I have not.

6947. Have you not made a loss of £329 6s. 2d. in realising that estate?—Yes.

6948. Have you shown Mrs. Shepherd that?—I have shown her exactly what it produced.

6949. You have never yet shown her what the loss was?—Her agents would see at once.

6950. How?—Because we told them; and they knew that £700 had been invested, and they now see they get £356 back.

6951. But you do not make any clear statement of account to show that the loss on realisation, as it appears in your books, was £329 6s. 2d.?—No.

6952. You did not send her a proper account-current of that mortgage transaction?—I say we have sent her a sufficient account.

6953. Do you think it is a sufficient account where you leave out the arrears of interest?—I do, because they knew perfectly well that interest was not being obtained.

6954. Is it not necessary that you, as Public Trustee and custodian of that account, when rendering an account-current, should show what the arrears of interest were? Is it not necessary to send copies of the accounts as they appear in your books?—No doubt, it would have been better.

6955. Then, the statement of account shows: Dr. balance, £804 6s. 2d.; Cr., £475; deficiency, £329 6s. 2d., which balances the account; and a copy of your ledger amount is the account which ought to have been sent?—[No Answer.]

6956. Will you please send a telegram to your agent and ask him to reply and let you know what is the present value of Randerson's security, and the prospect of selling any portion or the whole of it? Will you ask him to wire you fully on the subject?—I will.

6957. Now, looking at a summary of the list of securities bought in and taken over, they amount to £15,104 10s. That is the amount originally lent; that is, exclusive of mortgage security in Palmerston North in the name of Linton. That mortgage stands in your books to-day owing over £10,000. I understand from you there is some hope of realising most of that?—Yes.

6958. You told us the other day that you thought the losses you had made in connection with mortgages—money lent from private estates—would be something like £1,500. That does not, of course, include Linton's mortgage?—No; I thought the total loss would be something like £1,500.

5959. Do you think it will not be more?—There are a great many of those that are mortgages from the General Account.

6960. They are all in and under the control of the Trust Office?—Yes.

6961. You think, then, that, exclusive of the Palmerston North mortgage, the loss will amount to about £1,500?—Yes; I am speaking from memory.

6962. Are you aware what amount of interest is in arrear on those mortgages? There is considerably over £1,500 of interest in arrear; there have also been legal expenses and auctioneers' charges incurred, amounting to £527 9s. 8d.; and the amount which those mortgages have been bought in for is within £1,500?—I do not regard that as any criterion at all.

6963. Still, the fact remains that the highest bid for those securities brought under £1,500. Do you regard the revenue from estates as nothing?—Yes, as something very unfortunate in those cases.

6964. Ought not the Auditor-General's Department to have known something about the arrears of interest?—The arrears of interest have accrued since the mortgages failed.

6965. Ought not the Auditor-General's Department—the Auditor-General, or his inspecting officer—to have known something about the large amount of interest in arrears on the securities held by the Public Trust Office? Are not the auditors of the Public Trust Office responsible, or ought they not to be responsible, for knowing something of the state of the securities held?—I think so.

6966. If they had known the state of the securities of the Public Trust Office, and really checked those securities in a proper manner, were they not bound to have discovered this large amount of interest in arrear?—Clearly so.

6967. Did they ever call your attention to it?—No.

6968. They have admitted that they knew nothing about it?—Not to me.

6969. If they had known anything about it, I presume they would have called your attention to it?—Yes, I think so.

6970. You have got a rent-collector here?—Yes.

6971. And he has been acting for the Public Trust Office for some years?—Ever since it was established.

6972. And he collects a good deal of money throughout the year?—Yes.

6973. Have you ever furnished him with a book or register for the purpose of keeping his accounts?—No, I have not. The Ledger-keepers have furnished him with information and extracts from their terriers from time to time, but we have never given him a set book that I am aware of.

6974, Mr. Williams, your collector, has been before the Commissioners, and he told us he was never asked to keep a cash-book; that he had never been furnished with a book of any kind by you, and that he was never asked to produce a book to you?—It is quite likely.

6975. Looking at the fact that he has a large sum of money passing through his hands during each year, would it not be better that the Public Trustee should insist on his keeping a cash-book?—He accounts very frequently, and the Ledger-keepers have a full check on his receipts.

6976. Do you not want him to show absolute records of when he calls at houses, the amount he pays in, and how far he collects the rent moneys?—So far as I know, that is done now. The Ledger-keepers will be able to show what the practice is.

6977. Is that not a very loose way of dealing with an important part of the business of the Public Trust Office?—I do not think it follows he does not keep a book. The documents produced are the only papers he has from the Public Trust Office.

6978. For the protection of the Public Trust Office, and for the satisfaction of Mr. Williams himself, would it not be a proper and business-like mode that he should keep a cash-book and bring it for the inspection of your officer at least weekly or monthly?—Yes; I think that would be better.

6979. You are aware that nothing of the kind has ever been done?—I am aware he has not kept a book furnished by the office, but I cannot give you particulars as to particular accounts. The ledger-keepers can give them.

6980. Do you remember the estate of Arthur Leckie, who was placed in one of the colonial asylums?—No; I recollect his brother speaking to me about it, but I do not think the estate has come into the office. We have not received any money or effects. I am speaking from memory.

6981. *Mr. Loughrey.*] Do you recollect a letter being written by a Mr. Carlile with reference to the management of Parminter's estate?—Yes; this is his letter:

SIR,— Woodville, 2nd June, 1889.

A case in connection with the management of the Public Trustee's Department has attracted some attention here lately, and it seems to me that it is of such a character that it urgently demands ventilation in the columns of the Press.

It will be in the remembrance of some of your readers that between two and three years ago a Mr. Parminter, a storekeeper and carrier here, was run over by his dray and killed almost instantaneously. His wife had died in child-birth shortly before. Two little boys were thus left fatherless and motherless, but, it was generally believed, well provided for. The deceased left a block of buildings in Vogel Street, which has within the last two years been sold for £950, and also, I understand, another property which has been sold for £160. His liabilities, secured and unsecured, I believe, did not exceed £500 altogether, so that he left about £600 clear to his family. In these circumstances you may imagine what was the astonishment of the ladies of the Benevolent Society the other day on receiving a communication from the department to the effect that the children's money was exhausted, and that unless something could be done by the society towards providing them with a home they would have to be sent to an industrial school. It is worth while to remark that no private trustee, acting with reasonable common sense, would have sold the Vogel Street buildings at all. They were bringing in a rental not far short of £100 per annum, and the annual interest payable in respect of the property was less than half that amount. I give the facts and figures as I have heard them, not professing that the latter are accurate to a shilling. Still, I believe they will be found not to be far out. A Parliamentary inquiry would bring out the precise truth, and possibly unearth other similar cases.

I have, &c.,

Public Trustee's Department. W. W. CARLILE.

6982. Do you know the date on which Parminter died?—On the 7th October, 1886.

6983. On what date did you take out administration?—On the 12th October, 1886.

6984. Did you, on the 11th October, receive a letter from Mr. Florance?—Yes, it is as follows:—

SIR,— Woodville, 11th October, 1886.

Re the Estate of J. Parminter, deceased.—I have the honour, by direction of Mr. Thomas Dwyer, a creditor in the above estate, to ask you to kindly inform him through me what your intentions are with regard to the administration of this estate. I forward to you by the same post a copy of the *Woodville Examiner* newspaper of the 10th September last, containing an account of the coroner's inquest.

After making inquiries from various sources, as to the most likely persons to administer the estate, I learnt that the deceased had a father and mother, and sister and brother, still alive in England, all of whom were in good circumstances. Acting in the capacity of a friend of the children of my deceased client, and with the consent of Mr. Dwyer, and Mr. J. J. Murphy of the Club Hotel, Woodville, an old friend of Parminter's, I telegraphed to catch the mail-boat at Auckland as follows:—

"Woodville.—Delayed.—Elizabeth Fry, Bodmin, Cornwall, England: Post per Frisco mail steamer, Auckland.—Communicate with next-of-kin of James Parminter, late of Woodville, Hawke's Bay, carrier, who died wholly intestate on the seventh September instant, leaving valuable property unadministered for benefit of only infant children—John and Walter Parminter—who are without legal guardian. Consult solicitor and inform me fully by notarial declaration what wish of next-of-kin is, and who, what, and where they are. Am sending newspaper account of inquest. Maternal grandfather resides here, and wants the guardianship. I am applying Supreme Court for direction.—R. STONE FLORANCE, Solicitor for Parminter.—11th September, 1886."

Besides this I sent several newspapers to the address of other relatives in England. So you see that an effort is being made to administer the estate through the next-of-kin. The children are still well cared for by Mrs. Fulford, the deceased's late housekeeper, and a widow of good, matronly, frugal, and industrious habits; but Drinkwater, the maternal grandfather, is likewise professing the best right to the guardianship of the children, and, being generally considered a most unfit person to fill that responsible position, is rendering himself very obnoxious to all concerned, "sponging" upon the estate in a most unwarrantable manner.

Dwyer had for some time previous to Parminter's decease carried on the business of a carrier in conjunction with Parminter, and had contracted to buy from him part of the carrying plant; a bailment was prepared which is now in my possession. I learn from Dwyer that he has paid more than the purchase-money for that plant, and is quite willing to purchase the balance of the plant if such would be for the benefit of the estate. He is of course anxious to have a release of the bailment, and a settlement of accounts between himself and the estate. The property of the deceased comprises, as far as I know, two valuable freeholds in Woodville, a leasehold, and some valuable personalty. The children would be amply provided for, in my opinion, if the estate were carefully managed.

I have tried to ascertain whether there were any matters requiring protection and immediate attention, but was met by Mr. Drinkwater with the news that you were in possession, and he would not allow any one to interfere in your absence. Athough I found this to be untrue, I did not care to make myself an executor *de sontort*, so withdrew. Trusting to receive your early reply, I have, &c.,

The Public Trustee, Wellington. R. STONE FLORANCE.

6985. Do you know Mr. Florance?—He is a solicitor in Woodville, and for some time he acted as my representative in Woodville in this estate.

6986. Is there a letter from your Napier agent on the 10th December?—Yes; it is as follows:—

MEMORANDUM from ROOPE BROOKING, Agent, Napier, 9th December, 1886.

RE ESTATE of JAMES PARMINTER, DECEASED.—I have the honour to report that my partner, Mr. St. Clair, has been up to Woodville and has gone thoroughly into all matters in connection with this estate, as he reports as follows:—

Book Debts.—Books kept fully gone through; very badly kept. List of debts enclosed, but the amounts are very doubtful. Have placed all book debts in the hands of collector at Woodville, with instructions to collect immediately, and without delay to force payment.

Bailment, Parminter to Dwyer.—Gone fully through this matter. Claim will be reduced about £50. Settlement in the matter awaits detailed account of ferry charges from the 1st April to the 30th June, 1886. Lowes (late proprietor of ferry) has sold out, so that he requires to be found to get information required.

Brake and Two Horses.—Tenders have been called for these effects, and tenders close on the 10th instant.

Claims.—All claims received (with exception of Dwyer's) have been sent forward. Several contra accounts. Given instructions to collector to get authority to deduct.

Rents.—All demands have been sent in. I enclose letter from Chapman for your consideration and instructions.
Children.—I think think the present method of maintenance is too expensive. I made inquiries and find it would cost a good deal less to place them with some responsible person who would look after them at a given sum per week. The leasehold could then be disposed of to advantage, and bring in weekly the amount (almost) of their maintenance.
Freehold.—Mr. De Castro has particulars of all properties, titles of which I searched while he was in Napier. Shall I obtain certified copies of Chapman's and Haggin's leases? I forward claim for expenses of Mr. St. Clair at Woodville.
Mrs. Fulford's Claim.—She states she has no voucher for payment of cash, 10s. I find, however, that she paid Mr. Hogg, chemist, 5s. for medicine, and the rest Mrs. Fulford says she paid for vegetables. I recommend that her claim be paid as soon as possible. I found Dwyer's claim a very complicated arrangement, but I think that when I show you the settlement you will be satisfied that everything has been inquired into.

6987. Does your agent not state that the return from the leasehold would be almost sufficient to maintain the children?—Yes.

6988. With whom were the children during all this time?—With Mrs. Fulford.

6989. Did you, on the 23rd December, 1886, receive a complaint from Mrs. Fulford, asking for money?—Yes.

6990. What was your reply to that letter?—There appears to be no reply to it. There is a note by the Ledger-keeper that there were no funds to pay Mrs. Fulford's claim.

6991. Was this three months after the death of Parminter?—Yes.

6992. On the 3rd July, 1887, did you receive a letter from Mr. Florance stating that relatives in England were desirous of having the children home?—Yes.

6993. What was Mrs. Fulford's complaint to you on the 9th July, 1887?—She complains that instead of receiving small sums from time to time she ought to have a settling up, and that she has only received £11 for the first nine months for the maintenance of two children. On the 6th May, 1887, Mrs. Fulford wrote as follows:—

DEAR SIR,— Woodville, 6th May, 1887.
In the Estate of Jas. Parminter.—Allow me to inform you that my credit is stopped in this place, Mr. Little demanding a settling up before he will advance any more goods on the account of the estate. As far as I can see it does not trouble the estate much whether the children are starving or not. I am in a very awkward predicament here, as I can get nothing without I pay for it, so the sooner you see into it the better for me and the children. Trusting you will let me know what to do as soon as possible. I remain, &c.,
R. C. Hamerton, Esq. F. J. FULFORD.

P.S.—One of the children has been laid up for the past fortnight with low fever. I have had to have the doctor three times to see him. He is now recovering slowly. The doctor having ordered him various strengthening food, and to obtain it without money would be a matter of impossibility. Hoping you will not fail to see to this.—I remain, &c., F.J.F.

6994. What was the reply to that letter?—I referred it to the Ledger-keeper on the 16th May, with the minute, "Send her £5 as soon as possible," and it was sent.

6995. Had you funds on the 16th May?—We must have had; otherwise the Ledger-keeper would not have minuted "Voucher prepared." There was £18 14s. 10d. then in hand.

6996. And, on the 16th July, 1887, was a further letter received?—Yes; on that date Mrs. Fulford wrote as follows:—

DEAR SIR.— Woodville, 16th July, 1891.
Having sent in my account to you and received no reply, I have to again take the trouble to write you a few lines informing you that I must have, as I have just received a letter this day demanding payment from one of my creditors or further proceedings will be taken. Now, dear Sir, I don't think it is genuine on the part of the estate to keep me without my wages as they have hitherto done, taking no more notice of my writing to you than if I had not done so at all. So I hope you will take into consideration that my wages is all I have to depend on, so by sending them I will be greatly obliged. Yours, &c.,
R. C. Hamerton, Esq. F. J. FULFORD.

6997. What was the reply to that letter?—The action taken was to petition the Court for maintenance.

6998. Was there any reply sent to Mrs. Fulford?—There was not, excepting that £5 was posted to her the next day.

6999. How much was there to the credit of the estate on that day?—On the 21st, I find there was £325 to credit.

7000. What was the position of Mrs. Fulford?—She had been Parminter's housekeeper, and was attending to his children after his death.

7001. Did she not belong to that class of women who would not be likely to have outside means?—Yes.

7002. And was it not necessary that she should be provided with funds, so that the children should be maintained?—No doubt.

7003. Are you surprised that people of the district, knowing that Parminter was in fair circumstances, were annoyed at the way the children were being neglected—were indignant that funds were not forthcoming for their proper maintenance?—I did not hear they were indignant.

7004. Have you not heard that the people of the district made any complaint at all?—Yes. What they said was that the estate should not have been sold, because there was sufficient of the estate sold. I deny that.

7005. In the papers connected with the estate is there any information to the effect that the grandfather and uncle were desirous of having the children sent home to them in England?—Yes, there is the following letter from Albert Gard, Devonport, England, 7th March, 1887:—

DEAR SIR,— The Register Offices, 19, St. Aubyn Street, Devonport, England, 7th March, 1887.
Pearse, alias *Parminter*, *deceased.*—Referring to your telegram and my reply under date of the 8th November last, enclosing statutory declaration, I have seen my clients, who are getting anxious about the children, and I shall be glad to know what (if any) steps have been taken for winding-up the estate, and sending the children Home.
Yours, &c.,
R. Stone Florance, Esq., Solicitor, Woodville, New Zealand. ALBERT GARD.

There is also the following letter from John Pearse :—

DEAR SIR,— Morice Town, Devonport, 14th March, 1887.

I have written you these few lines as I am waiting anxiously to hear from you on the behalf of my dear grandchildren. I should like to hear from you about my poor son's affairs. It was a great trial for me when I heard of his untimely death, and I shall feel thankful if you would drop me a few lines concerning my poor son's property; and as for the children, I should like them to be sent by the mail steamer in charge of the captain and the stewardess. I have sent you my son's last letters that I had from him since his wife's death that you can see for yourself we are the lawful father and mother. I shall thank you to send me back the letters when you have read them. I remain, &c.,

Please address: Mr. Pearse, 8, Herbert Place, Morice Town, Devonport. JOHN and SETH PEARSE.

7006. When did you obtain an order for the maintenance of the children?—On the 9th August, 1887. The following is an extract from the order :—

And it is further ordered that the Public Trustee shall be at liberty to and may expend out of the said estate of the said James Parminter, deceased, a sum of money not exceeding the sum of 15s. per week each for the maintenance of the said children as from the 1st day of August, 1887, until the same shall be exhausted or the further order of this Court. And it is further ordered that, in the event of the paternal grandfather of the said two children being desirous of receiving and keeping the said children, the Public Trustee shall be at liberty and is hereby authorised to pay their respective passages to England, and for their necessary outfits, out of the moneys of this estate at their respective credits. By the Court.

D. G. A. COOPER, Deputy-Registrar.

7007. Did Mrs. Fulford give up the maintenance of the children?—Yes.

7008. Who succeeded her?—I think it was her daughter—a Mrs. Thacker.

7009. Was she to receive £1 per week for their maintenance?—Yes.

7010. Did she receive her money regularly?—So far as I am aware she did.

7011. Look at her letter of the 4th February, 1889?—She wrote as follows :—

SIR,— Woodville, 4th February.

Will you kindly oblige me by forwarding the money due to me for the maintenance of John P. Walter Parminter at your earliest convenience. The amount due to me now is £9, having received no money since the 10th December, and one week back at that time. I should feel obliged if you forward the amount every four weeks, as agreed. And oblige, Yours, &c.,

Mr. Hamerton, Public Trustee. Mrs. THACKER.

7012. What was the reason of the long delay in forwarding Mrs. Thacker the maintenance-money?—There is a note here that it was on account of an entry in the Ledger-keeper's diary that the money was not paid.

7013. Why was that entry made?—I do not know.

7014. Do you know personally why the money was not forwarded to Mrs. Thacker?—No.

7015. Was any further money paid after that date for the maintenance of the children?—Yes; there was an amount paid on the 28th February; an amount on the 2nd April; and an amount on the 13th August. That appears to be the last.

7016. What became of the children then?—They were adopted by people in the district.

7017. Is it a fact that the people of the district presented a petition to Parliament concerning the management of this estate?—Yes.

7018. Did you reply to the petition?—Yes.

7019. Will you look at your letter?—It is as follows :—

SIR,— 10th August, 1889.

Petition re *Parminter's Estate*.—With reference to your letter of the 7th instant, asking for any report I may have to make on this subject, I beg to report as follows :—

Parminter died as alleged, in September, 1886, intestate, leaving two motherless children; and, as the petitioners allege, he owned freehold and house property valued at from £1,300 to £1,500. This property sold in usual course for £1,030 19s. 7d., out of which sum a mortgage debt of £500, amounting, with interest, to £552, was paid. It may be quite true, as alleged, "that a continuous rise in value was an absolute certainty;" but creditors pressed for payment of their claims, amounting to about £430, and the children had to be provided for, hence it was utterly out of my power to preserve the realty. It is alleged that deceased left effects to the value of about £300. These realised £161 0s. 10d. The bulk of the book-debts were irrecoverable, on account of the loose manner in which the books had been kept. The rent-roll amounted to £180 per annum, on the assumption that all the tenants remained in the houses let to them, which was not the case; but this is not of importance, as it would have been quite out of my power to have postponed the claims of the creditors for three or four years in order to pay them out of accrued rents, reduced, as must have been the case, by interest and the maintenance of the children. The allegation that several kind neighbours wished to adopt the children is inaccurate. It is also untrue that there are no articles reserved for the children.

I append summary of the account as it stands in the books of this office.

R. C. HAMERTON, Public Trustee.

The Chairman, Public Petitions Committee, Parliamentary Buildings.

7019A. Is it not a fact that at the time you penned that letter these very children were, with your knowledge, actually adopted, and an order signed for their adoption?—Yes; but I did not convey the idea to the Chairman of the Public Petitions Committee that the children were not adopted. I did not understand why a statement was made that several kind neighbours wished to adopt the children. I assume at this distance of time that that referred to the fact that several kind neighbours wished to adopt the children. As a matter of fact, two neighbours had adopted the children at the time I wrote that letter.

7020. *The Chairman.*] Why did you not point that out to the Chairman of the Parliamentary Committee?—It would have been better.

7021. *Mr. Loughrey.*] Do you not think that that letter would mislead the Parliamentary Committee? Would not the members of that Committee be under the impression, on reading that letter, that the children were not adopted at that time?—It might be read in that way.

7022. Would not your letter be likely to mislead the Committee?—I think, looking at it at this distance of time, it might mislead.

7023. Why did you not communicate with the grandfather and uncle before allowing these children to be adopted?—I do not know. There was some good reason, but I forget what it was.

7024. Do you know what the effect of adoption is?—Yes.

7025. What is it?—To make the children for all practical purposes the children of the adopters.

7026. Do you think, in the face of the letters from the grandfather and uncle, it was fair to them to take these children out of their control?—It depends entirely upon circumstances.

7027. I suppose you know that if the grandfather and uncle were now desirous of obtaining these children, they could assert no claim over them?—I am aware of that.

7028. *The Chairman.*] Then what you wrote for the information of the Chairman of the Public Petitions Committee was not a fact?—No, I do not think that at all.

7029. Now, was it not a fact that the children, with your knowledge, had been adopted?—Yes, adopted by two people.

7030. Do you still think your letter is a true statement of facts at that time?—It depends entirely upon the meaning to be given to "several."

7031. You did not tell the Committee that the children had been actually adopted?—I was before them in person, but I cannot say whether I told them or not.

7032. They had been actually adopted at the time you wrote that letter?—Yes.

7033. And there was nothing in that letter telling the Committee the children had been adopted?—No.

7034. What were the articles retained out of their father's estate for these children?—I could not say without reference downstairs.

7035. What were the costs of your department in realising those children's estate?—£82 6s. 4d., viz., commission, £70 18s. 10d.; obtaining orders of Supreme Court and legal opinions, £6 5s.; postages and telegrams, £5 2s. 6d. When it is considered that there were 42 claimants, and three dividends paid to each, and a large correspondence with the agent and others, the charge for postage is undercharged.

7036. Then you charged £82 6s. 4d. to realise an estate of how much?—£1,331.

FRIDAY, 15TH MAY, 1891.

Mr. WILSON, Public Trust Office Solicitor, further examined.

7037. *The Chairman.*] Mr. Wilson, is this your opinion, side by side with Messrs. Buckley, Stafford, and Co.'s, with reference to investments by contributory mortgages:—

Reply to Reference on 91/813.

WITHOUT saying one word against the annexed opinion, and assuming its intrinsic truth and value, yet it does not cover the whole ground. It assumes that trust moneys have been invested in mortgages when the trusts did not allow such a mode. I am not aware of any such instance, and I think I may assume there are no such cases; but I have not positive knowledge. And it assumes conflict of interests between divers trust estates. I am not aware this is so in fact, and when the allocated portion of any one trust has been needed, except in the rare cases (if any) where the security is in default, the money has been directly found by journal entry transferring the amount to some other trust. And always the fact of money being contributed to any loan is communicated on the first rendering of accounts thereafter; as thus, he is told—£10 has been invested as part of a mortgage for £100 to——.

These prefatory remarks supply omissions in the opinion. The position has grown out of a new departure taken by the passing of "The Public Trust Office Act. 1872." No similar state of facts could have previously existed, nor are there analogous institutions elswhere (except possibly in South Australia), so that precedents are wanting. Private trustees are doubtless open to the remarks (quoted) of the Judge in Webb *v.* Jonas. Trust companies are private institutions, and their internal workings are known only to a few. They are not liable, as here, to everything being made public, and therefore what their practices are or may be is known only to the initiated.

The system pursued in the Public Trust Office has been carried on for years, and has undoubtedly in the highest degree been beneficial.

1. It is at most a technical breach of the law in so far as it is not a malpractice, but at most an error.
2. It enables loans in considerable sums to be made which otherwise could not have been lent at all.
3. It enables small margins to be closely invested at higher rates than would be otherwise procurable.
4. It enables payment to be made when required of the capital sum without reference to the due payment of the security itself.
5. It enlarges very markedly the pecuniary benefit of the office.
6. The office is required by law to find £5 per cent. compound interest on divers moneys in its keeping, and £4 per cent. compound on other moneys, and with the falling rates of interest this is not only becoming more difficult, but by restricting the scope of investment it would soon prevent the interest being made.
7. Were borrowers to find that in all but a few cases their applications were fruitless—which they would be by keeping the funds in separate accounts for investment purposes—they would, except in desperate cases, soon cease to apply for loans.
8. It must not be assumed that the Government will always have so large an amount of deficiency bills floating as there have been, nor that £5 per cent. interest will continue to be paid, all which would increase the difficulty of profitably investing.
9. The more the office is hampered the greater the premium to private competing corporations.
10. It enables mortgages under wills and administrations to be realised by transfer for distributive purposes.
11. It enables sums to be divided, so that if there were even a loss it would be split up, and as a consequence not near so serious to any one trust.
12. Although moneys may (when not prohibited) be placed in fixed deposit receipts, yet banks have been known to refuse this class of deposit when asked to receive same on usual terms as to interest.
13. If balances could be or were in fixed deposit receipts they would not be usable for mortgage investments, not being available when needed.

There may be other reasons, but none I can hurriedly think of. I had already verbally told the Public Trustee he should report the position to the Hon. the Treasurer, and the custom should be legalised by statute, with proper restrictions and providing for transfers, &c. I have looked at the question referred as an officer of the department, having more or less of legal knowledge, and for the benefit of the office and those who are beneficiaries—not in an abstract legal point of view, as the office solicitors were bound to do, but as a matter requiring a proper channel provided for its run, and as arising out of a new and original state of facts.

14th May, 1891. F. J. WILSON.

Witness: No; it is merely comments.

7038. Comments on what?—It is treating it as an officer of the Trust Office, as I have said at the conclusion.

7039. Well, was this after reading the opinion given by Messrs. Buckley and Co. on the subject?—Yes.

7040. Was that opinion referred to you by the Public Trustee?—Yes, in a way; but he said that you also requested it.

7041. It wanted no request from me. How could the Public Trustee have made such a statement, when you were enabled to see the memorandum made by himself, and which was before you when it was brought to you? Has it not been referred to you by the Public Trustee?—Yes.

7042. And what did he refer it to you for?—Just what I have said.

7043. Merely to make comments upon it? The Public Trustee seems to have referred this opinion of Buckley and Co. to you with the following memorandum: "For Mr. Wilson's perusal and remarks. Is it desirable to point out to the Hon. the Colonial Treasurer that it will be impossible to invest the funds of trust estates upon mortgage if, in accordance with this opinion, the funds of two estates cannot be invested in the same mortgage—R. C. H., 13/5/91"?—I answered only on those lines.

7044. Then, this is not a legal opinion of yours?—No; it is treating it as an officer to whom it is referred.

7045. May I ask you, then, why you are Solicitor to the Trust Office?—Well, as I said on a previous occasion, although I am so named, yet my work is to assist in the office; and, practically, I do the work which a deputy would do if the law allowed it. I am a sort of general referree, a utility man.

7046. Are you or are you not in the office to give a legal opinion when it is required?—Yes; and if I think it is too grave a question I say it is more for barristers to consider.

7047. Do you consider it too grave a question to give an opinion on a subject on which Messrs. Buckley and Co. had given an opinion?—I would require to go to the library and spend considerable time in looking up the matter.

7048. Then, are the Commissioners to understand that this written and apparent opinion by you is not an opinion at all?—No; I never put it forth as an opinion.

7049. Then, this long memorandum of comments signed by you, and attached to Mr. Hamerton's memorandum, is not an opinion, but merely a pleasant sort of commentary on Buckley and Co.'s opinion?—No; it is comments on the lines of the memorandum of reference.

7050. Then, what is the worth of it for the guidance of the Public Trustee?—I must leave that for him to say.

7051. Did you make these comments entirely of your own free-will and accord?—Yes.

7052. Without any consultation with any one?—Yes; there is no one to consult with.

7053. Did you not consult with the Public Trustee on the subject?—No.

7054. Then, I ask you again, am I to regard these comments of yours in reference to Messrs. Buckley and Co.'s opinion as any opinion whatever from yourself?—It is in no sense written, nor does it infer to be a legal opinion.

7055. You do not intend it to convey any legal opinion?—No.

7056. Have you ever volunteered a legal opinion to Mr. Hamerton on the subject of investments by contributory mortgages?—Speaking from memory, I should say, No. It was done long before I came into the office, and, so far as I can say, I never had my attention called to it. I knew it was done, but, not having my attention called to it, I did not think of it in any way.

7057. Did you not know it was done?—Yes.

7058. Did it never occur to you that it was either irregular or illegal?—It appears to me as being an exceedingly prudent thing.

7059. I do not want to know your opinion on what might be prudent. There are many things that might be prudent, if they were allowed. Did it ever occur to you that the system that was being pursued in regard to contributory mortgages was an irregular and improper form of doing business? Did, in other words, it ever occur to you to consider whether it was legal?—I dare say not.

7060. You enter the minutes of the securities, do you not?—No; I prepare the Board paper, and I keep the Board minutes, nothing more.

7061. That is what I mean. You prepare the minute-book that is placed before the Board of Directors?—The Office Board it is called, not a Board of management or directors.

7062. Then, you prepare that minute-book?—I do all the agenda work.

7063. The book is written up by you?—Yes.

7064. Do you ever enter in that minute-book the particulars of any contributory mortgage?—No. A contributory mortgage is not known at the time to the Board, so far as I know. I am not present at their meetings, and I do not know what is known to them.

7065. But you write up the minutes?—But I do not know what passes.

7066. Do you not read the minutes that you write?—I have the minute-paper given to me, and I copy it.

7067. Are you, then, not conversant with what has taken place?—The same way as I shall know what has taken place in this room when I have read the papers afterwards.

7068. Is not that a way of mastering the facts to which they relate by writing in the minute-book?—No; because there is such a lot of things that go on verbally.

7069. Mr. Wilson, I wish to confine you to the minute-book?—It speaks for itself. It is a bald outline.

7070. Therefore, it will not be difficult for you to remember a bald outline, since you have for a long time followed it up?—Since I have been here. It is part of my official duties.

7071. And therefore you must be familiar with what the minute-book contains; is that not so?—Naturally.

7072. I ask you, then, are there any particulars in reference to these contributory mortgages put into the minute-book?—I do not know how to answer. A lawyer never answers about writings when writings are forthcoming. The minute-book is open to your inspection on demand for its production.

7073. It is easy to answer. Either they are in the minute-book or they are not?—There is nothing in the minute-book except this: "*Re* A. B. Application for £——: Resolved that same be granted for —— years at —— per cent." Nothing more.

7079. No; there is not even a description of the security that is put before the Board?—No.

7080. Nor where the security is situated?—No.

7081. Then, after a loan for a certain sum has been granted by the Board, and a cheque drawn on the Public Trustee's Account in payment of the amount of loan agreed to, the contributory system is introduced afterwards?—I do not know that.

7082. That is a matter of intricate book-keeping of which you do not know?—I really do not know as a fact. I know many things in a cloudy way, but I do not know that as a fact.

7083. Then, do you know anything in a cloudy way about the Public Trust Office business?—Yes; but I do not know of the time and mode of allocation of the money.

7084. Is it not your duty, as staff officer Solicitor, when you see any part of the business clouded in a way, to try and have it made clear?—I do not think so.

7085. Not even if it is a matter hinging upon what is legal or illegal?—I have occasionally, when a thing has come under my direct notice, and I have known it to be wrong, called attention to it, and it has been altered. For instance, soon after I came I found that administration moneys were paid out to the next-of-kin, as I thought, dangerously soon, and I called attention to it. The objection made was that it injured the utility of the office, as people were always complaining of delays. I said we were dealing with strangers—with everything unknown to us; that we could not know the probabilities; and that it was not safe to distribute under the twelve months. That, I believe, was referred to the Attorney-General at the time, and he agreed with me, and the system was to a large extent altered. I know myself that in some cases there is no doubt the money may be paid away quick, but in many cases it is not safe. That came under my direct notice. I dare say there are half a dozen others; but my position in the office is a perfectly undefined one, and I do not know it myself—not as to power and authority, and rights and privileges.

7086. Then, what I understand you to say is, that since you came into the office, instead of showing a way to prevent delay, you have shown a mode of providing for greater delay?—Yes; but Mr. Loughrey can understand what I mean.

7087. I quite understand what you mean, Mr. Wilson. You say your position in the Public Trust Office is quite undefined?—I am a general-utility man, and anything I am asked to aid and assist in I do, no matter whether it is legal or general. I am there, and I aid and assist all the clerks.

7088. Then, as a solicitor of the Supreme Court of New Zealand, are you content to remain in the position of a general-utility man in the service of the Public Trust Office?—I have said in my report you asked for what my duties are and what suggestions I had to make, and that I thought that if I were incorporated into the office in a more definite way I would be of greater use.

Mr. R. C. Hamerton, Public Trustee, further examined.

7089. *The Chairman.*] Touching the question about obtaining an opinion from Sir Robert Stout on the question of contributory mortgages, the Commissioners require to know if you have obtained that opinion yet?—The following is a minute which I have written to the Colonial Treasurer on the subject of getting an opinion from Sir Robert Stout on the points upon which an opinion has been obtained from Messrs. Buckley, Stafford, and Co.:—

The Hon. the Colonial Treasurer.

A question having arisen before the Commissioners as to the power of the Public Trustee to invest moneys upon contributory mortgages, I deemed it my duty to obtain the opinion of my advisers, Messrs. Buckley, Stafford, and Treadwell, which, with the remarks of the office Solicitor, were placed before the Commissioners. By letter of to-day's date they desire me to obtain the opinion of Sir Robert Stout on the point referred to, and also upon another point relating to the duties of the Audit Department. I can, of course, have no objection, but it appears to me that I should obtain your sanction to the expenditure, which I now ask for.

15th May, 1891. R. C. Hamerton.

7090. Have you always been in the habit of obtaining the sanction of the Colonial Treasurer to any expenditure you might wish to incur in connection with the business of the Public Trust Office?—To any abnormal expense.

7091. Then, you would call this an abnormal expense?—Yes. He is the only officer under the Public Trust Office Act of 1872 who has a right to direct as to the Expenses Account.

7092. Then, have you sent this memorandum of yours to the Colonial Treasurer away?—Yes.

7093. Was it not incurring an expense in obtaining an opinion from Messrs. Buckley and Stafford? and why did you not write a memorandum to the Colonial Treasurer before incurring that expense?—Because, being the first opinion, I did not think it necessary.

7094. Then for a second legal opinion you thought that you were bound to refer to the Colonial Treasurer?—I think it is better I should do so.

7095. Have you never taken more than one legal opinion on any matter before since you have been Public Trustee?—I cannot call to mind. It is very likely I have. In estates I may have taken half a dozen opinions, but these would be paid for by the estates.

7096. Poor estates! and in your opinion, then, that would alter the complexion of the matter?—Yes, because the Colonial Treasurer has no right to interfere with the funds of an estate, but he has with the Expenses Account.

7097. Yes, it appears he has, for he has taken £18,000 from your supposed profits?—By law.

7098. And he has taken an enormous number of unclaimed balances besides?—By law.

7099. *Mr. Loughrey.*] Resuming our inquiry into Parminter's estate, in your letter to the Public Petitions Committee you state that the rent-roll was £180 per annum?—Yes.

7100. For how long did you receive rent at that rate?—I could not possibly say without I went through the ledger account. I could not tell without the assistance of the Ledger-keeper.

[Mr. Ronaldson, Ledger-keeper, was admitted to the room to assist the Public Trustee in explaining the accounts in Parminter's estate.]

7101. The Commissioners want to know, Mr. Hamerton, how long you received the rental of £180 per annum from Parminter's estate?—We received £162 per annum on properties which were sold on the 14th June, 1887; and then there were two cottage-properties left after that date, which were sold on the 24th July, 1889—two years later. One was let at 3s. a week, and the other at 7s. a week, to casual tenants.

Mr. Ronaldson, Ledger-keeper, further examined.

7102. *The Chairman.*] Mr. Ronaldson, did you make out this return of postages?—Yes.

7103. Will you be good enough to make out another return showing how those postages are made up?—I do not think there are any particulars in the office other than the ledger.

7104. Very well, how do you arrive at this large charge for postages?—We first arrive at them according to the bulk of the correspondence.

7105. Are you aware how much you have charged in postages to this little estate?—Yes, I looked at it last night.

7106. How much is it?—£5 2s. 6d.

7107. Do you know that that amount would cover the postages of over six hundred letters?—I dare say it would. I had not charge of the estate at all. So far as my memory serves me, Parminter's books and bulky things were sent up and down.

7108. It is a very serious thing to find in a small estate that comes into the Public Trust Office, which is supposed to manage business in the most economical way—for the head of the department has tried to show us his desire to be economical—I say it is a serious thing to find charges made for postages so considerable, and therefore it is desirable that you should make out a list giving the particulars of those postages. I therefore want you to take this statement to the Accountant, and tell him the Commissioners require a list of those postages charged to this little estate, and show how they are made up. If he is unable to do that, perhaps he will be good enough to send a memorandum to the Commissioners to that effect?—Very well.

Mr. R. C. Hamerton, Public Trustee, further examined.

7109. *Mr. Loughrey.*] Mr. Hamerton, I want to know from you what were the effects in Parminter's estate which were reserved for the children?—Silver watch and steel chain, silver brooch, two gold rings, one musical album, one Bible, two photographs in frame.

7110. So that out of this estate the children have only left these few articles you mention?—Yes; but I wish to say that you were asking me last night as to my action in not sending the children home to their grandparents in England. I think the papers will show that on the 25th March Mr. Florance, who had been instructed in the matter by these grandparents in England, wrote to the English relatives for information requisite for making application to the Court for the removal of the infants. That information was written for after Mr. Florance had consulted Messrs. Buckley, Stafford, and Barton, as to making an application. Their letter is on record, which shows that they could not make the application unless they obtained further information. That information was written for by Mr. Florance on the 25th March, 1887, but to this day there has been no response.

7111. Was Mr. Florance afterwards your agent?—He was.

7112. Do you recollect the order of the Court that you obtained concerning those children?—Yes.

7113. And do you recollect that part of the order which gave you power to send them to England?—No. I had power on certain conditions, but those conditions were never fulfilled. [Order of Court, dated 9th August, 1887, five months after Mr. Florance's letter to the grandparents in England, shown to witness. Extract from order again read conferring power on Public Trustee to send the children to England.] But the paternal grandfather never took any further action.

7114. *The Chairman.*] Did he not write to somebody, so that you were communicated with?—Not after the letter of the 25th March.

7115. I ask you, did the grandfather write?—Yes.

7116. To whom?—To Mr. Florance.

7117. And the grandfather's letter was forwarded to you?—A copy of it.

7118. *Mr. Loughrey.*] In the face of this order of the Court, do you not think it would have been proper for you as Public Trustee to communicate with the grandfather?—I do not think so, seeing there was a solicitor in communication with him. I do not see the necessity of duplicating energy in that direction. If there was a solicitor employed, that solicitor is as much able to do his duty as half a dozen to do the same.

7119. *The Chairman.*] You must remember, Mr. Hamerton, that the estate was in your hands, and the copy of the grandfather's letter was sent to you to be of use to you as Public Trustee, and also to be of use in the interests of the poor infant children?—And action was being taken by another person, who was my agent.

7120. Now, after receiving the letter of the grandfather, did you ever trouble yourself to write and tell him the real state of affairs in connection with his late son?—No, I did not, because Mr. Florance, who was on the spot where the deceased lived, had done so, and it must be recollected that the children had to be kept. I had to maintain them, and as time wore on there was less and less money which could be devoted to sending these children Home.

7121. But when you had the power given you by the Court to send the children Home, why did you not send them to England, where they would have been well cared for?—The grandfather never applied.

7122. But was it necessary that he should make application direct to you when you already had a copy of his letter expressing his desire to have his grandchildren? Did you want him to repeat that request? You calmly talk about duplicating opinions, and that sort of stuff. Ought it not to have been unnecessary to ask him again, or that he should have to repeat his request?—The Commissioners do not appear to understand the action that was taken. Mr. Florance wrote to the English relatives, giving them the circumstances of Parminter's death. The English relatives wrote out saying they should like to have the children.

7123. And that information was forwarded to you?—Yes; through Mr. Florance. Mr. Florance has been the principal in the matter with Messrs. Buckley, Stafford, and Barton, conferring with them as to getting the order of Court necessary to send those children home. His town agents wrote back to say they required further information, because the Court would not grant the order under the circumstances unless it was perfectly satisfied there were means in the hands of the English relatives to keep them. Mr. Florance then wrote to them asking for that information, and he never got a reply.

7124. *Mr. Loughrey.*] And on the 9th August, 1887, you obtained the necessary order from the Court?—Yes.

7125. At that date, what amount of funds had you at the credit of Parminter's estate?—£359.

7126. And, notwithstanding the order of Court, and notwithstanding you had sufficient funds in hand, you never communicated with their relatives?—I did not, because Mr. Florance had communicated with them.

7127. *The Chairman.*] And, pray, what had he to do with the matter? After sending the grandfather's letter to you, you had the estate in your hands as Public Trustee—as representative of the Colony, as curator of that estate—and you had funds in hand. What right, therefore, had you to trouble Mr. Florance or anybody else, and to incur expense outside your office?—I was waiting for an answer from the paternal grandfather.

7128. What other answer did you want? You had his express wish before you that he wanted his grandchildren. You had the money in hand to send his little grandchildren to him, and the order of Court giving you authority to do so; but instead of that you must go in a roundabout way to Mr. Florance, and allow the matter to sleep until the whole estate has dwindled away and become lost to the children?—It has not dwindled away. It was paid out properly, in the maintenance of the children and payment of creditors.

7129. Why, here is an instance in which no less a sum than £5 odd are charged for postages, and I undertake to say the true postages did not amount to 10s.?—I entirely differ.

7130. Very well, then, will you take your time and show the Commissioners whether the true postages are much more than 10s.?—There were 141 letters received from the agent, 173 posted by the office to the agent, and 222 letters with cheques to claimants: in all 536 letters at 2d.—£4 9s. 4d. There were also 49 telegrams, which were at 6d. each—£1 4s. 6d., or a total of £5 13s. 10d.; this does not include the correspondence from the agent, hence the postage is greatly undercharged.

7131. *Mr. Loughrey.*] What has been the result to these children? They would more than probably have had a comfortable home with their grandfather and uncle in England, and some money would have been saved for them out of the estate. What have they come to?—They are being provided for.

7132. I cannot possibly see from the papers that they have been adopted by respectable people. What is your opinion as to the position of an adopted child? I ask you now, as a common-sense man, is an adopted child not looked upon as a pauper—as somebody being provided for by foster-parents out of funds that ought to go towards the maintenance of their own children?—I should say not.

7133. Do you consider that an adopted child would hold exactly the same position in its new home as one of the family would?—I do think so. I have known several cases where adopted children have been brought up with the greatest possible tenderness.

7134. *The Chairman.*] And do you not know of many cases where adopted children have got very much the worst of it?—I cannot call to mind.

7135. *Mr. Loughrey.*] What was the consideration paid for each child?—Mr. Meredith adopted one of the children. He was to have the assignment of a lease in their estate, which was worth £50, and it was assigned to him for £25.

7136. So that he received a consideration of £25 for adopting this child?—Assuming that the lease could be sold for £50, which I very much doubt.

7137. Is that the lease which your agent, in one of his early letters, states that, if properly managed, it would provide maintenance for the children?—Yes; but the values in Woodville were fictitious, and absolutely erroneous, as the sequel proved. Every care was taken in the realisation of the property, but we could not get the amount at which the properties were valued. That occurs so often in the ordinary transactions of life that it appears to me to be excessively hard that the Public Trustee should be blamed because property depreciates in value.

7138. *The Chairman.*] There was some personalty in Parminter's estate?—Yes.

7139. Was any of it ever sent to the children?—No; it is in the Trust Office now.

7140. Why was it not sent?—Because the children are so young.

7141. Have you not given the children away?—They are adopted.

7142. Very well; should their foster-parents not be entitled by law to receive that, and be the custodians of that personalty?—Yes.

7143. Is there any reason why it should have been allowed to remain in the hands of the Rev. Mr. De Castro, your chief clerk and custodian of jewelery, all this time?—The reason, as I have already stated, is that the children were deemed too young, and the guardians did not apply for these things; but I believe they are aware these things are in the office for the children.

7144. And you are aware of this: that once those children were adopted they became the children of their foster-parents, who were as much entitled to the custody of their personalty as if they had been their natural parents; and yet nothing has been done to hand this personalty over to the foster-parents for the children?—Not so far.

7145. And an estate which came into your hands worth over £1,300 has disappeared within three years, leaving a balance in your hands for the children's benefit of £7 6s. 1d.?—I submit that is a most unfair way of stating it. The fact is, there was a mortgage of over £500; there were debts of £300 and something: and how can it be said the estate has dwindled away? The estate has paid its proper debts, the same as every estate must.

7146. Has that estate ever once been credited with interest earned by the credit balance that remained for months and months in your books?—I cannot say.

7147. And yet, when it has not been credited with interest, do you mean to say the estate has not been allowed to dwindle away? I maintain it has?—It is a difference of opinion.

7148. It may be so. What have you done with the £7 6s. 1d.? Have the foster-parents been advised of the balance in your books? or have they had any statement of account sent to them?—No.

7149. Nor has the grandfather, if entitled to it?—The grandfather cannot be entitled to it. The children must be, and they will have it as soon as they are of age to receive it.

7150. I take it that the foster-parents are entitled to claim it now?—Why do they not claim it?

7151. Is it not your duty to point it out. What is the Public Trustee for—to sit in his office until everybody calls to see him to inquire about business placed in tha Public Trust Office?—It entirely depends on circumstances.

7152. It has largely depended on circumstances with your mode of conducting business, so far as I can see, and it seems a very sorry end to an estate that might have been made something of?—If there had been no debts to pay, there would have been something made of it.

7153. *Mr. Loughrey.*] Do you recollect the estate of George Shaw, a lunatic?—No, I cannot call it to mind.

7154. Will you just look through the papers and see if you can give the Commissioners a history of that case?—It is quite impossible, on the spur of the moment. The idea of expecting me to go through, at this moment, a pile of these papers is most inconsiderate.

7155. Will you then please read the letter of Mr. Batkin to the Public Trustee, dated 7th October, 1889?—It is as follows:—

The Public Trustee.

In answer to the suggestion that the Lunacy Department has its remedy against the administrator in this estate, it is pointed out that by the deed of the 12th August last, attached to papers, the administrator has been released from liability to the department. This, however, does not relieve the Public Trustee from the obligation imposed on him by section 275 of "The Lunacy Act, 1882." That obligation he has apparently neglected to fulfil. It rests with the Public Trustee to make good the sum due for maintenance, and unless that is done it will be my duty to surcharge him with the amount, in terms of section 8 of "The Public Revenues Act Amendment Act, 1882."

7th October, 1889. C. T. Batkin, Assistant Controller and Auditor.

7156. Who was Mr. Batkin?—He was the Assistant Controller and Auditor.

7157. Does that letter now bring the estate to your recollection?—Not altogether.

7158. And notwithstanding that the Audit Department made a serious charge against you, you do not recollect it?—I shall recollect it as soon as I have looked at the papers. It appears to be a case where some realty might have been sold. The lunatic died, and the realty, of course, passed to his legal representative.

7159. I think we shall have to postpone the further consideration of this case until this afternoon; and, in the meantime, you might look up the history of it, and then let us have a history from yourself of the affairs of that estate. Very well, I shall look through the papers in the meantime.

7160. *The Chairman.*] Mr. Hamerton, the Commissioners require the attendance of your Christchurch agent, Mr. Hamilton. Will you be good enough to send an officer down by the steamer leaving to-day to relieve him, so that Mr. Hamilton may leave Christchurch on Saturday night, and give his evidence on Monday morning, in order that he might return by Monday afternoon's steamer?—Do you want Mr. Hamilton to come up?

7161. Yes; and you will please instruct him accordingly?—Then, I will make the necessary arrangements.

Mr. Josephus Hargreaves Richardson examined.

7162. *The Chairman.*] You are the Commissioner of the Government Life Insurance Department, Mr. Richardson?—I am.

7163. And you are also a member of the Board of Directors of the Public Trust Office?—Not Board of Directors, exactly. I am one of the members of the Board *ex officio*.

7164. The Board holds its meetings weekly?—Yes.

7165. Do you attend the Board meetings pretty regularly?—Pretty regularly. I am only a new member of the Board.

7166. Have you observed how applications for loans come before the Board?—The application for any particular loan is minuted simply for a particular loan.

7167. Are there any particulars of the nature of the security stated in the minutes?—No. There is a simple record of the transaction, showing that the loan has been granted, and the necessary particulars to identify the application.

7168. Supposing an application for £1,000 came before the Board, and the loan was granted, would you and the other members of the Board have any knowledge, after that loan was granted, that the amount of the loan was taken from several estates?—No; I do not think so. We would simply know that the loan had been granted.

7169. In order to make myself perfectly clear to you, I may tell you that a practice has obtained in the Public Trust Office of this kind: The Public Trustee has placed securities before his Board for certain fixed sums, which have been granted by the Board, and the mortgage has been drawn out to the Public Trustee; but subsequently to that he has looked through his different estates and taken moneys from several estates, according to his inclination of investing from different estates, and by that means he has recouped his general account. Now, would the Board have any knowledge of that?—You mean, if the Board had granted a loan out of general account and then refunded the amount out of different estates?

7170. Yes; would the Board have any knowledge of that?—I do not think so, unless the thing was brought specially under the Board's attention.

7171. I do not notice anything on the minutes after a loan has been granted?—I do not think it is the function of the Board to follow the loan afterwards.

7172. Then, it is not part of the Board's business, after approving a security and granting a loan, to follow the disposition of that loan?—I do not think so. Of course, I am only a new member of the Board; but I should not think it would be their duty.

7173. Nor have they anything to do with the values of the securities fluctuating—that is, rising or falling afterwards?—No; I take it the function of the Board is to say whether the loan is to be granted on the evidence placed before it. I take it the Public Trustee would select a valuer, and on that valuation it would rest with the Board to say whether the loan should be granted or not. The loan might come out of some particular estate, where it would not be limited to half the value, or it might be an ordinary loan, where the valuation would have to be double the amount of the loan granted.

7174. But the principle of contributory mortgages has never been brought before the Board for consideration?—Not that I remember.

7175. Supposing that the Public Trustee had to foreclose on any of his existing securities, would that come before the Board?—I should think that if he actually sold the property, then that would come before the Board merely for execution of the conveyance or transfer to the purchaser.

7176. Then, if a property was bought in by the Public Trustee?—I should not necessarily know if it was bought in; but if it was sold to an outside person, I should think that should come before the Board for the purpose already mentioned.

7177. Supposing on certain securities there were arrears of interest, would that fact come before the Board?—No. I have never known a case of that kind.

7178. You know, I presume, what arrears of interest mean?—Yes.

7179. It means that a security or securities are getting sick, does it not?—Yes.

7180. Supposing the Public Trustee had to realise any securities by auction and the Public Trustee was the highest bidder, would that come before the Board?—Not necessarily.

7181. Now, Mr. Richardson, you have had a considerable amount of experience, no doubt, in connection with the lending of moneys and dealing with securities?—Yes.

7182. If you had the management of a security on which you had lent £1,000, and you found it necessary to foreclose on that security, and at auction you had bought it in as the highest bidder for £225, would you feel justified in continuing that security in your balance-sheet as representing £1,000?—No, I should not.

7183. Then, what would you consider to be the right course?—Before I made the balance-sheet up I should consider it my duty to have the security valued by a competent valuer, and on that value I would make up the balance-sheet.

Mr. R. C. Hamerton, Public Trustee, further examined.

7184. *The Chairman.*] Mr. Hamerton, before you go into these other matters, the secretary has informed me that you wish to explain an answer of yours in connection with the auditing of the Christchurch agency: Do so, by all means, I shall be glad to hear anything that you may have to say?—The questions were upon the necessity of having the accounts audited when the change of agency took place at Christchurch, and one question was, whether I was aware the audit had been made. I answered No. I called for the auditor's report half an hour ago, and I find it has been done.

7185. Then, I would like to ask you a question with regard to the memorandum which you sent to the Colonial Treasurer to-day in reference to the Commissioners' expressed wish that you should obtain an opinion from Sir Robert Stout on two questions affecting the conduct of your business. You go on to say to the Colonial Treasurer: "A question having arisen before the Commissioners as to the power of the Public Trustee to advance moneys upon contributory mortgages, I deemed it my duty to obtain the opinion of my advisers, Messrs. Buckley, Stafford, and Treadwell, which, with the remarks of the office Solicitor, were placed before the Commissioners." You have stated that you deemed it your duty to obtain the opinion of your advisers?—Yes.

7186. Pray, who instructed you to obtain that opinion?—The Commissioners expressed their wish that I should get an opinion.

7187. Then, it appears, from your memorandum, that you did not state all of the facts to the Colonial Treasurer?—I did not communicate to the Colonial Treasurer that the Commissioners had first moved in the matter.

7188. Then, you did not deem it your duty to obtain a legal opinion on so important a point until the Commissioners asked you to do so?—That is so. I will at once put it right, if you wish it.

7189. It is not of the slightest consequence. The Commissioners can take care of themselves; but it is just as well to have these matters appearing in their true light.

7190. *Mr. Loughrey.*] You took down George Shaw's papers to look through?—Yes.

7191. Have you looked through them?—Yes, I have; but my time has been taken up telegraphing to Christchurch, and giving instructions, and I have only partially looked over them.

7192. What I want is to get, if possible, from you the history of the management of that estate by the Public Trust Office?—I think I can give you the history, because I see I made a *précis* of all the communications received at the time. I was in conflict with the Audit Department.

7193. Would the fact of your having been in conflict with the Audit Department have a tendency to refresh your memory?—It would.

7194. I do not want to interfere with your way of telling the story, but I want to get the history of the conduct of the estate by the Trust Office since it came into your hands?—Well, at once I must state it is impossible for me to give a history of what took place before my appointment.

7195. Did you not read the papers in reference to estates you found in the Trust Office when you first came into it?—I think I have already stated that when I assumed the office I was also Secretary for Stamps, and the head of the financial branch of the Land Transfer Office.

7196. Then, have you no knowledge of the management of the estate previous to your becoming Public Trustee?—Except what I have taken out as a *précis* from the papers I found, and that was only recently.

7197. When did this estate come into the office?—On the 20th July, 1874. That is the date on which the first letter was received.

7198. Is that about the date when Shaw was admitted into the Sunnyside Asylum?—No; it has no reference whatever to the date of his committal.

7199. Would he be in the Lunatic Asylum at the date of that first letter, in 1874?—Yes.

7200. Was this lunatic possessed of property at the time he was committed?—Yes; the property consisted, so far as the office was then informed, of 28 perches of land, with two three-roomed cottages. Nothing further appears to have been received until June, 1877, three years afterwards. The agent reported as follows:—

SIR,— Christchurch, 16th June, 1877.

In reply to your letter dated 9th ultimo (394/77), I have the honour to inform you that, of the persons named therein, John Mitchell has not been a patient in Sunnyside Asylum. Herewith I hand you the dates of committal of the other persons named, who are still patients, with small chances of recovery. With the exception of George Shaw, no maintenance-money whatever has been paid. The rates of maintenance for lunatic patients vary from 7s. 6d. to £1 5s. a week, according to their circumstances, 15s. being an ordinary rate. George Shaw's estate here consists of small household property, the maintenance of which has hitherto absorbed the bulk of the rents, which are extremely difficult to collect, and I am of opinion that the property had better be sold. Paget has been absent from Christchurch, and I have not yet collected the account rendered—viz., £4—Mrs. Paget having now been released.

I have, &c.,

The Public Trustee, Wellington. ALEX. LEAN.

7201. What is the meaning of "With the exception of George Shaw, no maintenance-money has been paid"?—I see, on reference to a Christchurch file, relating to other lunatics, that, with the exception of George Shaw, no maintenance-money whatever has been paid. I take it that he must have paid maintenance-money in the estate of Shaw.

7202. Do you know how much money was paid altogether by your office on account of George Shaw to the Lunatic Asylum?—I cannot say without referring to the Accountant. That would not be shown on the papers.

7203. What is the date of Shaw's death?—On or about the 9th of August, 1888.

7204. And did you then receive any further intimation after his death concerning his estate?—The agent reported that he had left a section of 10 acres of land on Ferry Road, worth £200 per acre.

7205. Was that the first knowledge that your office had of the man having been possessed of this property?—Yes.

7206. So that, from the date of his entering the Asylum as a lunatic until his death, this property had not been utilised in any way?—Not by the department, because it was in ignorance of its existence; and, seeing that agents are paid by results, it is reasonable to suppose that the agent would have made diligent inquiry for property. It was evidently an oversight by the Christchurch agent.

7207. Did the Asylum authorities, on discovering that the lunatic had died possessed of considerable property, take any action to recover the amount for maintenance?—I believe they did.

7208. What was the amount which the Asylum authorities thought they were entitled to?—£735 6s. 4d. is in a minute by Mr. Batkin, but whether that represents the whole debt in the estate I am not aware.

7209. What proceedings did the Asylum authorities institute to obtain that amount?—I believe it was by action against the administrator.

7210. Did the administrator, when this action was about being instituted against him, call upon you for an account?—Yes, I believe he did. I see that the Inspector of Hospitals and Asylums sent in to me requesting payment of £132 7s. 2d.

7211. When Shaw died, how much money had your department belonging to his estate, exclusive of the section of 10 acres valued at £200 an acre?—We had £136 19s. 2d.

7212. And how much had you expended for the maintenance of the lunatic?—On the 19th January, 1884, the Sunnyside Asylum authorities were paid £30; on the 2nd August, 1886, £31 4s.; and on December, 1887, £46 19s. 6d.

7213. Then, were the payments to the Asylum in arrear at the date of Shaw's death?—Yes.

7214. Why had they not been paid, considering you had over £100 in hand?—I cannot say. My instruction to the Ledger-keepers has always been to pay where there was a possibility of paying.

7215. In this case there was every facility for paying, but the possibility proved doubtful?—Yes.

7216. Do not your ledgers show that?—Yes. Before the last payment of maintenance there was £199 10s. to the credit of the estate.

7217. What was the result of the action brought by the Lunatic Asylum authorities against the administrator?—It was compromised, I believe.

7218. Was not your solicitor, Mr. J. C. Martin, acting for you in this matter?—I do not think I was interested in the case.

7219. Then, read Mr. Martin's letter of the 15th June, 1889?—That letter is as follows:—

Crown Solicitor's Office, Christchurch, 15th June, 1889.

MEMORANDUM for the MEDICAL SUPERINTENDENT, Sunnyside.

QUEEN *v.* Smith, executor of George Shaw, a lunatic: As you are aware, this case stood over to enable accounts to be adjusted between Shaw's administrator and the Public Trustee, and an offer to be made to settle the matter. I wrote to Mr. Joynt, the defendant's solicitor, asking him if the accounts were yet settled, and giving him notice that I should bring the case on for trial at the sittings of the Supreme Court commencing next month. Yesterday I saw him, and from accounts which he showed me, and the originals of which are in the Supreme Court, it appears that maintenance was paid to the Provincial Government to June, 1873, and accepted by that Government at 12s. per week. Under these circumstances, I do not think a jury would allow more than 12s. per week for maintenance for the remainder of the period Shaw was in the Asylum; so that the most the Crown would obtain would be maintenance from June, 1873, to August, 1888, at 12s. per week, amounting to about £470, against which sum, however, £109 2s. 6d. has been paid by the Public Trustee. No accounts have been received by Mr. Joynt from the Public Trustee for the period between June, 1873, and January, 1881, although he has applied for them more than once. Are you in a position to prove that nothing was paid for maintenance during this period? Mr. Joynt informs me that he is in a position to prove that the accounts he has received from the Public Trustee are erroneous, and do not give credit for all that has been received by him or his agents, and that there has been great negligence in the management of the estate. Under these circumstances, I have not entered the action for trial, as it seems to me extremely doubtful, unless the Crown has evidence as to really what has been received, as to what the result of an action might be. Mr. Joynt formerly offered to settle the matter by paying the Crown the amount in the Public Trustee's hands; and if this could be renewed, and, in addition, a release given to the Public Trustee, it would be worth serious consideration. I should be glad if you would instruct me as to what your wishes are in the matter.

JAMES C. MARTIN, Crown Solicitor.

This letter was addressed to the Medical Superintendent of the Sunnyside Asylum.

7220. And he it was who was bringing the action?—Yes.

7221. *The Chairman.*] How did the letter come into your possession?—By minute from the Inspector of Asylums, who wrote, "I enclose these papers for your information," &c. Then I see the minute from myself, "May I make this file a record of this office?" and he says, "Certainly." That accounts for this letter coming into my hands.

7222. And afterwards did you receive the letter from Mr. Batkin which was read?—Yes.

7223. And what was the purport of that letter?—Saying that steps be taken to make good to the Asylum vote the amount lost.

7224. Did you receive a further communication from Mr. Batkin?—Yes. On receiving that of the 26th September, 1889, I wrote to Mr. Batkin as follows, on the 30th September, 1889:—

Mr. Batkin.

I DO not quite grasp the request made to make good a certain loss to the Lunacy Department. Kindly explain.

30th September, 1889. R. C. HAMERTON.

On the 2nd October, 1889, Mr. Batkin replies,—

The Public Trustee.

THE position is this: that a sum of £735 6s. 4d. is due to the colony for the maintenance of the lunatic. That the estate of the lunatic under the management of the Public Trustee was amply sufficient to provide for this liability. That the property of the estate, instead of being applied to the discharge of the debt to the Crown, has been abandoned. That the debt must in some way be made good. That it appears to devolve on the Public Trustee to take such steps as may be necessary to effect that object.

C. T. BATKIN, Assistant Controller and Auditor.

I replied on the 3rd October,—

Mr. Batkin.

I AM unable to agree with you that the Public Trustee has any duty herein. The lunatic's death released his estate from the administration of the Public Trustee. If the Lunacy Department has any legal claim on the estate it has its remedy against the administrator. Death does not bar the claim, but it puts an end to the Public Trustee's interference.

3rd October, 1889. R. C. HAMERTON.

On the 7th October, Mr. Batkin writes,—

The Public Trustee.

ESTATE of George Shaw, lunatic, deceased: In answer to the suggestion that the Lunacy Department has its remedy against the administrator in this estate, it is pointed out that by the deed of the 12th August last, attached to the papers, the administrator has been released from liability to the department. This, however, does not relieve the Public Trustee from the obligation imposed on him by section 275 of "The Lunacy, Act, 1882." That obligation he has apparently neglected to fulfil. It rests with the Public Trustee to make good the sum due for maintenance, and unless that is done it will be my duty to surcharge him with the amount, in terms of section 8 of "The Public Revenues Act Amendment Act, 1882."

7th October, 1889. C. T. BATKIN, Assistant Controller and Auditor.

On the 23rd October, 1889, Mr. Batkin wrote,—

The Public Trustee.

ESTATE of George Shaw, lunatic, deceased: The attention of the Public Trustee is called to the Audit memorandum, No. 227, of the 7th instant, on the subject of the maintenance-moneys payable to the Consolidated Fund in this estate, with the request that he will be good enough to state what steps have been or are being taken for the recovery of the amount.

23rd October, 1889. C. T. BATKIN, Assistant Controller and Auditor.

Then, I wrote a memorandum to the Assistant Controller and Auditor,—

MEMORANDUM from the PUBLIC TRUST OFFICE to the ASSISTANT CONTROLLER AND AUDITOR.

GEORGE SHAW (L.), deceased: With reference to your memorandum, No. 235, of 23rd instant, I have to inform you that I am advised that no successful steps can be taken for the recovery of any amount which may be due for the maintenance of this deceased lunatic.

It is within the knowledge of the Audit Department that the Government has released the administrator, Mr. Lewis Smith, from all claims whatever on account of maintenance, hence the estate is no longer liable, nor is the administrator personally. This release was granted without any reference to me. I was not consulted as to its terms or wording; and I submit that it is not reasonable to hold that any action at law to recover maintenance could be instituted successfully in view of the release alluded to.

I entirely disagree with the allegation contained in your memorandum of the 17th instant, viz.: "This, however, does not relieve the Public Trustee from the obligation imposed on him by section 275 of 'The Lunacy Act, 1882.'

That obligation he has apparently neglected to fulfil." With respect to the latter portion, I assert that I have carried out to the letter the obligation to collect and pay into the Consolidated Fund all moneys of the estate of this lunatic on account of his maintenance, and I absolutely deny any neglect.

What are the facts? The first intimation of this estate on the file is from the Heathcote Road Board, dated 20th July, 1874 (the duty of the Public Trustee in Lunacy commenced in September, 1873, and deceased was committed to the Asylum in 1869), claiming rates on 28 perches of land with two three-roomed cottages thereon. The next is from the local agent, in June, 1877, reporting that the *estate* consisted of a small leasehold property, the maintenance of which had theretofore absorbed the bulk of the rents, which had been extremely difficult to collect.

In January, 1880, the agent reiterates that the property consists of two cottages, and reports dilapidation; the arrangement with Mackeig to manage; ejection tenants, and recovery of some arrears of rent; the arrangement with a builder to repair houses and fences, cost to be paid out of accruing rents; retention of rents by Mackeig until builder's claim paid; existence of a small balance in his hands for insurances; encloses Mackeig's accounts, and advises sale of the property should "things revive" in Christchurch.

All this occurred before I was connected with the office. I cannot therefore claim any credit, or be responsible for the system of management then in vogue.

In due course an order for the sale of the estate before referred to—the only estate that had been reported to the office—was obtained from the Supreme Court, and late in 1886 the property was sold for £200, on terms. The balance of purchase-money was received in October, 1887, and the residue of the estate has been paid into Consolidated Fund.

On the 16th August, 1888, the then newly appointed agents of the office at Christchurch—Messrs. Acland and Barns—reported the death of the lunatic; understood that he left a section of land on Ferry Road—10 acres, worth £200 per acre—and promised inquiry. *This is the first intimation of this property received by this office.* The agent was thereupon requested to furnish the usual general report and affidavit of death, which, however, when received was informal, and considerable delay occurred in the endeavour to obtain one which should be satisfactory to a Judge.

On the 3rd October, 1888, I received notice from Mr. Joynt, of Christchurch, that he was about to apply for Letters of Administration in favour of a nephew of deceased, intimating that he gave the notice in order that no steps might be taken on the part of the Public Trustee to obtain administration.

From the date of the death it is clear that there was no lunatic's estate to administer. Hence I never had the opportunity of realising the 10 acres, of the existence of which I was unaware until after the death. Neither the Lunacy Department or my Christchurch agent could have been aware of this asset, otherwise they would have disclosed it, as it was obviously to the interest of both these officers that it should have been brought into the market.

Your memorandum, secondly, above quoted, proceeds: "It rests with the Public Trustee to make good the sum due for maintenance, and, unless that is done, it will be my duty to surcharge him with the amount, in terms of section 8 of 'The Public Revenues Act Amendment Act, 1882,'" a section which treats of wilfully or negligently failing to collect, &c. The foregoing statement shows that this section cannot reasonably be applied to me or my administration of this estate. I decline, therefore, to make good any sum whatever of the maintenance moneys referred to, and I most strongly protest against and disclaim the imputations conveyed in your communications above referred to.

30th October, 1889. R. C. Hamerton, Public Trustee.

The 275th section of the Lunatics Act is as follows:—

The Public Trustee shall diligently collect, and shall from time to time pay into the Consolidated Fund, to form part of the revenue of the colony, all moneys of the estate of any lunatic in any asylum or hospital that may be payable to the colony on account of his or her maintenance, or on account of expenses incurred, or otherwise under this Act, or under any order of the Supreme Court, or the regulations herein mentioned.

7225. The Act says "diligently collect," does it not?—Yes.

7226. Has your department diligently collected everything in the shape of assets in this estate?—So far as its information permitted.

7227. Was not the fact that this man died possessing 10 acres of land discovered by your own agent after his death?—Yes.

7228. Have you no knowledge why it was not discovered before?—I have no knowledge other than that the agents in Christchurch had not obtained the knowledge. From Wellington I have to depend entirely on the agents.

7229. Have you heard anything from the administrator, Mr. L. Smith, as to your management of that estate?—I have not.

7230. Will you tell the Commissioners what is the usual practice with regard to the management of lunatics' estates, as hitherto conducted by your office?—First of all, the agent sends a report that he has obtained possibly a small balance sent to him from the Lunacy Department on the admission of the patient. He reports what property he has heard of, and, if such is the case, he will make further inquiry, and ascertain any further property. A lapse of time is then allowed—three, four, five, or six months—in order to see whether the patient recovers. At the end of that time, or possibly three or four months, we ask for an affidavit of lunacy and a medical certificate as to the patient's likelihood to recover, and, having obtained that, if the medical opinion is in the direction that the patient will not recover for a long time, say twelve months, an order is then applied for to the Supreme Court asking for directions to sell or to lease, as in the opinion of the Trustee the case requires. On the order being granted, the sale usually takes place, but not always, because I have delayed sales even then if there is any chance of the patient recovering.

7231. Are the personal effects sold?—As a rule.

7232. In the case of a lunatic having a wife and family, what do you do?—We have applied in such cases for a portion of the estate to be handed to the wife. In their cases I have ever moved the Court in that direction.

7233. I am asking what the Public Trust Office does?—I cannot say it is the invariable course; it depends so much on the estate and the circumstances.

7234. Take the case of a farmer with a little live stock and other small chattel effects, and having a wife and family: would you sell his stock?—I cannot call such a case to mind.

7235. What would you do?—Perhaps I had better look up cases and see what has been done. I do not like to answer offhand.

7236. We do not want to take you by surprise, so you can look up cases for to-morrow. In some cases we have noticed that the personal effects have been sold. Have you within your recollection instances in which lunatics have recovered their reason and senses and come out again?—Yes.

7237. Have you ever had complaints made to the Public Trust Office by those men that their effects have been sold?—It is quite likely.

7238. Would you be astonished that men sent out as cured have through disappointment had a relapse and gone back again to an asylum?—Yes.

7239. Would it not be likely to cause a relapse to a man to discover that all his goods had been sold, and were gone, so far as he was concerned?—I think so; but I should like to say, in that connection, that where the law requires them to be sold, and the Judge's order has been issued, it appears to me I am sufficiently protected.

7240. Do you think you are compelled to do this—that you have no discretion?—I think I am right in stating that the Lunacy and Audit Departments hold that I have no discretion. I do not myself go so far as that.

7241. Take the case of a man going in to an asylum and having property to the value of £150, and remaining sufficiently long in the asylum to exhaust that in maintenance, do you give him any money when he leaves the asylum, supposing that he recovers?—Whatever balance there is he gets.

7242. Supposing there is no balance?—Then he gets nothing.

7243. Then, you leave him penniless and helpless?—There is no authority for me to give him anything.

7244. Would not such a state of things as that have a tendency to drive a man back to the asylum?—Yes, but the law will not allow anything. It appears to me the Public Trustee is being treated very severely indeed for things he can not possibly help. In Arthur Leckie's case, I was asked to give some information as to this estate. I find we have a balance to credit of £4 6s. 11d., which was received from the Asylum, and a Post Office Savings-bank book showing a credit balance of £5.

7245. Have you any effects in the shape of jewellery belonging to Leckie?—No; nothing but what I have mentioned.

7246. Again, in reference to George Shaw's estate, the land that was valued at £2,000 fetched how much?—I do not know.

7247. Has it been sold?—I do not know. I was not the administrator.

7248. There is a credit paid in by Acland, Barns, and Co. in October, 1887. There is a credit voucher remitted by Acland, Barns, and Co. for £150?—That would be the two cottages on the 28 perches of land.

7249. You think so?—I am quite sure of it, because Shaw did not die until late in 1888.

7250. *Mr. Loughrey.*] What were the costs for effecting the sale of the cottages?—There were no account sales. It was a private sale, recommended by the agents and agreed to by the Public Trustee. The two cottages on the 28 perches of land realised £200—£50 was received on deposit, and £150 afterwards.

7251. Then, did the balance that was transferred, of £136 19s. 2d., on August 25th, 1888, go to satisfy the claim of the asylum?—Yes.

7252. Have you the papers in the estate of Samuel Young?—Yes.

7253. Do you know the history of those estates?—I have casually glanced at it, and it appears to me the history is this. The particulars are roughly these: that Samuel Young died of typhoid fever in his cottage in Majoribanks Street, Wellington, in March, 1876. He was also possessed of some mortgage property—some money which he had lent on mortgage. The department has recovered the amount of the mortgage after a very large amount of trouble, and the realty now exists as it was. Application was made in my predecessor's time by two gentlemen named Lockett, who claimed the estate, and I was looking for the reply of my predecessor.

7254. Whom did the two gentlemen named Lockett represent themselves to be?—W. W. Lockett as a nephew, and F. J. Lockett as a nephew of the deceased. It is evident from one of the Lockett's replies that he was asked to forward the usual proofs of kinship, for he says, in a letter dated 7th February, 1877,—

SIR,— 26, Meredith Street, Clerkenwell, London, England, 7th February, 1877.

I beg to acknowledge the receipt of your communication dated 21st October, 1876. In accordance to your desire, I beg to say I shall be fully prepared to furnish all the necessary information by the time I put my claim in for the property left by my uncle, Samuel Lockett, *alias* Young. With many thanks for your polite attention.

I am, &c.,

J. Woodward, Esq., Public Trust Office, Wellington, New Zealand. WILLIAM WHYATT LOCKETT.

And since that date there has been no application from these gentlemen.

7255. Has your office made any effort at all to communicate further with those gentlemen?—No; none.

7256. In the meantime, what has become of the property?—It is paid into Consolidated Fund.

7257. How long did you retain it?—It must have been for six years, according to law.

7258. Was it carrying interest for those years?—Yes.

7259. Was the interest paid into Consolidated Fund?—It was not. My predecessor's practice, until it was stopped by the Audit, was to pay the whole estate into Consolidated Fund, less the interest which had been added.

7260. And what became of the interest?—It went into the Interest Account or Profit and Loss Account; and a course of that kind I do not look upon as anything to the detriment of the estate, because if the estate is claimed by persons rightly entitled to it, they will not only get the money paid into the Consolidated Fund, but the interest which is credited to our Interest Account. So, if these gentlemen, having had notice, as they had, to furnish proofs of kinship, do so, the whole of that estate will be paid to them, notwithstanding it has gone to the accounts I have mentioned.

7261. Do your records show that these two Mr. Locketts have been communicated with in any way by the Public Trust Office?—Is there any copy of a letter from your department to them?—Mr. Woodward wrote to them. There is no doubt communication was made by my predecessor.

7262. What has become of the realty?—It is in Majoribanks Street, lying there for the next-of-kin. It has been kept in order. I have had to pay for keeping it in repairs; and it is there for them when they ask for it.

7263. *The Chairman.*] For how many years has this estate been under your control, apart from the time it was under your predecessor?—Since July, 1880.

7264. And you disposed of the balance on the 31st December, 1888?—Yes; that is right.

7265. You disposed of the balance at the credit of Samuel Young in your ledger on the 31st December, 1888, by transferring £718 18s. 10d. to Consolidated Fund?—Yes.

7266. And by transferring back to your Interest Account £288 2s., which the account had earned up to that date?—Yes.

7267. Well, if the Consolidated Fund was entitled to receive the balance of Young's account, was it not equally entitled to receive the interest that balance had earned in your books?—That has been so decided since. My predecessor carried on the practice for many years, and I carried on the practice, and did not transfer the interest to the Consolidated Fund; but the present practice is that everything is transferred.

7268. Surely it does not want much common-sense to judge of the proper usage in a matter of that kind to know that the interest absolutely belongs to the principal which earned it. Therefore, if the Consolidated Fund was entitled to the principal, it was clearly entitled to the interest?—Yes.

7269. Did you, during the ten years you have had this balance staring you in the face, communicate with either of those gentlemen named Lockett?—No.

7270. Was it not the duty of the Public Trust Office to have communicated with them during the last ten years, or to furnish them with a statement of account?—No.

7271. Do they not claim to be nephews?—Yes.

7272. Why were they not written to during the last ten years, and informed that a large balance remained in the ledgers of the Public Trust Office?—Well, the natural assumption in such a case is that the relatives having been communicated with, cannot prove kinship.

7273. Where is the notice they had, even before ten years? You admit that they have had no notice during the last ten years?—That is so.

7274. Then, let me see the notice they had given them before 1880?—This is the first letter, addressed to W. W. Lockett, Clerkenwell, London, and dated the 26th October, 1876:—

SIR,— Public Trust Office, Wellington, 21st October, 1876.

Re estate of Samuel Young, deceased: I have the honour to acknowledge the receipt of your letter, presumably numbered and dated as per margin (No. 1026/76, 30th August), and beg to say in reply that I do not know the deceased by any other name than that given above, and that it will devolve on you to prove that his name was Lockett. Assuming that you are able to establish the change of name, I enclose a statement of the proofs you will require to furnish; but I must decline to do more than to say that there is considerable property, as, supposing the name of the deceased to be Lockett, I am aware of others who will claim to participate in the funds of the estate.

I have, &c.,

Mr. W. W. Lockett, Clerkenwell, London. J. WOODWARD, Public Trustee.

7274A. That is signed by J. Woodward?—Yes. By one of the Lockett's the Trust Office was informed that the late Samuel Young drew a pension regularly in Wellington under the name of Lockett.

7275. Well, now, did you, as Public Trustee, or did the Chief Clerk of the Public Trust Office, in any way inquire from the proper quarter whether that was a fact that the late Samuel Young drew pensions under the name of Samuel Lockett?—I have no doubt inquiries were made, but there is nothing on the records to show that Mr. Woodward did so.

7276. Since 1880 you have had the Public Trust Office in your charge. Have you ever made any inquiry during the last eleven years?—I have not. I was expecting, naturally I had reason to expect, they would have sent proofs of kinship if they were able to do so.

7277. Would it not have been prudent, before parting with so a large a sum of money to the Consolidated Fund, to have made that inquiry?—No; because I never had the smallest difficulty in getting sums returned from the Consolidated Fund.

7278. But meanwhile you, as Public Trustee, "bagged" nearly £300 of interest belonging to the estate?—Which would be returned, of course.

7279. But that sum is not bearing interest now?—No.

7280. Even if the amount that went to the Consolidated Fund comes back if asked for, your interest has gone in another direction, and is not non-bearing interest. Do you not think it is rather a wholesale way of the colony taking possession of what does not belong to it? Do you not think that a very wholesale system has obtained in the colony through your office of appropriating large sums of money belonging to estates of deceased persons?—In one view of the cases it might be considered so, but there never has been the slightest demur on the part of the Treasury to hand out any moneys asked for.

7281. That may be, but how are the next-of-kin—these two Messrs. Locketts, each living in a different part of the world—ever to know that this money is still unclaimed lying in your books, unless some steps are taken by the Public Trust Office to advertise it or make it known to them?—There is a difficulty there, I see.

7282. When it goes into the Consolidated Fund it goes into the colonial financial receptacle, not a trace of it about, and how are those to whom it belongs to discover it unless the Trust Office hangs up a sign in some way?—I see your point at once; but in this case, you see, it cannot be said that the office has endeavoured to hide anything, because there have been communications with no less than two, at any rate, of the supposed family, and if they had furnished proofs, as the papers showed they intended to do, there would have been no difficulty whatever.

7283. I do not wish to apply anything harsh to the practice, but in my humble opinion it is clearly a wrongdoing. If the Consolidated Fund is entitled to it—and I do not think it is entitled to it—but if it is entitled to it, it is a wrongdoing to the estate that is still left in the hands of the Public Trustee to administer?—I have explained the practice that obtained during the time of my predecessor and for some time since I have held the office; but the practice has been altered, and now both interest and principal are paid into the Consolidated Fund.

SATURDAY, 16TH MAY, 1891.

Mr. MOGINIE further examined.

7284. *The Chairman.*] Do you remember, Mr. Moginie, a statement being sent to you in connection with Parminter's account, in which the Commissioners requested to be furnished with a list of postages?—Yes. I have not the papers or ledgers to enable me to go through; but from the Assets and Claims book, I find there were 104 claims. Forty-two of them had dividends, and the postage on which amounted to £3.

7285. Is it not the case that the office is relieved by the Government from paying postage?—We pay £150 per annum in a lump sum.

7286. Do you pay it half-yearly?—Yes.

7287. When did you make the last payment?—On the 31st March last.

7288. You then paid £75?—Yes.

7289. And then everything you have goes free?—Inside the colony, except telegrams. We pay for telegrams. All postages go free.

7290. How long is it since you commenced to pay the Post Office £150 a year?—We first paid £100. I cannot say from memory the exact date, but it is some years ago.

Mr. R. C. HAMERTON, Public Trustee, further examined.

7291. *The Chairman.*] Mr. Hamerton, have you heard from Auckland concerning Randerson's mortgage?—I received the following telegram from the agent there:—

Public Trustee, Wellington.

RANDERSON'S Mortgage: Present auction, value about £70 per acre as a whole. Much more obtainable selling in lots when demand improves. Think could sell 9 and 10 for £100. Advisable hold others for the present. No demand building lots. State total acreage, and lowest cash price for blocks. Inquiries. E. P. WATKINS.

The sections are 1 chain by 2 chains. Each allotment is the fifth of an acre, and there are twenty-one of them. One of the twenty-two sections originally has been sold.

7292. Then, your agent advises you that the land is now worth about £70 an acre?—That is, in the block.

7293. So that to sell it now it would amount to about £280?—If we sold it in the block, which, of course, we should not do.

7294. Of course, you must know that you are losing interest all the time you hold on to land bringing you in nothing and paying rates?—That is so.

7295. *Mr. Loughrey.*] Yesterday you were to give us some information with reference to lunatic estates: have you since looked them up?—Yes.

7296. You were to tell the Commissioners what the practice was when, say, a small farmer or settler became a lunatic—what provision was made for the maintenance of his family during the lunacy?—I have a few cases here showing what action has been taken. Here is a very small case—that of Sarah Agar—where the agent remitted £2 19s. 3d.

7297. You have told us what you do in cases of patients in an asylum who have no relatives?—You are aware I have to apply for an order of the Supreme Court.

7298. I want to know in cases where there was a family, what the Public Trustee does towards maintaining the family? Now, I will give you a case, that of Wrentzch. It is before your time; still, it is one of the cases I have looked at. He appears to have had with a bank a deposit of £150. Is that not so?—I can only answer that Smith, Anderson, and Co., of Dunedin, wrote a letter on the subject. I cannot say the deposit was so. I have not read the papers.

7299. Does it not appear so on the papers?—I was endeavouring to find out. [Papers read by witness.] I find out that by a letter from Smith, Anderson, and Co., of Dunedin, dated the 16th September, 1879, there is the following extract: "The sections of the Act to which you refer, relate, as we understand them, to property of the lunatics. Here the money is not the property of the lunatic; and it was upon that ground that the application made in our letter was put forward." A letter from the manager of the National Bank, dated the 16th September, 1879, says, in the matter of the deposit of £150, and claimed by Mrs. Healey, "I am of opinion that the circumstances are as stated by Mrs. Healey, who is a very respectable old lady."

7300. Is there not a letter there stating that the children of the lunatic were destitute?—This is all before my time, and I never saw the papers before this moment.

7301. Were the children destitute?—I do not know; the point of the whole matter is this: that my predecessor, having been satisfied by declaration and other circumstances, did not claim the money at all. Whether the children were destitute is nothing to the point, seeing the money did not come into his hands, and, therefore, he was powerless to assist the children

7302. So that when the property of a lunatic comes into your own hands you do not inquire whether the family—the wife and children—are destitute?—Invariably; a report is obtained from the agents.

7303. When you get money with a lunatic, do you spend it all on maintenance?—No, it depends entirely on the order of the Court.

7304. How do you frame that order? Suppose a man comes in with £50 in his possession, how would you frame an application for that money?—The methods are so various I cannot tell you. If you mention a case I will have the papers brought up.

7305. But, supposing a man becomes a lunatic to-morrow, and he has £50 in his possession and a family, what would your application be to the Court? I state that as a fair case. What would you do?—In a similar case I have asked the Court to give half to the family and half to the Lunacy Department; but that was more than £50. I have a case here. It is the case of Henry Wright, the brother of Hugh Wright, whose papers you have seen, and the estate consisted of his share of the Malvern property, which was sold by order of the Court in a suit of the brothers of Hugh Wright against me as his administrator. The report to the Court was as follows:—

In the Supreme Court of New Zealand, Wellington District.—In the Matter of "The Lunatics Act, 1882," and in the Matter of the Goods of Henry Wright, a Lunatic, hereinafter referred to as "the said Lunatic."

I, ROBERT CHISENHALL HAMERTON, of Wellington, the Public Trustee of the Colony of New Zealand, in virtue of the powers and duties conferred on me by "The Lunatics Act, 1882," do now report to this honourable Court as follows:—

1. That the said lunatic is now a lunatic in the public Asylum in Christchurch, as appears from the affidavit of Edward George Levinge, the Medical Superintendent of the said Asylum, which affidavit is intended to be filed in this Court herewith.

2. That the said lunatic is a person of whose estate no committee has been appointed, nor to the best of my information and belief has any provision been made for his maintenance.

3. The estate of the said lunatic does not exceed £1,000 in value, nor does the income thereof exceed £100 per annum.

4. The estate of the said lunatic consists of a fourth share in certain rural lands in the Provincial District of Canterbury, sold under the authority of this Court, Canterbury District, and of the proceeds of which property apportionable to the estate of the said lunatic I have received £118, the balance (£150 1s. 6d.) being payable on the 7th day of January, 1892, with interest thereon at the rate of 6½ per centum per annum.

5. The said Medical Superintendent certifies that in his opinion the said lunatic will not recover.

6. I have caused to be served on the said lunatic a notice of my intention to apply to this Court for an order authorising the Public Trustee to apply the said sum of £268 1s. 6d., together with the interest accruing on the sum of £150 1s. 6d. (after deducting all lawful charges), as the Court may direct; and I am informed, and verily believe, that the said notice has been duly read and delivered to the said lunatic by the head attendant at the said Asylum.

7. The said lunatic has a wife and four children, viz.: Walter James, now twelve years of age; Lottie Ellen, ten years of age; Charles Edward, eight years of age; and Frances Esther, six years of age.

8. The wife of the said lunatic has been in the habitual receipt of relief from the Charitable Aid Board at Christchurch, and I have received from the Secretary of the said Board a claim for the repayment of the amount already expended, amounting to £126 2s. 6d.

9. It is respectfully submitted that this Court should make an order authorising the Public Trustee to apportion the moneys received and to be received (after deducting all lawful charges)—(*a*) In defraying the costs of this report, and all proceedings incidental thereto and consequent thereon; (*b*) in applying the said moneys in hand and when received by paying the same in equal shares in or on account of the discharge of the claims of the Charitable Aid Board at Christchurch aforesaid for maintenance of the said lunatic's wife and children as aforesaid, and the Public Asylum at Christchurch, for or on account of the maintenance of the said lunatic at a rate not exceeding £1 per week from the date of his admission.

R. C. HAMERTON.

In the Supreme Court of New Zealand, Wellington District.

I, ROBERT CHISENHALL HAMERTON, of Wellington, the Public Trustee of the Colony of New Zealand, hereby make oath and say: That the matters and things contained in the foregoing report are true as respects my own acts and deeds, and that I believe them to be true as respects the acts and deeds of all other persons.

R. C. HAMERTON.

Sworn before me, at Wellington, this 11th day of December, 1890.—HENRY HOWORTH, of the Supreme Court of New Zealand.

Mr. CHARLES MEACHAM examined.

7306. *The Chairman.*] You pay the pensioners at the Treasury Buildings, do you not?—Yes, I am in charge of Imperial pensions here.

7307. Have you been in charge for a long time?—Close on eighteen years I have had supervision of them.

7308. Could you call to mind, without referring to the books, any payments ever made to Samuel Lockett, of the Royal Navy?—There was a pensioner of the name of Lockett on the books. I know there is one from the Indian Army and from the Navy also.

7309. How do you receive intimation when a pensioner does not present himself as usual for his pension that he may be dead?—When he ceases to draw we get a certificate from the Registrar-General.

7310. That would most likely have shown that Samuel Young had died, not Samuel Lockett. You may never have had intimation that Samuel Lockett was dead?—If they do not draw their pensions for four quarters they are struck off at once.

Mr. R. C. HAMERTON, Public Trustee, further examined.

7311. *Mr. Loughrey.*] We will resume the subject we were dealing with a few minutes ago. In Henry Wright's case what was done?—The report was presented to Court, and the Judge made some remarks. A minute was made by the solicitor that the report was considered, and an order was obtained apportioning £118 already received, and £150 1s. 6d. to be hereafter received, between the Charitable Aid Board at Christchurch, for the maintenance of the lunatic's wife and children, and the public Asylum at Christchurch, for the maintenance of the lunatic.

7312. Had Mrs. Wright been maintained by the Charitable Aid Board for some time previous to the order?—Yes.

7313. And have the Charitable Aid Board received their proportion of the £118?—Yes.

7314. After this money is exhausted, what will become of the wife and children?—As far as I am concerned, I am powerless. I have no money.

7315. We want to get as much information as possible to lead to an amendment of the Act?—I hope it will be amended. It is very much required.

7316. Have you invested the sum of £150?—It is bearing 6½ per cent. interest on mortgage.

7317. Then, in cases similar to that, is it the practice to divide the estate between the wife and children, and the maintenance of the lunatic?—Wherever I am able, I try my best to get the best terms I can for the wife and children.

7318. Have you read section 286 of the Lunatic Act?—Yes, it is as follows:—

If it shall be made to appear to the Court, upon application in a summary way, by or on behalf of any superintendent, manager, gaoler, keeper, or occupier having the management of any asylum, hospital, prison, licensed house, or house in which any lunatic is detained under this Act, that any lunatic confined in or committed to the same is possessed of or entitled to any estate, more than sufficient to maintain his family, the said Court may order and direct the Public Trustee to seize so much of any money, and to seize and sell so much of any estate, or to receive so much of the rents or profits of any lands, of such person as may be necessary to pay any charges incurred in providing for the removal, maintenance, clothing, medicine, care, and attendance of such lunatic.

7319. Did you think the whole sum was more than sufficient to maintain the wife and family?—No, certainly, I did not.

7320. Would it not have been very much better to have made an application to the Court, and let the children have the benefit of the whole sum? Would the whole sum be more than sufficient to maintain them?—Certainly not.

7321. Under such circumstances, would it have been better not to have made an application, and to have let the matter alone?—No, because there would have been no power for the wife and family to have got anything then.

7322. Then, when a breadwinner is put into a lunatic asylum, is it not the paramount duty of the Public Trustee, in the first instance, to look after the family?—Yes.

7323. And do you not think it would have been better if, in making an application for an order of the Court, that the whole money should have been applied to the maintenance of the family when such a small sum was involved?—I do think it would have been better; and I wish that this section was not in the Act:—

275. The Public Trustee shall diligently collect, and shall from time to time pay into the Consolidated Fund, to form part of the revenue of the colony, all moneys of the estate of any lunatic in any asylum or hospital that may be payable to the colony on account of his or her maintenance, or on account of expenses incurred or otherwise under this Act, or under any order of the Supreme Court, or the regulations herein mentioned.

7324. But would it not have been better to have looked after the poor wife and family, and allowed the State look after itself?—Unquestionably; and I wish the law was so amended. The Commissioners will not fail to perceive that the Public Trustee occupies a dual position under this Act.

7325. I notice you charge a commission for looking after the estates of lunatics?—Yes; that is by Act.

7326. But is it not a fact that in most cases the estates are small?—Yes, the greater number.

7327. Would it not be better, after the order was obtained, that the Lunacy Department should apply direct to the estate for money, and thus save the commission?—I do not quite see how that could be done, because I represent the estate, and therefore the application must be made to me, and by law I am bound to charge 5 per cent. on the estates.

7328. Is it not very hard, where estates are poor, that commission should be charged, and thus deprive wife and children of portion of their maintenance?—That question may be answered in this way: It is hard, but, if the office is to be self-supporting, it must make charges.

7329. Leaving this subject, you told us you would give us some information about the procedure of the office in inquiring after next-of-kin?—I believe that before the year 1884, or thereabouts, there were no inquiries made for next-of-kin by the office—no active inquiries. The usual advertisements were inserted, which by law must appear in some newspaper published in the locality in which the deceased died, or carried on his business, and the *Gazette* notice intimating that during the month past certain estates (naming them), and the amounts under which they were sworn, and giving certain particulars which are given under the amending Act of 1873—this was the only action taken by which the next-of-kin could be apprised. Since about 1884—I speak from memory—it has been the custom of the office to correspond with the next-of-kin, if they are disclosed in any report which has been received by the office; and the present custom is in every case, wherever there is a clue of next-of-kin, to write to them at once; but that has not been universally practised since the Trust Office was established.

7330. When a man dies possessed of an estate, would not all expense of inquiry come out of the estate?—Undoubtedly.

7331. Do you not think that, by making inquiries in the district or town where a man was resident at the time of death, you could get some information respecting him?—That is always done, so far as I am informed, by agents and police.

7332. Supposing a man died in Wellington possessed of some thousands of pounds, would you not make inquiries respecting his relatives?—In cases such as those you refer to, the police always send in a report that a certain man died, and that his personalty or effects consisted of so-and-so, giving all the information they have obtained. But if there is no mention of next-of-kin the office has been in the habit of relying upon the police report which it has received.

7333. But on getting valuable intestate estates into your office, would it not be proper for your office to make all inquiries as to the probabilities and existence of next-of-kin? Would it not be advisable to make inquiries amongst friends of the deceased as to the probability of his having any living relatives?—It would be so, and in many cases that have come under my own personal knowledge those inquiries have been made, and very valuable information has been obtained.

7334. And having obtained that information, would the office, of its own motion, communicate with those relatives?—Yes.

7335. But would you give the relatives some idea of the value of the estate?—Generally, but not particularly, until I was satisfied that their claim was genuine.

7336. You can easily see, if you give them no idea of the value of the estate, they would not incur expense without the probability of reaping some benefit?—We give them a general idea. One calls to mind an occurrence which took place a month or six weeks ago. An estate such as you are describing came into the office, and in the police or other report it was mentioned that the deceased had a friend—naming him—living in Australia, giving the address. That was the only hint of any friend, and no hint of any relative was given. I wrote to this gentleman, telling him of his friend's death, and, generally, what the property consisted of, and asked him to be good enough to let me have any information he could as regards relatives of the deceased. The gentleman I refer to wrote back to say he could not understand why I addressed him, as he was not a relative, and he thought it an uncommon occurrence that he should be referred to in the matter. All I could do was to apologize if I had given any offence; that my object was to find out next-of-kin, and

I hoped he would give me any information he could on this subject. I have not since received any reply.

7337. There is another case—that of George Downing, a lunatic?—That case was first reported by the agent at Christchurch, on the 4th August, 1880.

7338. Had the lunatic any property?—Yes; a small piece of land in Christchurch.

7339. And what was the estimated value of that property?—£100, by the agent; but I see later on he reports Downing gave £40 for it. He describes the locality as a disgrace to humanity; I find that an order of the Supreme Court for the sale of the land was granted on the 26th October, 1880.

7340. What were the costs of effecting the sale?—I advertised the property for sale; and I see a note here that "I am much surprised at the very heavy expense incurred in advertising this property." "We have tried to sell in vain," says the agent.

7341. What were the costs incurred in effecting that sale?—Auctioneer's charges, £12 8s. 9d.; commission and postages, £2 1s. 10d.: total, £14 10s. 7d.

7342. What did the property realise?—I will explain the matter more fully after looking through the file.

Mr. Charles Meacham further examined.

7343. *The Chairman.*] Mr. Meacham, have you brought your record-book of payment of pensions with you?—Yes.

7344. Will you please state to the Commissioners positively whether Samuel Lockett, once of the Royal Navy, and a resident of Wellington, was in the habit of receiving pension-payments from you?—Not from me. He was always paid by the cashier in the Treasury. I can safely say from the records that he received his pension quarterly up to the 31st March, 1876.

7345. Could you now look through the book which you produce, and say how many payments he had received?—From 1868 he was paid regularly every quarter by the Treasury in Wellington. The description we have of Samuel Lockett reads in this form: "Samuel Lockett, seaman, R.N., £32 per annum; also Greenwich Hospital age pension, £7 12s.; No. 745 War Office, No. G.P., line underneath, and '170.'"

7346. Is there any chance of your being able to find his signature?—No, I think not. There was a flood in Wellington, and a lot of documents disappeared.

7347. What became of the sums that remained at Samuel Lockett's credit awaiting his application for them?—It was supposed that the man was *non est*, and therefore was not entitled to them.

7348. Are those several sums of money in the colony now?—No.

7349. What became of them? You surely do not hand them to the Consolidated Fund when they are not claimed?—No; the War Office takes good care of that.

Mr. R. C. Hamerton, Public Trustee, further examined.

7350. *Mr. Loughrey.*] Resuming our inquiry into the case of George Downing, a lunatic, what was the land sold for?—We sold the land for £35. There was an enormous amount of work and delay in completing the title, which was found to be defective. We offered the property for sale through the Christchurch agent by auction, with no result, and it was then sold for £35.

7351. Why did you not sell the Trustee's title for what it was worth?—Then I should be open to the same accusation as I am in Ross's case.

7352. But did you not sell to Ross what you never had to sell?—No; I had a title by occupation.

7353. Ross got ousted, and you had no title at all when the matter came to be tried?—Excepting that which a man has by putting a fence round land, and saying, "I hold until somebody turns me out." I find that the agent said on the 5th November that I had apparently been finding fault with the heavy charges, and that he did not think the charges heavy at all.

7354. Do you not think yourself that £14 10s. 7d. is a very heavy cost for selling a property that only brought £35?—I do; but, as a lawyer, you will know that one title may be put right for a guinea or two, whereas another may run into many pounds.

7355. But do you not know, and is it not the practice, that prudent trustees and mortgagees only sell such a title as they have themselves?—Yes, that is so; but where the title is such as no man will buy, it seems to me reasonable that the trustee should put it into a marketable state.

7356. What is the position which the Public Trustee occupies with reference to the Rating Act?—At present he is merely a banker.

7357. What I want to know is this: When rates are in arrear on unoccupied property, what does the Public Trustee do with reference to them? Take the case of Street, and look through the papers. When did that estate come into the office?—The estate was first reported on the 23rd February, 1875.

7358. Then, a portion of the property was sold, and realised how much?—I cannot say what amount was realised without reference to the ledger; but I see an order of the Court for distribution to creditors was made by the Chief Justice on the 12th October, 1875, of a dividend at the rate of 17s. 6d½. in the pound. Therefore, the personal estate was wound up and all money had gone.

7359. What did the property realise when sold?—It realised a gross sum of £205.

7360. And what were the auctioneer's and advertising charges?—£13 15s. 9d., leaving £191 4s. 9d., out of which was paid a mortgage of £80, interest, and law charges: in all, amounting to £92 2s. 3d.

7361. And, after that, did not a further portion of land remain unsold?—There must have been.

7362. And on this piece of land was there an amount of rates due?—I cannot say what the rates are; but I see a note from the then agent of the Trustee, dated 3rd March, 1883, in which he says "the heir-at-law cannot be found, and therefore the Public Trustee is in charge of section 134, Egmont, 60 acres. The value put upon it is perfectly absurd, there being no road to it for two

miles through the untouched forest, and the land very broken, according to the surveyor's report; the land being high up the ranges."

7363. You say you cannot find what the amount of rates was?—The papers do not show the amount of the rates.

7364. What were the costs of recovering the rates?—They apparently are £16 18s. 11d.

7365. Does not that seem to you to be a monstrous charge for recovering rates?—It does appear so, but it is a solicitor's charge. The land was sold in accordance with the Rating Act.

7366. What did the property realise when sold?—£10.

7367. *The Chairman.*] Mr. Hamerton, in reference to Samuel Young's estate, you were here when Mr. Meacham, who has charge of pension payments, was examined, were you not?—I was.

7368. Did your hear him say there was such a person as Samuel Lockett, who had drawn pensions regularly for years?—Yes.

7369. And that the last pension he drew was that one paid to him just before his death—31st March, 1876. Pensions to the Navy being payable in advance?—Yes.

7370. Does it not occur to you now that had the Public Trust Office made the inquiry the Commissioners have done with reference to the payment of that pension, as intimated by the supposed nephew from South Australia, it would have guided you differently in the treatment of that account?—Yes, I think it would.

7371. Does it not look very strong circumstantial evidence that there is a connection with one or other of the men who call themselves Young's nephews?—Yes; but more more than circumstantial evidence is required.

7372. Would you have parted with the money to the Consolidated Fund had you made yourself acquainted with the facts which have been disclosed to-day?—I do not know that I should not, because the two nephews had been communicated with, and one of them had promised to furnish full proofs of kinship. Not having done so, I should take it for granted either that he had died, or could not furnish the proofs wanted.

7373. Now just think over the matters he pourtrayed to you. First, that his uncle's name was Lockett, not Young, that he was a pensioner, that he belonged to the Royal Navy, and was in the habit of drawing his pensions quarterly with regularity. Do you not think that, under those circumstances, had you taken the trouble to have satisfied yourself that part only of his statement was true, it is probable you would have communicated further with him?—Yes, I think so.

7374. And would you not have hesitated before parting with that large sum of money to the Consolidated Fund under altered circumstances?—No, I am clear as to that, for this reason: that the law says the Public Trustee shall pay over to the Consolidated Fund any moneys which have remained in his hands unclaimed for six years.

7375. Then, had you discovered Samuel Lockett, *alias* Young, was as represented by Lockett, of South Australia, who called himself his nephew, would you not have communicated again with Mr. Lockett, and in all probability the money that you paid to the Consolidated Fund would not have been in your books as long as it was?—It is very difficult for me to say what I should have done, being in ignorance of the knowledge which my predecessor possessed.

7376. Would it not have been a very simple thing for you to have sent to the Treasury in Wellington for information for your guidance, just as I have obtained it to-day?—I have no doubt in my mind that application was made, and that Mr. Woodward knew that Samuel Lockett had died.

7377. There is nothing to prove that in the books or papers in the Public Trust Office; it is mere supposition on your part?—That is all.

7378. What would be said of a private trustee who, having parted with the principal money in his charge, stuck to the interest? What would the law say to that?—Well, I thought you had satisfied yourself on that point last night. A private trustee stands in a totally different position from the Public Trustee. If a private trustee had retained the interest, of course he would have been liable for it; and the office is also liable, and will pay it if claimed.

7379. *Mr. Loughrey.*] Do you not think you ought to communicate with one of these nephews even now, and let them know there is a valuable estate in the office that belongs to Samuel Young, who was Samuel Lockett, and ask them to take the necessary steps to prove their identity?—That has been already done by my predecessor.

7380. That is doubtful; and, if done, it was half a lifetime ago. Should you not do it now?—I shall do so; but there can be no doubt that my predecessor did communicate.

MONDAY, 18TH MAY, 1891.

Mr. JOHN JOSEPH MONTGOMERY HAMILTON examined.

7381. *The Chairman.*] Mr. Hamilton, I believe you are in charge of the Christchurch branch of the Public Trust Office?—I am.

7382. Have you been long connected with the Public Trust Office?—About nine years.

7383. What were you doing previously?—I was in the National Bank.

7384. How long were you in the National Bank?—About five or six years in Wellington.

7385. In what position?—For about four years of the time I was agent at Te Aro. I opened the agency for them.

7386. And before you came to the colony?—I was in the National Provincial Bank of England at Home.

7387. And what have been your duties in the Trust Office?—When I first joined there were only four on the staff. I commenced, as it were, at the bottom pretty well, and latterly I had charge of the mortgages and insurances.

7388. What position did you hold on the staff before you went to Christchurch?—My title was Sub-accountant.

7389. Then, your position was next to that of Mr. Moginie?—Yes.

7390. As Sub-accountant, had you much control over the accounts?—None at all.

7391. Did you ever make any suggestions connected with the keeping of the accounts?—Many times.

7392. To whom?—Both to the Accountant and to the Public Trustee.

7393. Have the style and manner of keeping the ledgers and books generally engrossed your attention?—I noticed the difference in the style of the ledgers when I first entered the office. The transactions were reversed.

7394. That is a very unusual thing, is it not?—It is quite unusual. It is not usual in mercantile book-keeping, but I was told it was a special system adopted by the office, and had to continue.

7395. Have you noticed that the summations in the ledgers are never made or filled in in ink?—They are not ruled off and the balances brought forward.

7396. Is that not very unusual?—It is not according to banking custom.

7397. That would not be tolerated in any bank or mercantile office?—Certainly not.

7398. Did you point that out to the Public Trustee?—I do not know that I have done so to the Public Trustee, but I have spoken to the Accountant about it.

7399. Still, the system went on?—Yes.

7400. Are you aware there were a great many ledgers and other books in use that never came under the notice of the Audit Department?—There were several books which the Audit Department never looked at, as far as I was aware. The ledgers, I think, they did look at in checking the accounts.

7401. Did the Audit inspectors look at all the ledgers?—Presumably they would. With regard to any claim they had to pass, I presume they would look at the ledger, or otherwise they could not pass the voucher.

7402. Are you aware of a family of ledgers known as subsidiary ledgers?—Yes.

7403. Did the Audit inspectors ever see them?—I do not suppose they did.

7404. We have it in evidence that they never did; that they did not even know of their existence. Did you know of their existence?—Yes.

7405. Did the Public Trustee know of their existence?—[No answer.]

7406. Did you know how many ledgers there were in the office altogether?—About eight or nine ledgers and these subsidiary books, if they call them ledgers.

7407. The individual ledgers you mean?—Yes.

7408. Are you aware that there were twenty-two ledgers in use?—Certainly not, unless the old ledgers are taken into account that are obsolete and referred to occasionally.

7409. I am speaking to you as a man having had considerable experience. Ledgers in use are ledgers with live accounts in them, are they not?—Yes.

7410. The Commissioners find there were twenty-two ledgers, including the subsidiary ledgers, in use in the Public Trust Office. Now, would not two, or at the outside three, individual ledgers contain all the accounts that are now running in the Public Trust Office?—Yes; no doubt they would. You would require to have new ledgers very often, that is all.

7411. Would it not be better to have new ledgers more frequently, and have a set of ledgers opened at the same time at certain half-yearly or yearly periods?—It is certainly better than to have a lot of old ones hanging about.

7412. Are you aware that the system here is to open a cash-book or a ledger on any day of the week, instead of at the beginning of a balancing period?—Yes.

7413. Is that not very unusual in a well-regulated office?—It is, undoubtedly.

7414. What is the usual custom, according to your experience?—To open them at the commencement of the year or half year.

7415. Now, had you anything to do with the personal effects which came into the Trust Office?—No.

7416. They were not under your control or charge?—No.

7417. Are you aware that no inventory was ever made of personalty as it came in to the Public Trust Office?—There was no special book kept, but inventories were usually sent up by agents in forwarding jewellery, and these inventories were attached to the files.

7418. What I want your attention to is this: that when a parcel of personal effects came into the charge of the Public Trust Office the office made no inventory, and did not check those articles. Are you aware that has been the system which obtained in the Public Trust Office—that no inventory was ever made?—No, I am not aware.

7419. Then, the Chief Clerk was the Rev. Mr. De Castro?—He was.

7420. And all these matters appertained to his duties?—Entirely.

7421. And you had nothing to do with the personalty?—Nothing at all.

7422. Did you ever attend any of the auction-sales of personalty?—I may have attended on two or three occasions under instructions from the Public Trustee to watch a sale on behalf of the office, but I never bid or bought.

7423. You never had any special desire to participate in the purchases?—No; I never had.

7424. And you never did?—Personally, I never bought a thing.

7425. Were you aware it was the practice of some of the principal officers to buy those articles?—Yes.

7426. Did you approve of it, or had you anything to do with it? Was it a matter that concerned you? And did you ever speak about it?—I cannot say that I referred to it to anybody. If the things were purchased by the highest bidder, without any unfair bidding, I see no harm in it; but it is better to leave it alone, because the public are bound to look at it through dark spectacles.

7427. Are you aware that it is against the law?—I know trustees are not supposed to dabble in trust estates.

7428. Where are you to draw the line between the Colonial Treasurer, the head of the Public Trust Office, the Public Trustee, the Chief Clerk, the Accountant, or any of his subordinates? Are they not all more or less engaged in the conduct of the Public Trusteeship of the colony?—Yes, certainly.

7429. Have you anything to do with the securities in the office?—Yes; the securities were under my charge. I had the key of the drawers containing the securities.

7430. You are aware that from time to time it was necessary to realise—to foreclose on certain securities?—Yes.

7431. And you are aware that in many instances they were bought in by the Public Trustee as the highest bidder?—Yes, I am aware of that.

7432. Are you aware that many of these securities were bought in very much below the amount originally lent on mortgage in respect to them?—Yes.

7433. As an old banker, what was the proper course to take in respect to those securities, when you came to the yearly or half-yearly balance?—Of course, if it was individual property—that is, the bank's property—it would be written off or written down, as the case might be.

7434. That is to say, if it is the property of the Public Trustee, or of the colony, it would not have been written down?—The position hardly seems analogous between trustee and bank. A bank would not purchase a mortgage on behalf of one of its customers.

7435. It would depend on whether the bank is acting as the trustee for it?—Yes.

7436. Well, in that case, the bank would?—Yes, with respect to that particular trust.

7437. You say, with respect to a particular trust in a bank's charge. Well, now, in the event of buying in a security considerably below the amount lent upon it, what would the bank do? Would the bank not advise the party interested of the absolute state of things?—Certainly.

7438. And the absolute loss?—Would it be an absolute loss if it was bought in?

7439. At any rate, the bank would advise the party interested of the loss appearing at the time it was bought in?—Clearly, the party would be informed as to the position of the matter at the time.

7440. And if the mortgage was being controlled by the bank, and stood in the books of the bank at the original sum, would the bank allow it to continue at that sum after it had been realised?—No, not as an investment.

7441. Well, now, I want to call to your mind the investments that are under the control of the Public Trust Office—whether they belong to the colony, or whether they belong to private estates—they each and all appear in the balance-sheet: is that not so?—It is so.

7442. Very well. Now, supposing during the currency of a year that any securities are realised, and that they show a very considerable deficiency after foreclosure, is it right that those securities should still remain as representing the original amount lent by way of mortgage? Is it right they should still remain as representing the original amount on the day that the balance-sheet of the Public Trust Office is made up?—Not according to commercial practice; certainly not.

7443. Are you aware that not only in the last balance-sheet, but in several annual balance-sheets before that one—and the Public Trust Office annual balance ends with the 31st December—are you aware that there are not only securities that have been foreclosed and held by the Public Trustee as the highest bidder at very much below what they stood at in the original mortgage, but there are securities that have been absolutely wiped out standing among the investments as representing 20s. in the pound?—No, I am not aware of securities wiped out. You mean, when a mortgage is sold, and bought in by the Public Trustee, that it still continues in the Investment Account?

7444. Yes; is that not the case?—That is so.

7445. Is it right that a mortgage that has arrears of interest—that absolutely has been thrown on the hands of the Public Trustee, and he has found it necessary to realise—say it is a mortgage which originally represented £1,000, and it has been sold, and bought in by the Public Trustee for £225—is it right that should still remain among the investments representing £1,000?—It certainly would not be allowed according to commercial custom.

7446. But it has been allowed; and the custom has obtained in the Public Trust Office, has it not?—Yes.

7447. Do you remember a mortgage of Kinross's for £1,000 that fell into the hands of the Public Trust Office?—Yes; in Napier.

7448. Do you remember that security being realised last year?—I do not remember.

7449. Well, the Public Trustee absolutely knew the result of the realisation of that security in January, 1890; have you any doubt about that, having read the memorandum sent up from the Public Trust Office?—I have no doubt about it.

7450. Then I ask you, was it right that that security, notwithstanding that there was not only £1,000, but arrears of interest of £144 14s. 9d., and that the security realised altogether, with dividend and what it sold for, £475 16s. 5d.—was it right that that security should appear among the investments for £1,000 on the 31st December last?—No.

7451. Are you aware that it did so appear?—No, I cannot say I am.

7452. The agent was instructed to let anybody have it for the amount for which the security was taken over—£250. He got some people in treaty for it before the close of last year, and these people were hesitaing about the property trying to make up their minds. The transaction was not actually closed until the beginning of this year, but so far as the Public Trustee was concerned, he was positively aware he would not get another shilling beyond the £250. Now, do you understand?—Yes.

7453. Do you recognise the list of investments which I now show you?—Yes.

7454. Is that list in your handwriting?—It is.

7455. Do you observe, under the heading Condy's Trust, that mortgage appears as £1,000?—Yes.

7456. So that appears among the investments as £1,000 on 31st December last?—Yes.

7457. Do you think it is correct that it should be there?—Under the Act, I believe it has to be there, because the investment had not really closed.

7458. If I take up your Public Trust Office balance-sheet on the 31st December last, and I find here certain securities that have been absolutely dealt with by the Public Trustee, and they have been disposed of—realised at considerably below the original amount lent on them—I ask you whether it is correct that they should stand in that balance-sheet as representing the full amount of the mortgage?—The difference might have been written down.

7459. As an old bank officer, who has had to deal particularly with securities, I ask you was t not the proper course, when the balancing period was arrived at, to write these securities down?—Certainly.

7460. Ought there not to have been an account of bad and doubtful securities; and ought not these, when realised, to have been put under that head?—Undoubtedly.

7461. Did it not occur to you when dealing with these securities, and knowing the weak and sick nature of some of them, did it never occur to you to recommend that such an account should be opened in the Public Trust Office?—I recommended an Investment Suspense Account be opened.

7462. To whom did you recommend that?—To the Accountant.

7463. But he could not see it?—He said he was not allowed to do so by Act.

7464. Did you ever recommend it to the Public Trustee?—I cannot say I have done so.

7465. Were you aware on the 31st December last, and for several annual balances before, there was a considerable amount of overdue interest in arrear?—I was.

7466. That was not shown in any way?—No; that is a weakness in the system.

7467. I do not think there is anything in any Act of Parliament to prevent that fact being shown?—I do not blame the Act for that.

7468. Ought not that to have been shown in the balance-sheet if the balance-sheet was an honest and *bonâ fide* balance-sheet, showing the state of accounts truly? Ought not that amount of arrears of interest at any particular balance to have been shown in the balance-sheet?—It ought to have been shown, but it could not be shown under the present book-keeping system of the Public Trust Office. When interest matures it is simply kept in the register. It does not pass to Interest Account, as it would in commercial usage.

7469. Is not that a very loose system?—It is not correct, certainly.

7470. Would you call a balance-sheet that was furnished by the Trust Office of the colony—that is intended to represent the true state of the accounts in the Public Trust Office—I ask, would you call it a proper and honest balance-sheet that represented securities as worth 20s. in the pound when it was known they were not worth anything like that, and which did not represent the amount of interest due on certain securities—the amount of interest in arrear?—It certainly does not show the actual state of matters.

7471. Have you ever heard, in your long experience, of balance-sheets that have been termed "cooked" balance-sheets?—Yes.

7472. You have heard of those in the Old Country, and sometimes nearer home?—Yes.

7473. Is not that very term applicable to the Public Trust Office balance-sheets where these things are not correctly stated?—All I can say is, that it was not intended to be a "cooked" balance-sheet.

7474. I will agree that I do not think it was intended?—It was a wrong idea of the principle. The office has never been looked upon as a commercial office, or treated on commercial principles. That has been the failure.

7475. But, taking things as I find them, am I not justified in applying the term to that balance-sheet of the 31st December last?—Well, it certainly does not represent the facts.

7476. I, as Chairman of this Commission, will take the responsibility of applying the term; and I say that this and other balance-sheets preceding it were nothing more nor less than "cooked" balance-sheets. Do you remember what the amount of arrears of interest was on the last balancing day? Do you know that it was over £2,000?—I do not think it is taken out. If there had been a special account for that it could have been told in a moment.

7477. Then, it has been thought so little of that the arrears of interest were not totted up?—They were not taken into account at all.

7478. Are you aware of the total amount of mortgages bought in by the Public Trustee and held over, exclusive of that estate in Palmerston North, which represents £10,000?—Roughly speaking, I would say rather over £15,000.

7479. And are you aware that these mortgages are now bringing in a revenue of £307 18s.?—Most of them are really fetching in nothing, I suppose.

7480. And are you aware that there was interest in arrear upon those mortgages of over £2,000, and law-costs and auctioneers' charges, £527 9s. 8d., and that the amount at which they were bought in was £1,150—bought in by the Public Trustee as the highest bidder?—The public might not bid against him, seeing that he, as the mortgagor, might run them up.

7481. If a security is worth buying the public will give the value for it?—It may not be worth the mortgage-money, but they think the Public Trustee will bid them up to that amount.

7482. If a mortgage security sold by the Registrar of the Supreme Court is worth the money when put up to the hammer, will the public not gauge the value and bid up to the value?—Certainly.

7483. Then, these securities have all been sold and bought in in that way for £1,150, showing

that the value in public estimation is many thousands below the money that was advanced originally upon them. Is that not so?—Yes.

7484. Of course, it does not say they may not some day improve?—Nor that they are not worth more than they are bought in for.

7485. I think it is a pretty good guide, is it not, that at the time they are exposed for sale they are not worth any more? We are not here to be hostile to you or to the Public Trust Office. We are here to get information; and if you can help us we will be very glad and feel thankful to you. I ask you this: If that corner lot opposite this building we are now in was in the hands of a mortgagee, and interest was in arrear, and the mortgagee found it necessary to sell through the Registrar of the Supreme Court, and it was sold in the usual way by auction, do you mean to tell me that, regardless of any desire on the part of the mortgagee to acquire that himself, the public would not offer the value for it?—Yes; but I do not think they would bid against the mortgagee, because they would say, "He is bound to run it up to the extent of his mortgage, and better let him have it first as last."

7486. Have you never heard the feeling expressed that "if he intends to buy it, we will make him pay for it"?—It would not matter with a Government institution. I think that would be the feeling.

7487. I have seen a very different feeling even where banks had to realise. Had you anything to do with the correspondence in connection with estates, where money had been invested for estates in the Public Trust Office?—Everything connected with mortgages.

7488. When Kinross's mortgage was realised last year, are you aware that Condy's trust was never advised by the Public Trust Office?—I should not think so.

7489. Are you aware that in no single instance is there evidence of any estate that has been charged with a loss, or part of a loss, ever having been advised of the true state of affairs in connection with it?—No; I am not aware.

7490. Were you aware there was a kind of book kept which the cash entries were first made in, called a "rough cash-book"? I am using the Accountant's own words?—I should not have called it a rough cash-book, but simply a memorandum for himself as to what he paid into the bank.

7491. That was the book which the first entry of cash went into—that is to say, if I went into the Trust Office and made a money payment, it would be first entered in the rough cash-book?—It would be first entered in the receipt-book.

7492. That is not in accordance with Mr. Moginie's evidence?—The receipt for the money is made out, and taken to Mr. Moginie to sign.

7493. Mr. Moginie's evidence is: that it is taken from the rough cash-book and put into the receipt-book?—He must be mistaken. If the money is paid over the counter the receipt is made out, and it is taken to the Accountant to sign. He signs it and enters it in a memorandum-book. Then, when he makes his bank pay-in slip, he sees that it agrees with his memorandum-book.

7494. Would books of this kind [rough cash-books shown to witness] be allowed in any well-regulated office?—It is only for his private guidance; it is really not an official book.

7495. If a book is worth keeping in an office it must become official, and is a book at all times for reference?—Yes.

7496. Do well-regulated offices allow any officer on their staff to keep any sort of book he likes in connection with money-entries?—Of course, in a bank it would be totally different. There is the teller's cash-book.

7497. Would not that be a better system?—How would you do about the payments?

7498. Where you had to make charges, could not you charge a debit voucher?—Yes, they could issue cheques, and they would be paid in the bank.

7499. You could keep a certain amount of money in the Trust Office till and pay out yourself, could you not? How do certain banks in London do that have to keep the whole of their account with a London banker and act as agents? How do they manage to cash cheques that are drawn upon them? You are aware they do that?—Yes.

7500. That would be exactly similar to the position of the Public Trust Office here?—Yes; but would that be permissible under the Act?

7501. We are gathering information with a view to enable the Government, if Ministers think fit, to alter the constitution of the office. We want to make recommendations that will put the office in a better workable position. You have had nine years' experience of the growth of the office and what it is likely to grow to under proper management, and under a system that will give facilities for the expansion of the business, and enable the business to be carried on without being trammelled with unnecessary red-tape?—With respect to that, the Public Trustee will bear me out that I suggested a teller five or six years ago, and he said it could not be done on account of the pre-audit—because no vouchers can be paid before they pass through the Audit.

7502. The Public Trustee has had no experience and did not understand you. You have been lately moved to Christchurch?—Yes.

7503. What have been your instructions as agent there as to the conduct of the Public Trust Office business?—I have the whole of the Canterbury district placed under me, and of course I give the fullest information to the public, and manage all the affairs in connection with the office.

7504. And you have been asked to push the business?—Yes.

7505. In what manner?—There has been no way stated; I was told to push the business generally.

7506. Have you been asked to visit country districts?—Certainly; through the whole of Canterbury being under me, I am bound to go to country districts.

7507. And what is your salary?—£250 a-year, ¾ per cent. commission, fees, and 10s. a-day travelling allowance when away from home at nights.

7508. Of course you have a free railway pass?—Yes.

7509. Have you had occasion to be away at nights much?—Yes; two or three times.

7510. How does 10s. a day agree with that?—Your own experience, no doubt, will answer that; hotels charge 10s. a day for simple board and lodging, some even more.

7511. Is it not a fact, where you have an opportunity of making a probable client, and you have occasion to bring him to your hotel where you may be staying, you may have to ask him to dine with you, or to take refreshments with you?—Undoubtedly.

7512. And therefore the 10s. a day leaves you considerably out of pocket?—It undoubtedly would. That was one of my instructions—to try and get some leading men in the different towns to meet me and talk the business over.

7513. Do you belong to any club in Christchurch?—I do not.

7514. Would a club not be a likely place to fall in with occasional business?—Undoubtedly; it gives you such a chance of introductions.

7515. I suppose the salary you are getting will not admit of that kind of extravagance?—No.

7516. You are asked on the one hand to make business, and you are kept in tight strings on the other.?—Yes; I have to work it in other ways, the best way I can.

7517. If you were enabled to go among men who were likely to give you business, you would be able to do more?—Certainly.

7518. What kind of an assistant have you?—Only a raw recruit of a lad.

7519. And he gets how much?—Ten shillings a week.

7520. And when you are away for a day and night, and perhaps two days, you have to leave him in charge with a certain amount of cash?—Yes; he receives all payments.

7521. Is that a proper position for a young fellow to be placed in at the tremendous salary of 10s. a week—to have the responsibility of receiving money and taking charge of it?—If a man wanted to be dishonest he could be, no matter what salary he got.

7522. But to an inexperienced youth, is it not offering a premium to be dishonest?—Yes.

7523. There is no use mincing matters. To my mind, there is no better way of inducing a youth to go wrong?—He gives receipts for all moneys paid in. I check the bank vouchers with the receipt-book. The system wants greatly extending, there is no doubt about it. As I remarked in my report, it is simply impossible for one man, unless he has sub-agents, to cover all that ground.

7524. Unless a branch manager in your position is sufficiently paid to enable him to go promptly about the country with a view of extending the business, and unless he has power to make his arrangements with reference to the establishment of sub-agencies, would it not be better to return to the old system of agents?—Yes, with a system of inspection, to keep them in touch with the Head Office.

7525. Had you anything to do with the keeping of books when you were in the Wellington office?—I kept all books with reference to mortgages and insurances.

7526. Had you anything to do with the securities when they were minuted and placed before the Board?—I had to get them in order for the Board.

7527. Then, did you place them in the minute-book?—No; Mr. Wilson does that. I had simply to see that the application for an advance was all in order.

7528. Are you aware that in many of the securities that went before the Board for certain sums of money to be advanced on these particular securities, that after the Board had approved the security and granted the loan, and the money had been paid out of the Public Trustee's account *in globo*—are you aware after all this was done that certain accounts were picked out by the Public Trustee from which different sums of money were taken to recoup the payment for any particular mortgage to the Public Trustee's account?—I was aware of that.

7529. A kind of contributory mortgage?—Yes.

7530. These contributions from different estates were made subsequently to the mortgage?—Subsequently to the advance.

7531. That is to say, the advance was made by the Public Trustee on a certain security in one sum?—Yes. Instructions were then given to prepare the mortgage.

7532. The Public Trustee has taken sums from different estates to recoup his general account?—Yes. The mortgage was allocated between those estates.

7533. It has never been customary to put those particulars in the minute-book?—No; they are placed with the particulars on the mortgage-file.

7534. Has it ever been customary to report the completion of a mortgage security after the Board has approved of the security, and granted a loan upon it?—No.

7535. Is it not usual in minutes of Board meetings granting loans on securities that, at a subsequent meeting, the completion of a loan or loans is always reported to the Board?—In some offices it might be, but in others it would not.

7536. It has never been the custom in the Public Trust Office?—No.

7537. Do you not think it would be a very good custom to report the fate of a mortgage after it had been granted—that is to say, whether it had been accepted and completed, and so forth?—I do not think it would be of any material use to the Board; of course, the Public Trustee would know.

7538. Did you ever know a case after a mortgage had been granted, even by a bank or by the Board of the Public Trust, where through something happening, the mortgage really did not come off?—Yes, there was a case at Tauranga. It was hanging over for several months. The mortgage was granted by the Board, but ultimately the party would not take it up.

7539. Was that ever reported to the Board?—I cannot say.

7540. Does that not show that if these mortgages are not reported the Board can never be *au courant* with the fate of the Trust Office securities—cannot follow them?—They certainly could not.

7541. Under such circumstances, then, do you not think the plan might be improved in the Trust Office by reporting at subsequent meetings, after certain loans are granted upon certain securities, whether they have been taken up and completed?—Yes, it would be as well for them to know it.

7542. We will take, for instance, these contributory mortgages. Do you not think it would have been far better had the Board been made aware that, after granting a loan on a certain security, the Public Trustee subsequently had applied that security to recoup himself by taking from the estates of A, B, C, and D?—Surely the Board must have been cognisant of the fact that the money would have to come out of certain estates.

7543. How would they be cognisant if the Public Trustee never reported it? The money was paid out of general account. It appears to me the Board has been absolutely in ignorance of these allocations, and that is why I ask you if you do not think it would have been better that, where these contributory mortgages had been made to recoup the Public Trust Account, they ought to have been reported at the next meeting of the Board, and out of what estates they were to come?—If they were not aware the moneys were allocated it would have been well to acquaint them of the fact.

7544. How could they be aware if there was nothing in the minutes to tell them?—Their own inquiring minds would lead them to ask where the money invested came from.

7545. They would not carry all the facts in their minds?—They could from Board day to Board day.

7546. The Commissioners have had one member of the Board before them, who told them he was perfectly ignorant of that. Is it proper that members of the Board should be kept in ignorance as to what has been done in reference to these contributory mortgages?—No, certainly not.

7547. Do you know any instance were the Public Trustee has thought fit to apply to his Profit and Loss Account any sum of interest that has accrued and been credited to an account? Do you know an instance where this interest has been "bagged" by the Public Trustee, and put to his Profit and Loss Account?—I do not know of any case.

7548. Would you think that the management of any financial institution has a right to take interest that has fairly accrued on a balance standing in the books of his office, if it has been fairly earned by that balance, and credited to the account? Do you think the management has a right thereafter to appropriate it to Profit and Loss?—No. The only case in which it has been done is when it is paid over to the Treasury after the lapse of six years. Interest has been added from year to year, and when the principal was paid over interest has been recredited to Expenses Account.

7549. Then, if the Consolidated Fund of the colony is entitled to the principal money after standing unclaimed in the books of the Public Trust Office for six years, is it not also entitled to the interest up to that date which the principal money has earned?—Yes, it is.

7550. Then what right has the Public Trustee to take those sums of money and apply them to his Profit and Loss? Has he any right to do that?—No; I do not suppose he has.

7551. Are you aware that has been done?—Yes.

7552. In many instances?—It has been the custom until within the last year or two.

7553. And the Trustee's balance-sheet in consequence has showed considerable profit?—Yes.

7554. Would you call profits fairly earned made up of large sums of interest belonging to other people?—No.

7555. Then, these supposed profits were absolutely sham profits, and therefore that also was another reason that showed the balance-sheets of the Public Trust Office to have been for some time "cooked." Is there any other answer?—[No answer.]

7556. Are you aware that in one account alone a sum of interest amounting to £288 had been appropriated by the Public Trustee towards his profits?—No, I am not.

7557. Do you think it is likely so large a sum would have been appropriated in that way?—I should hardly have thought so.

7558. Will you go downstairs and get the ledger containing Samuel Young's account, and I will show you something that will even surprise you. [Intestate Estate Ledger No. 1 brought up and opened at folio 133, containing Samuel Young's account.] You see there that on the 31st December, 1888, the sum of £288 2s. of interest was appropriated by the Public Trustee?—Yes.

7559. You did not know of that before?—No. I knew it was the custom. It has been done up to the last year or two.

7560. Then, viewing the matter calmly, do you think that is a proper system?—Certainly not. It is not a profit of the year.

7561. What would be said of a bank that allowed interest on credit balances; and because a balance remained unclaimed for a certain number of years, that bank took the accumulated interest and applied it to its Profit and Loss?—It would be said they were "cooking" their balance-sheets.

7562. Then, is this not the same thing with the Public Trust Office? Is not that exactly in the same direction? Is not the Public Trust Office taking moneys that do not belong to it?—Certainly.

7563. *Mr. Loughrey.*] Is not the balance-sheet, as prepared by the Public Trust Office, very misleading?—You cannot derive very much from it.

7564. If you put to Profit and Loss interest such as has been just referred to, surely that is misleading?—Undoubtedly; but you do not show profit and loss, because there is no Profit and Loss Account.

7565. *The Chairman.*] Does it not appear under the head of Expenses Account, which is the Profit and Loss Account of the Public Trust Office?—Yes.

7566. So that really while you call it Expenses Account, it stands in the anomalous position of being always in credit?—Yes.

7567. Whereas, you know, in any well-regulated office, Expenses Account should always of necessity appear in debit until transferred to Profit and Loss Account?—Yes.

7568. Now, Mr. Hamilton, with respect to your Canterbury agency, should it not be worked in the same form as a branch bank or financial institution, if it is to remain as a branch?—That is my opinion.

7569. Subject to inspection and control by the Head Office in Wellington?—Yes.

7570. If it is not worked in that way, then do you think it would be be better to revert to the old system of agents and inspection?—The agencies are inspected by any Audit inspector, who knows nothing of our inside business. The agents tell you it is a farce. They say, "The audit is a farce. They merely check the blocks of the receipt-books with the cash-book."

7571. Who is the Audit inspector of your branch?—Mr. King.

7572. Does he live in Canterbury?—Yes, I believe so. I think he goes down as far as Oamaru or Timaru.

Mr. R. C. Hamerton, Public Trustee, further examined.

7573. *Mr. Macdonald.*] There was a letter which came in from Mrs. Stuart, formerly the wife of Simon Peter Harjes. You seem to have gone fully into the matter of legal opinion, having the opinions of Mr. Wilson and of Messrs. Buckley, Stafford, and Treadwell?—Yes; that was a difficult case.

7574. The question is narrowed down to this, I understand: that the mother of the children desires to have the interest upon the principal sum of £384 applied to their support?—Yes.

7575. And you seem to have some difficulty in arriving at a decision respecting it?—I am advised by my solicitors that I ought not to do so in the present state of the matter; that the Court should settle it.

7576. And you seem to have some difficulty in applying to the Court? You suggest that a guardian should be appointed. It seems a most peculiar position. The children might be starving, when there is money in your office for them?—Of course, I cannot say further than the two legal opinions you have before you; and I am advised I must act according to them if I wish to be prudent and cautious.

7577. Then, it is quite possible from this position that children who would come into large sums of money when they arrived at their majority might starve in the meantime, and never see their majority, as the result of your refusal to pay interest?—If Mrs. Harjes takes the proper steps in the Supreme Court no doubt the difficulty would be solved.

7578. But she has no money?—Then, the position put by you is so.

7579. You admit here that the creditors have no claim, and the children are practically starving in the meantime, while the money is here. That is a position which ought not to exist, surely?—I quite agree, and I think this is one of the points that require attention.

7580. Why should not the Public Trust Office move in the matter? The office has debited the estate with the cost of the legal opinion of your office Solicitor. Why not take the necessary steps with regard to the applying of the interest, and charge the estate with the cost, seeing that the mother cannot find the money herself to move?—I am advised that cannot be done.

7581. I see nothing in the opinion which would justify that statement. What I want to get into your mind is this: Should the office not dispense with technicalities in so far as respects payment of interest upon the principal sum, when that payment is absolutely required for the sustenance and support of infant children?—I quite agree, and if dispensing with technicalities is permissible in law, I would dispense with them readily; but if dispensing with them brings about personal responsibility it is a hard thing to ask me to dispense with those technicalities.

7582. *Mr. Loughrey.*] Would it not be easy to apply to the Court that interest should be given to these children?—[No answer.]

7583. *The Chairman.*] But you appear to have dispensed with a lot of technicalities—dramatic in their way—in dealing with personal effects?—Possibly so. Two wrongs will never make a right.

7584. *Mr. Macdonald.*] Why could you not apply yourself to be appointed the guardian for the purposes of a suit? You are keeping the money for them, and practically carrying out the duties of guardian?—[No answer.]

7535. *Mr. Loughrey.*] You remember the case of Henry Wright. There you made application for the maintenance of the wife and children?—Under the Lunacy Act.

7586. *Mr. Macdonald.*] You see the position, do you not?—If my legal position will admit, I have not the slightest objection to take the necessary steps.

7587. *Mr. Loughrey.*] What would be the absolute cost of making application to the Court to have the interest paid to these children? Would it not be advisable that your Solicitor should make an application?—I think the papers will show that I have asked him to do so, but there is some objection. There is no ojection to the Public Trustee acting as guardian.

7588. *Mr. Macdonald.*] Was that not the only outcome of the opinion—that you should give instructions for the Solicitor to apply, in Chambers, for you to have the power to apply the interest of the moneys in your hands for the children's benefit by remitting it to the mother from time to time?—Yes, I think we might take steps.

7589. Is there any reason why it should not be done now?—I do not think there is.

Mr. Wilson, Public Trust Office Solicitor, further examined.

7590. *Mr. Macdonald.*] With reference to the case of Mrs. Stuart, late Mrs. Harjes, will you tell the Commissioners whether there is any reason, legal or otherwise, why the Public Trustee should not apply to the Court to be appointed guardian of her children, and to have power to

remit the interest upon the £384 in the hands of the Trust Office to the mother for the support of those children?—I doubt whether the Court has power to appoint a guardian of children who are not within its jurisdiction.

7591. The children are at present in urgent need of the interest. Their mother is crying out for it. She is in straitened circumstances, and it is not a pleasant position that money which is required for the support of infants should not be made available. Divesting the matter of all technicality, what is the simplest and best method of getting that money? Mr. Stafford, from whom you have taken a legal opinion, says the claims are done with; that the Statute of Limitations bars them?—It is exceedingly likely, but it will not do for the Public Trustee to act of his own motion, without a Court direction.

7592. Clearly, it is within the province of the Trustee to ask the Court for a direction?—He can do it, but I do not think the Court would grant any order upon an *ex parte* application.

7593. Not on an affidavit by the Public Trustee representing that the children are in absolute need of this money, and that the mother cannot support them without it?—I cannot say positively what a Judge would do, but my impression is that a Judge would not deal with such a thing *ex parte*. There are the creditors.

7594. You will harp on the creditors; the creditors are practically non-existent. [No answer.]

7595. *Mr. Loughrey.*] How long is it since creditors have moved in the matter?—A good many years. Perhaps unfortunately, Messrs. Hesketh and Richmond were written to asking what action would be taken, and that was a sort of reviver of the matter.

7596. Messrs. Hesketh and Richmond declined to take any action, did they not?—It is the passivity of the people which is the trouble.

7597. Is the fee of £1 for the costs still charged for making application to the Court?—Yes.

7598. That and stamps would then be the only expense? Is it not probable you would get some direction from the Judge? Then is there any objection to your trying it?—No.

7599. What interest are you allowing on that sum?—Four per cent.

7600. *Mr. Macdonald.*] Is it not the business of the Public Trust Office to support infants when they have their money in their hands?—When things are in ordinary routine, but not otherwise. It is the business of these people to move. There is no law which says the Public Trustee shall volunteer.

7601. The mother says, "I have not got the money to move the lawyers and appoint guardians"?—That is no reason why the Government should find officers for a nominal fee.

7602. *The Chairman.*] Then, why did the Government ever initiate and start the Public Trust Office?—For certain defined duties, but it does not say that sympathy is to make a lot of work.

7603. The office can go any length and pay an outside solicitor for work out of the estate moneys?—At their own risk.

7604. Why, you have last month paid £3 5s. 6d. to a firm for their opinion. Surely you can go and pay £13 5s. 6d. if necessary. If you have a right to pay for an opinion you got outside the office you have surely a right to pay for an opinion of the Court?—[No answer.]

7605. *Mr. Macdonald.*] You have written and told Mrs. Stuart that she will get no more interest. Now you turn round and say, "You shall have nothing; neither the past due accrued interest or any that may accrue. The whole thing must lie in the office until your children reach their majority." In the meantime the children may be starving, and actually die for want of the money here waiting for them. I do not believe that any Judge of the Supreme Court would refuse to pass the interest when he knew it was absolutely required?—You must have affidavits from Melbourne to that effect.

7606. You have got all the material in your file of papers?—"I am informed" is all you can swear.

7607. There may be an inquest on these children because they are denied the means of sustenance by the Public Trust Office, and there will be a new verdict recorded by the jury of "Died of red-tape in connection with the Public Trust Office of New Zealand"?—No; "Died of want of attention of Government years ago to the necessity of enlarging its powers."

7608. *Mr. Loughrey.*] Why not send over the necessary form of affidavit and make your application upon that? Would it not be easy to draw the necessary form of affidavit?—I cannot see in the abstract the authority for doing it.

7609. Why not try? Are not the children starving?—If the children are starving it is an extraordinary thing that a man can marry a woman just then.

7610. *Mr. Macdonald.*] A complaint has come from this woman that the money is required for her children's support. Why not let her have it?—I know it is a very, very hard case, but I never could see my way to approach the Court as part of my duty as an officer of the department.

7611. *Mr. Loughrey.*] Why not adopt the plan Mr. Macdonald recommends, and put the affair in the hands of one of the town solicitors?—We would be responsible for the costs.

7612. *Mr. Macdonald.*] There is money in hand?—Yes.

7613. Then, is it not worth your while trying to get an *ex parte* order from the Court?—I do not think it is worth my while, putting it in the abstract, because people do not bother Judges with what, in their opinion, would be fruitless. She is told, "We will give you every help," and she will do nothing.

7614. She has got no money to do anything?—Let the husband find the money.

7615. Supposing the husband cannot find the money?—We do not know anything.

7616. The Public Trust is like a mule: it sits down and does not move. We had the case of Winter, of Blenheim. The office wrote to the father, saying that he would have to send out £100 to try a case in the Supreme Court as to whether the insurance of his son's life could be paid to him or not. You found out afterwards that that £100 was not required, and that no legal expense was necessary in the direction of testing the case?—I have nothing to do with the daily work of the office. I know nothing of the ins and outs.

7617. Is it not complaints like these that bring your office into such disrepute?—I do not think so.

7618. Are not people in such cases as these always up in arms and making complaints?—You never had a public institution that did not get lots of complaints.

7619. *The Chairman.*] Did you not tell the Commissioners the other day you are a man-of-all-work?—Yes. I would get reference, "Please reply to this letter." I do reply, and perhaps never see it again. My work is done. Nothing is in my hands to have the charge of.

7620. *Mr. Macdonald.*] Do I understand you to say deliberately that, knowing all the facts of this case, the Public Trust Office is going to sit still and do nothing?—I have no authority to say Yea or Nay.

7621. Will you tell us what is going to be done to remedy the state of affairs?—I cannot move hand or foot without the direction of the Public Trustee.

7622. The Public Trustee says, "I am waiting for Mr. Wilson to tell me how to move, and then I will move as Mr. Wilson tells me and thinks proper." Messrs. Buckley, Stafford, and Treadwell have given their opinion on the matter. You have seen that opinion?—I certainly saw it, but have taken no action upon it. My own opinion is that, until the children were fifteen I would send interest as it accrued without an order of Court. There is no rule telling us when we are justified in doubtful cases, and when not. The statute did not give anything by way of justification.

7623. Is there not the golden rule for the Public Trustee to do what he knows is absolutely right as between parties? Is it not quite clear that in a case of this kind the children have an equitable right to the interest upon money which is coming to them some years hence, and now required for their immediate sustenance and support? Is not that a matter of absolute equity as between the children and the Public Trustee?—You are jumping to the conclusion that every word in the woman's statement is Gospel.

7624. She is the mother of the children?—I am aware; but where there is money you must verify statements.

7625. What does it come to—£15 a year in round figures?—The firm of office solicitors say, "Do not even pay that."

7626. *Mr. Loughrey.*] You state the administration is justified in paying the amount the Court would allow. Is not the Public Trustee administrator? Why should he not pay it? Was inquiry not made, and was it not found that the woman was keeping herself respectable?—[No answer.]

7627. *The Chairman.*] She states that she is unable to keep the children; that she is now married, and the husband states his inability to keep the children without the support to be afforded by the interest which is lying in this office?—I can only say, in an abstract way, because I have to guard myself, "If you think fit to do so-and-so the law will allow so-and-so," but I cannot say, "You shall pay, ought to pay, or must pay."

7628. *Mr. Loughrey.*] Why not make an ordinary application to Court?—There are so many doubts and difficulties surrounding it. It is quite an exceptional case. If I thought the Court would have dealt with it *ex parte* I would have made the application.

7629. Will your office pay the costs of a solicitor outside if you are afraid to move yourself?—No.

7630. Would you recommend the Public Trustee to do so?—No.

7631. What is the advantage of having an office Solicitor?—My belief was I was imported to do all ordinary routine, and also to satisfy the Board that everything they were doing was legal and in form.

7632. You make application for probates and letters of administration?—Yes.

7633. And this would be a simple matter?—If it had no surroundings. The delay of creditors does not necessarily put them out of the question. If there had been no revival, then the Statute of Limitations would have applied.

7634. Would it not be a simple matter to give Messrs. Hesketh and Richmond notice?—It means serving papers and notice, and then there is no clerk or anybody to do that class of work.

7635. *Mr. Macdonald.*] Does it not come back to this simple course: that these children ought to have this interest? Are you prepared to tell the Public Trustee he had better remit it?—No; I would not go beyond what I have already said. I will not dictate to the Public Trustee.

7636. You suggest to the Public Trustee the desirability of sending this interest until they attain the age of fifteen years?—That is my private opinion.

7637. One last question. Is there any reason why the Public Trustee, who ought to be anxious to protect these children's interests, should not apply to the Court for permission to pay the interest upon the balance in his hands, and leave to creditors the question of coming in and proving what their rights are, if they desire to do so?—Then, there is this question on top of that: Supposing the creditor reads this discussion and wakes up, I do not know what he may be able to establish or not.

7638. Supposing he does wake up, how does that affect the question? Supposing the law says, "You must pay over the funds in your hands to creditors," you will be relieved of all responsibility?—Not if we have not enough to meet them.

7639. Four shillings in the pound has been offered as a composition. It seems curious the Trust Office should offer a composition with a desire of preserving portion of the estate, and be afraid of passing over to the mother the sum of between £15 and £16, being the accrued interest, when the mother writes month after month and year after year that the money is absolutely required for the support and clothing of her children. I must confess I do not understand it?—Speaking from knowledge, I know she has some money; but it is no use saying these things to me, because I have in no sense the direction of this matter, or the right to go further than point out what I have done.

7640 You suggest to the Public Trustee a certain course. He does not know what to do, because you have left the onus on him by giving a sort of doubtful opinion. He applies to another solicitor, who gives the opinion that he had better not. Nobody will move, and in the meantime the children are practically destitute; and, while quarrelling as to what should be done, or whether anything should be done at all, starvation may set in, and the whole question in dispute be ended by the children ceasing to exist; and the money will go into the Consolidated Fund. You can imagine when that state of things exists the Public Trust Office will get into disrepute not only in the colony, but outside. Why not at once apply to the Court for permission to pay the money at once?—There is a creditor for £150.

7641. Do I understand that the real reason why the office will not move is that they may get funds in hand to enable them to contest that claim at some future time?—I cannot answer for others. I should be in favour of paying accruing interest up to fifteen years. Kummer has sent in a claim.

7642. *The Chairman.*] Has the Public Trustee recognised it?—There has been no money paid on account of it.

7643. *Mr. Loughrey.*] Is not the amount you have in hand portion of the insurance policy on Harjes's life?—Yes.

7644. And protected?—No, not protected. If he had lived six weeks longer it would have been protected.

7645. *Mr. Macdonald.*] You are allowing these children to starve. I say deliberately, that if a Government office can retain large sums of principal, the interest of which is required to keep infants, and it fails to find that interest, and allows them to suffer, the sooner a Government office that allows such a state of things to exist is wiped out the better. That is my firm conviction?—The sooner the law is altered to give it more pliancy——

7646. *The Chairman.*] Pliancy in the law will not give capacity in administration?—[No answer.]

Mr. Moginie further examined.

7647. *Mr. Macdonald.*] When post-office orders are remitted, how are they credited?—Just in the same way as other moneys.

7648. Do they appear in the ledger?—Yes.

7649. Supposing so small a sum as 3s. were remitted, would that appear in the ledger?—Yes.

7650. Would you kindly bring up your cash-book of 1884—moneys which would have come in to an estate like that of Simon Peter Harjes. Bring up the receipt-book and cash-book. [File of papers produced.] Are these the papers in the estate of S. P. Harjes?—Yes.

7651. Have you seen that estate before?—Yes.

7652. You see a letter dated July, 1884, received in Wellington on the 31st July, from Mrs. Clara Harjes, enclosing post-office order for 3s. for a register of birth. Will you show us in the ledger where that 3s. is credited?—It has gone to the credit of Expenses Account, and does not appear in that ledger.

7653. Your Expenses Account is your Profit and Loss Account?—Yes.

7654. Will you look at the first entry in the ledger?—It is 2s. 6d. for a certificate of birth.

7655. Was it not the proper course to have credited that 3s. to the estate?—Perhaps it would have been better.

7656. You have charged the estate with the payment of 2s. 6d. that you paid for a certificate of birth. You have had a post-office order for 3s., which, instead of passing to the credit of the estate, you passed to your Expenses Account?—Yes, that is so.

7657. The effect of that is that the ledger does not show the transactions upon it?—It does not show that transaction.

7658. If I tell you that you charge 3s. for what you paid 2s. 6d., and that you have failed to credit the estate with the 3s., is that a satisfactory state of things? It is possible for moneys to come into this office which ought to be credited to estates, and they have not been so credited, but have gone to swell the Expenses Account, which is your Profit and Loss Account?—It certainly looks as if it ought to have gone to the estate.

7659. I will show you the certificate of birth, and possibly you will be able to answer the question. Do you see that copy of register of birth?—Yes.

7660. These next two are not New Zealand certificates?—No.

7661. There is only one New Zealand certificate. Are you satisfied that is the one?—It looks like it.

7662. Is there much more book-keeping of that kind in the office?—I cannot say.

7663. You are responsible for the fact that money which ought to go to the credit of an estate goes direct to the credit of Expenses?—Yes.

7664. And do you admit that is not a proper position?—Certainly.

Mr. R. C. Hamerton, Public Trustee, further examined.

7665. *Mr. Macdonald.*] Mr. Hamerton, we have had an opinion from Mr. Wilson that it would be wise, in his opinion, to pay the interest as it accrued to the mother for the support of Harjes's children, but he has also told us that it is not his place to make more than what he would call a suggestion, or a doubtful suggestion, because that is what it really amounts to. After looking at the whole facts, what course of action do you think ought to be adopted?—Application to Court in whatever mode the solicitors advise. The cheapest must be followed, but it must be efficacious. In other words, I do not think I ought to pay it without the authority of Court, seeing that it is Mr. Stafford's deliberate opinion.

7666. Does that mean that you are to protect the interests of the creditors, or of the children; that you are to go in and fight the battle of the bank, which is a creditor, and the lunatic who

assigned his estate prior to his lunacy, and see whether the creditors might have a claim, although they state they do not desire to put one in? Does it mean that you have to fight the battle for them, or would you simply confine yourself in your application to requesting the Court to give you authority to pay the interest which has already accrued, and the interest still accruing, to the mother for the benefit of the children until they are fifteen?—I take it the whole position would have to be placed before the Court. I do not know that it would involve fighting the battle of the creditors.

7667. The question respecting creditors is a very involved one, and it might well be argued that creditors have no right to come in if there was no one representing the children. And the children might object to the Trustee becoming the champion of those who are opposed to them?—No doubt. I take it we must disclose our full hand to the Court before we can hope to obtain an order. The full position must be placed before it, and then it will be for the Court to say whether the creditors are barred, and, if so, then there will be no difficulty, so far as I can see. But what I propose to do is simply to say to Mr. Stafford, who gave me the advice, "Take whatever action is necessary to bring the whole facts before the Court, and obtain its direction, bearing in mind that the estate is a very small one, and the costs must not be large." I do not see what more I can do. You might have seen in my different memoranda that I was anxious to pay this interest to the children, and am so still, but I dare not do it without the sanction of the Court. That may cost between £15 and £20, unless my office Solicitor advises me he can go to work at a less cost. I will take that course which will cost the least to the children.

7668. Mr. Loughrey has told us an application of that sort ought not to cost more than three guineas?—It depends very much on the requirements of the Judge before whom the application is made. The difficulty is that the children are out of the jurisdiction of the Court.

7669. You do not appear to have forwarded a copy of legal opinions to the mother?—No, not a copy, but I think I gave her the gist.

7670. Would it not be right to forward her copies of Mr. Wilson's and Mr. Stafford's opinions, and state that you have postponed action pending receipt from her of her views, pointing out that the effect of your taking action may be to deprive her of the estate altogether?—Exactly so.

7671. Then you will have nothing to reproach yourself with?—That is so.

7672. Then, I understand that is what you will practically do—forward to her the opinions of the solicitors before you do anything?—Yes; I shall forward the opinions, and tell her that if she will move it would be better than my moving.

7673. I have just called the attention of your Accountant to the fact that 3s. was remitted by Mrs. Harjes in 1884, being the cost of a certificate of birth in the colony; that your office has failed to credit the 3s. to the estate—has passed it direct to Expenses Account, and has debited it against the estate in the ledger—which you will admit is a somewhat loose system of book-keeping?—This is a mistake: that has been an oversight.

TUESDAY, 19TH MAY, 1891.

Mr. R. C. HAMERTON, Public Trustee, further examined.

7674. *Mr. Loughrey.*] Mr. Hamerton, do you remember Gannon's mortgage?—Yes.

7675. Was the property sold by instructions from the Public Trustee?—Yes.

7676. Was not Mr. Gannon rather indignant at your action?—He was.

7677. Would you mind reading his letter to the Public Trustee shortly after the sale?—It is as follows:—

SIR,— Gisborne, 5th July, 1889.

With reference to the properties held from me under mortgage by the Public Trust Department, I beg to inform you that they were disposed of by public auction on Tuesday the 25th ultimo. The circumstances attending the sale were of so peculiar a nature that I desire to lay before you the facts in connection with the matter.

On the morning of the sale, and shortly before the hour advertised for it to take place, I called, in company with Mr. Maude, upon Messrs. Finn and Chrisp, solicitors, acting here for your local agent (Captain Chrisp), for the purpose of paying the interest due and all reasonable costs. Just before entering their office I mentioned to Mr. Maude that the interest to be paid that morning was £36. Mr. Maude and myself went into the office, where we saw Mr. Finn. The business in hand was immediately referred to. Mr. Maude said, "I understand from Mr. Gannon that there are some £36 and costs to be paid in reference to these Kaiti properties." Mr. Finn instantly rose from his seat, and said, somewhat warmly, that £72 for interest must be paid before the properties could be withdrawn from sale; that there was twelve months' interest then due, and that another half-year's interest would be shortly due. I replied, "I think, Mr. Finn, you are making a mistake. You will find that the last six months' interest has been paid." Mr. Finn said it had not been paid, to which Mr. Maude remarked, "I am sure it was, because I had a land-transaction with Mr. Gannon at the time, in which the money was got for that very purpose." Mr. Finn, however, repeatedly urged that he himself was right, and that £72 and costs had to be paid before the properties could be withdrawn from sale. By this time the hour was rapidly approaching for the sale to take place. There was no time to be lost. I again assured Mr. Finn that he was in error, and suggested that he should ask Mr. Chrisp, his partner, to come into the room. Mr. Finn called and sent for Mr. Chrisp, who came into the room. In reply to Mr. Finn's inquiry, Mr. Chrisp stated that the amount of interest to be paid was £36. After a little further discussion on this point, and Mr. Finn being assured that he had demanded twice the amount of interest due, I then spoke of an arrangement I was about to make in reference to one of the sections. An arrangement was being proposed in reference to other business matters between Mr. Maude and myself, in which the Auahituroa Block, containing 13¾ acres, was to be dealt with. This block is one of a number included in the mortgaged security. On my mentioning this property, Mr. Chrisp immediately asserted that the land was valueless, being nothing but a gravel-bed. I replied, "How can you say so, Mr. Chrisp, when you have Major Pitt's valuation of the land at £17 per acre, upon which £140 was lent through this office." Upon my reminding Mr. Chrisp of this fact he admitted he was in the wrong.

It seemed to me quite evident that this discussion was being intentionally prolonged, and that the solicitors were determined that the property should at all hazards be sold. Mr. Chrisp had on more than one occasion mentioned a particular section that he was most anxious to purchase, and on my stating, in reply to his query as to price, that I had sold some land adjoining this particular section for over £30 an acre, the young man regretted his lack of means to acquire this favoured spot. It having been definitely settled that the interest to be paid was £36,

Messrs. Finn and Chrisp then raised a demand for five and twenty guineas costs, including five guineas auctioneer's fee, a sum I declined to pay. Mr. Maude, one of the wealthiest clients of the firm of Messrs. Finn and Chrisp, offered to guarantee the payment of all costs. This offer was refused. As it was now within three or four minutes of the hour of sale, I went to the bank and cashed a cheque so as to be able to offer the money before the sale was effected. I proceeded to the sale-room, and tendered the money to the Registrar of the Supreme Court, to Captain Chrisp, your agent here, and to Messrs. Finn and Chrisp, in the presence of Mr. Brett, the manager of the Union Bank of Australia, and other gentlemen. All the parties declined to accept it.

The auctioneer had now begun to read the conditions of sale. I walked over to him and said, "I think you should mention publicly that the amount of interest demanded of me, as due by the Public Trustee, has been tendered by me to his representative here, Captain Chrisp, to the Registrar of the Supreme Court, and to the solicitors here for the Public Trustee, and refused." The auctioneer replied that he did not know whether or not he should mention it. Thereupon, I observed, "Very well, I will mention it publicly myself;" and I did so, that intending purchasers should have notice of the fact. The sale proceeded, and, according to the newspaper account, the properties realised £1,131 8s. In this manner, therefore, was the disposal of my mortgage property effected.

I had all along, and on numerous occasions, apprised both Mr. Finn and Mr. Chrisp that I had no intention of allowing the properties to be sold; that all demands would be met. I called frequently at their office to know the amount of the claim I had to meet, but was put off by various excuses. One of the lads in the office on one occasion mentioned the amounts that would probably have to be paid, included in which were the sums he thought the newspapers would charge for advertising; but he could afford me no definite information. I told Mr. Chrisp any reasonable outside charges for advertising I would arrange with the newspaper proprietors themselves, having other business with them; and, as to any auction charges, I could not possibly see why they should exist. Mr. Chrisp appeared quite satisfied, and led me to believe that the question of outside charges would not crop up. When, however, a demand for five and twenty guineas costs was made upon me a few minutes before the sale by the solicitors, and when they refused to accept the guarantee that all proper costs would be paid—a guarantee offered to them by one of their own clients, and a gentleman of independent means—Mr. William Maude—I saw clearly that a mine had been sprung under me. The unreasonableness of the position taken up by the solicitors was self-evident. I had your note of the 11th June last, in which you state the following: "Please take notice that six months' interest, at 8 per cent. per annum, under the conditions specified in your mortgage for £900, amounting to £36, fell due on Saturday, the 29th day of December, 1888, and that an immediate remittance of the same is necessary. A further half-year's interest will be due on the 29th instant" (29th June, 1889). The sale of the property, as already stated, took place on the 25th June last. Your note from which the above extract is made has the Gisborne postmark of the 17th June, and was directed to me "C/o Agent Public Trustee, Gisborne," by whom it was handed to me in the street some three or four days before the sale.

As to the sale of the properties themselves and the prices realised, little, perhaps, need be said. The section so particularly desired by Mr. Chrisp, the son of your local agent, brought a very moderate price indeed. The fortunate purchaser, I am informed, has stated openly that he has been offered £8 per acre on his bargain, but has refused the said offer, as he was only acting as agent in making the purchase, and feels compelled to decline to disclose his principal.

Apart altogether from the view I take of this business on personal grounds, the subject has its public aspect, and to you, sir, holding as you do the honourable position of head of the Public Trust Department, I venture to respectfully submit that the action of your representatives here should not be allowed to pass unnoticed. For myself, while I hope to get redress at your hands, one cannot lose sight of the fact that public confidence must speedily be shaken in the Public Trust Department if its solicitors act in a similar manner to Messrs. Finn and Chrisp. If when the full amount of interest due is offered and refused upon the shallow pretext so lately witnessed, and property thrust into the market, what guarantee is there that valuable estates may not be sacrificed or fall as incumbrances into the hands of the department? In the present case the amount of the mortgage was realised, but let us assume the case to be otherwise, and the property fell into your hands, in your official capacity, what then would have been the position of things? In the first place, the ratepayers of the district, who are taxed to the extent of having to pay 5 per cent. on that £900 (the money having been borrowed from a local government source), would be losers to the extent of having to pay interest on public money unproductive; but, in addition to that, they would be the still greater losers of the difference between the 5 per cent. they paid for the money and the 8 per cent. they received from me.

This, sir, is the public side of the question, and as there are many thousands of pounds borrowed from the same source as the sum above referred to on landed security in this district, it behoves every settler to see that those securities are not imperilled or jeopardized by the actions of persons whose paramount duty should be to protect the public interest. That in my own particular case a scandalous wrong has been perpetrated is a matter that cannot escape notice, nor, indeed, can it be gainsaid.

I have at, perhaps, a wearying length, ventured to trespass upon you in the full hope and firm conviction that all that is required is that you should be acquainted with the facts, in order that complete justice may be administered at the hands of your department.

I have, &c.,

The Public Trustee, Wellington. M. J. GANNON.

7678. What was your reply to that letter?—On the 11th July, 1889, I wrote as follows:—

Mr. M. J. Gannon, Gisborne, Poverty Bay.

RE your mortgage: I have to acknowledge yours of the 5th instant, and regret that there should have been any misunderstanding in the matter. There was no desire on my part to exercise the power of sale, and I gave you every opportunity, even so lately as the 23rd May. I held my hands, and postponed the sale for ten days on your earnest solicitation and promise to pay in that time. Shortly before the hour advertised for the sale to take place you called on the solicitor acting herein and, I am informed, offered the bare interest. Under these circumstances, the sale, you will perceive, could not have been averted.

11th July, 1889. R. C. HAMERTON, Public Trustee.

There is also the following explanation received from Finn and Chrisp, the solicitors engaged in the matter. It was sent by them to the Gisborne agent, and forwarded by him to the Public Trustee:—

SIR,— Gisborne, 27th June, 1889.

Re Gannon's mortgage: We beg to inform you that, in accordance with your instructions, the power of sale contained in the above mortgage has been exercised under conduct of the Registrar of the Supreme Court at Gisborne, who will forward you account sales, with the purchase-money to be paid by the several purchasers.

We may state for your information that seven minutes before the time advertised for the sale Mr. Gannon called at our office, and stated that he had £30 on account of the interest in arrear, and that a Mr. Maude would pay the balance—£6—and guarantee payment of the costs incurred. We informed both gentlemen that the interest in arrear, and the costs incurred by the Public Trustee in consequence of the default, must be paid, otherwise the sale would proceed. After some conversation between both gentlemen, Mr. Maude stated that he did not consider the security offered to him by Mr. Gannon good enough; he would not make any advance; and then both gentlemen left our office. As the auctioneer was reading the conditions of sale in the auction-room, Mr. Gannon tendered to our Mr. Finn and to yourself a bundle of bank-notes, saying, "Here is now the £36 which the Public Trustee has demanded for interest." We refused to accept the sum of £36, unless the costs incidental to the sale, such as for advertising, auctioneer's charges, &c., were paid. He then turned to the Registrar of the Supreme Court, who was present, stating that he called on him to witness the tender. The Registrar refused to interfere. After the auctioneer had finished reading the conditions of sale, Lot 1, containing 13 acres 3 roods of the Auahituroa Block (not

subject to a second mortgage), was submitted, and, as the bidding was not near its value, this lot was bought in for £65. We may here state that this small block has been leased for £15 a year, and that immediately after the sale we received an offer of £6 an acre for it, which will be submitted to you in due course. During the bidding of the second lot, Mr. Gannon, from the body of the hall, informed the auctioneer that he had tendered the sum of £36, the amount of interest in arrear, and intimated to all present that he would take action and have writs served on all purchasers at the present sale. Our Mr. Finn stated, in reply, that every possible consideration was given to Mr. Gannon by the mortgagee, and if he would there and then deposit, say, £20, even under protest, to cover the expense of advertising and other incidental expenses, the sale would be stopped. Mr. Gannon said he would not pay any costs, and the sale then proceeded. Mr. Gannon's threat of litigation did prevent several persons from bidding; but we are glad to inform you that, nevertheless, no loss will be sustained by the Public Trustee. With a letter from the Public Trustee, dated the 1st May, 1889, No. 2127, addressed to us, was enclosed a statement of the amount due on this security, amounting to £1,055 13s. 8d. We have submitted this statement to you, and it appears there is a mistake in the amount of £60 for interest, credit not having been given for a sum of £36 paid on the 12th November, 1888. Probably the Accountant was not aware that the interest under this mortgage was payable in advance. We would be glad if you would refer this item to the Accountant for him to settle. We think that a half-year's interest only was due, such having become payable on the 29th December, 1888, for the half-year ending the 28th instant. If we are correct, then the interest to be accounted for, is £35 4s. 3d.—four days' interest being deducted, as the half-year does not expire until the 29th instant, the sale being on the 25th instant. The Accountant will, however, easily ascertain the proper amount.

Assuming that we are correct, then the amount owing to the Public Trustee is made up as follows: Principal, £900; taxed costs, £95 13s. 8d.; interest, £35 4s. 3d.: making in all, £1,030 17s. 11d., to which is to be added the costs incidental to the exercise of the power of sale, not yet received from the Registrar.

All the lots were sold, realising in the whole £966 8s. 9d. In this amount is included a sum of £237 4s., debited to the Trustee for the purchase-money of two lots, so that the actual cash receipts amount to £720 4s. 9d. Deducting this sum from the whole amount owing, there remains a sum of £301 13s. 2d., which is represented by the two lots purchased by the Trustee, *minus* the costs.

As regards these lots, we have already stated the offer made for one of them, which amounts to £82 10s. Several inquiries have been made for the price of the other section—namely, section 310, Kaiti, containing 28 acres 2 roods 32 perches. This section was bought in at £6 an acre, and since the sale £10 an acre has been offered for it. This is a valuable property, and, if times were good, there are several who would willingly give £15 an acre for it. However, we venture to say there will not be any difficulty in selling it for £11 or £12 an acre; but, assuming the price to be what is now offered, that would represent the sum of £286, which, added to the price offered for the other section, makes a total of £368 10s., leaving a margin of £66 odd, which will more than cover the costs of sale. We have now, we hope, shown you the propriety of buying in the two lots in question, otherwise there would have been a loss to the Harbour Board of over £100. This has now been saved. The several other lots, with the exception of section 258, Kaiti, brought remarkably good prices. Section 258, Kaiti, containing over 9 acres, was sold for £14 an acre, and were it not for Mr. Gannon's threat of litigation, it would have brought not less than £20 an acre. We ran it up to £13, but, then, not knowing who was bidding, thought it advisable, with your approval, not to risk a higher bid. We think it proper to inform you that the sections bought in for the Public Trustee were at the time the advance was made to Mr. Gannon valued at £17 an acre each by the valuator for the late Commissioner.

To enable the Public Trustee to sell or lease the sections bought in, if he should think fit to do so, we have had transfers thereof to him executed by the Registrar of the Supreme Court, and the same will be forwarded for registration by the outgoing mail. The several transfers from the Public Trustee to purchasers will be forwarded to him for execution next week. All the purchasers have paid into the hands of the auctioneers 20 per cent. of the purchase-money, and signed the necessary agreements.

We are, &c.,

The Agent of the Public Trustee, Gisborne. FINN AND CHRISP.

7679. How long was the interest overdue?—Six months.

7680. What was the amount?—£36. It was overdue six months, less three days.

7681. Was the interest payable in advance?—Yes.

7682. Had there not been a mistake in the claim for interest previously?—Yes, apparently.

7683. So that at the date of the sale there was only £36 due?—Yes; that is what he was told from this office.

7684. At one time did you not intend to transfer this mortgage to Mr. De Lautour?—Yes.

7685. What was the difficulty in transferring it?—I do not recollect what it was. You will find a letter from Mr. De Lautour, stating that they were prepared to take a transfer of the mortgage. Here it is,—

MEMORANDUM from C. A. DE LAUTOUR to T. CHRISP, Esq., Agent for the Public Trustee.

DEAR SIR,— Gisborne, 26th March, 1889.

Re mortgage Gannon to Sinking Fund Commissioners: I am glad to be able to inform you that Mr. Barker will be prepared to take over this mortgage on my being satisfied that the Public Trustee can give a good title. I called at Messrs. Finn and Chrisp's on Saturday to see the deeds, but ascertained they had been sent to Wellington the day previous. Perhaps you would be so good as to have them returned at first opportunity.

I am, &c.,

C. A. DE LAUTOUR.

The following letter was received from Finn and Chrisp:—

Gisborne, 26th April, 1889.

RE transfer of Gannon's mortgage to Barker: Mr. De Lautour's clerk called on us yesterday, and asked if the transfer of Gannon's mortgage from the Public Trustee to Mr. Barker was returned. As this was the first intimation we had of the transfer in question, we made inquiries from Captain Chrisp (your local agent), who stated that Mr. De Lautour represented to him that the second mortgagee—Mr. Barker—desired to pay off all principal and interest money due to you under Gannon's mortgage, and take a transfer of the mortgage to himself; that you had consented, and that Mr. De Lautour had forwarded through him a transfer to Mr. Barker for your signature. . . .

We have, &c.,

The Public Trustee, Wellington. FINN AND CHRISP.

7686. Did your solicitors, Finn and Chrisp, inform you there were costs £95 13s. 8d., which should be tacked on?—Yes.

7687. What had the Public Trustee to do with those costs? How did they concern him?—I really forget now.

7688. Will you read the opinion of your office Solicitor?—It is as follows:—

Public Trust Office, 1st May, 1889.

RE Gisborne Harbour Board and *re* transfer of Gannon's mortgage to P. Barker: Your letter of the 26th ultimo was referred to the office Solicitor, and after consideration of such papers as were at hand he came to the conclusion that I have entered into a contract with Mr. Barker from which I cannot recede, and which cannot prejudice the second mortgagee; that the Board had a right to tack on to their mortgage the costs, £95 13s. 8d., and to have been paid interest thereon, and this right has been admitted by the mortgagor's payment of £30 on account of these costs; that I have no proper evidence of this claim or tack, but that you can easily furnish it; that Barker should be

required to pay according to memorandum herewith from the Accountant, and, if he refused, that the bargain is off, no definite sum for purchase having ever been expressed or implied, though, on the other hand, this claim has not been disclosed to him; that Miller (as second mortgagee) could not be called upon to pay the costs, for they were solely incurred in respect of land not mortgaged to him, and if any question arise at any time between first and second mortgagee it will most probably do so on a marshalling of assets. He does not see his way to advise me to act as you indicate, and you are therefore requested to complete the transfer of mortgage on the foregoing terms, and to pay money received into the Bank of New Zealand to credit of this office. It is to be regretted that by an accident you were not communicated with hereon. The transfer of mortgage is sent herewith; Mr. Chrisp, sen., has the other documents. This letter is not so much mandatory as directory. If, therefore, as solicitors generally herein, you see good reason, you will hold your hands until you shall have disclosed same for consideration.

Messrs. Finn and Chrisp, Solicitors, Gisborne. R. C. HAMERTON, Public Trustee.

7689. What did the property realise at the sale, Mr. Hamerton?—By Mr. Gannon's letter it was £1,131.

7690. What was the land which was valued at £17 an acre sold for at auction?—What I want to draw the attention of the Commissioners to is, that there is a vast variance between the statement by Mr. Gannon and the statement by Mr. Finn. Mr. Gannon gave a very different version, showing that, if his view was right, the solicitors did very wrong.

7691. Did not Mr. Gannon, in accordance with the statement of Mr. Finn, tender the money for the interest?—No; he called seven minutes before the sale, and told them he had £30 on account of interest.

7692. Have you many mortgages in the office where interest is payable in advance?—Very few. The Commissioners will understand this was a mortgage drawn by the solicitors of the Gisborne Harbour Board before it came into this office at all.

7693. Was the interest overdue?—It was five months and some days in arrear, being payable in advance; had it not been in advance it would have been due four days after the sale.

7694. *Mr. Macdonald.*] Is it not rather a harsh measure to foreclose when interest is payable in advance?—It may be considered harsh. I was advised to sell by all Gisborne correspondents on account of the riskiness of the security and the temper of the man.

7695. Then, you were anxious to foreclose?—My first duty was to the Harbour Board. If I had not done so I should have been blameworthy; for doing it, I am blamed.

7696. We are not blaming you. Mr. Gannon has made a complaint, and the Commissioners are trying to get at the true facts; but they are not casting blame upon any one.

7697. How long had this mortgage to run at the time of the sale?—To the 29th June, 1894.

7698. What did the land realise at the sale?—The total sold at auction realised £966 8s. 9d.

7699. Has some of the land been sold since privately?—Yes, the Kaiti section.

7700. And how much did that realise?—The total amount realised was £1,174 4s. 9d.

7701. What was the amount of interest due at the date of sale?—£35 4s. 3d.

7702. What was the whole total cost of effecting the sale?—£168 19s. 3d.

7703. *The Chairman.*] Was your solicitor one of the purchasers at that sale?—Yes, Mr. Finn did purchase. When he sent down his transfer to be signed I brought it before the Board, and explained it so far as I knew, and the Board resolved, on the 31st July, 1889, to execute five of the transfers forwarded, but to postpone that in favour of Mr. Finn for further inquiry, and I wrote to Finn and Chrisp on the 1st August, 1889, as follows:—

Messrs. Finn and Chrisp, solicitors, &c., Gisborne.

RE Gisborne Harbour Board—M. J. Gannon's mortgage: I forward you herewith five memorandums of transfer to T. J. Dickson, J. Ponsford, F. Parker (two), and George Houghton, all duly executed, which please hand to purchasers on receipt of balance of purchase-money. With respect to the memorandum of transfer in favour of your Mr. Finn, the Board have delayed executing it, being somewhat startled at the discrepancy in the sale-price compared with the other lots, and your firm not having favoured me with any word of explanation, which, if it had been given, doubtless would have been satisfactory. I would also note that your Mr. Finn is acting as solicitor in the matter; is he an eligible purchaser under the circumstances?

1st August, 1889. R. C. HAMERTON, Public Trustee.

On the 9th August they wrote,—

SIR,— Gisborne, 9th August, 1889.

Re Gisborne Harbour Board and Gannon: We have the honour to acknowledge receipt of your memorandum, No. 4092, dated the 1st instant, and to inform you that all the purchasers, with the exception of Mr. Dickson, have completed their purchases. Mr. Dickson will complete to-morrow. As regards the purchase by our Mr. Finn, we will write you fully next mail, but permit us to state at present that the piece of land purchased by him is absolutely valueless, and that the bidding started at 5s. for the whole lot. We regret that time does not permit us to answer fully by this mail.

We have, &c.,

The Public Trustee, Wellington. FINN AND CHRISP.

On the 15th August Finn and Chrisp wrote as follows:—

SIR,— Gisborne, 15th August, 1889.

Re Gisborne Harbour Board and M. J. Gannon: In reply to your letter herein, dated the 1st instant (No. 4092), we have the honour to inform you that the piece of land in question—viz., Lot 319, Kaiti, purchased by our Mr. Finn—is absolutely valueless at the present time, and is likely to remain so. The lot in question is the extreme point of a long, high, broken, rough promontory, jutting into the sea, almost covered with sand, little, if any, vegetation, and inaccessible except by sea, there being no road to it. When the tide is out it is accessible on one side only—viz., on the side furthest from Gisborne, and then only to the foot of an almost perpendicular cliff. It is, as already stated absolutely worthless, and we are willing to pay the charges of any valuator you may appoint to value it, and report to you. We enclose a plan showing the locality, marked with red pencil, also the direction by which it is accessible from Gisborne, by an arrow in blue. The space between the two X" X" is impassable at all times, the sea-frontage between these points being almost perpendicular, several hundred feet high. At the sale there was no bid for a long time. At last a bid of 5s. for the "whole lot" was made, and then our Mr. Finn bid £5, and he then, without any bid intervening, bid £8, at which price it was knocked down to him, amidst roars of laughter, with cries, "Do you want a parachute;" "No, he wants a balloon;" "He wants a lighthouse," &c. We merely state what took place in the auction-room. As regards the last paragraph, we think it would be better for our Mr. Finn, under the circumstances, not to have been a purchaser, but the sale being by public auction, there might not be any harm. However, to remove all doubts, our Mr. Finn will forfeit his deposit, and, if you see fit, have the property vested in you. He will, at any time hereafter, purchase the property for £8 if you should not get a higher price. We regret the matter, and trust you will approve of the course suggested.

We have, &c.,

The Public Trustee, Wellington. FINN AND CHRISP.

7704. Have you had any experience in auction-rooms?—Very little.

7705. Have you ever noticed a man bid a certain sum, and then, without any intervening bid, bid a higher one?—I have seen it done, and it made an impression on my mind, because I could not understand why it was done.

7706. Has the transfer been executed to Finn since?—Yes. Captain Chrisp, the Gisborne agent, was in Wellington about the 19th August, 1889, and I particularly asked him about the value of this property, and he corroborated the information given by Finn and Chrisp as to inaccessibility and worthlessness.

7707. Is Chrisp, of Finn and Chrisp, any relative of your agent?—He is a son.

7708. Mr. Macdonald asked you did you not think it was rather harsh, considering the interest was payable in advance, that this sale should have been forced so closely on Mr. Gannon?—I take it, if a man contracts to pay in advance, he must pay at due date—the first day after. I cannot see myself the particular hardship.

7709. Was there any balance remaining to the credit of Mr. Gannon after the sale was effected?—No; if the lessee purchases, there will be a profit on the whole transaction of £35 some shillings. I take it that will belong to the Gisborne Harbour Board, for whom the properties were bought in and resold.

7710. *The Chairman.*] Do you think, if there is any margin over and above what is due to the Trust Office, that it will belong to the Gisborne Harbour Board?—I take it so. Of course I shall take advice, and it shall be paid to whoever it belongs.

7711. At the date of the sale, how much interest was really due?—£35 4s. 6d.

7712. So that Mr. Gannon, in tendering £36, tendered more than was due?—If he tendered £36. But my advice is that he tendered only £30.

7713. Can you remember whether any of the interest now due to the Public Trust Office was interest payable in advance?—Unless under mortgages given to the Gisborne Harbour Board, I do not think there is another case. It is not so provided in the mortgage form in use in this office.

7714. *Mr. Loughrey.*] Do you not think a great deal of latitude should have been given to Mr. Gannon, considering he was paying in advance, and that the security was good?—The difficulty any man away from the particular locality feels is this: He does not know the surroundings, and is bound, more or less, to take the advice of those who represent him on the spot. I was strongly pressed to sell, because the security was not considered very good.

7715. Who recommended you to sell?—Both the agent and the solicitor.

7716. And it was principally on their recommendation you sold?—Entirely so.

7717. We have found in other mortgages you allow the interest to run for years without trying to force a sale?—Yes, that is so.

7718. We found that the Public Trustee has not effected a sale, or tried to effect a sale?—That is so; but where there was an urgent recommendation, if I had not sold, and a loss had accrued, I should have been blamed very considerably.

7719. Does it not strike you as rather strange that your solicitor should be so desirous of purchasing barren land?—Yes.

7720. Does he not strongly impress you that it is worthless?—Yes.

7721. Yet he jumps from £5 to £8 without an intervening bid. Do you not think that would show he was determined to have that, and stop other people from bidding?—I do not think it would have stopped other people bidding. Where a solicitor is the solicitor to a trust before it comes into the office he continues solicitor in that trust after it comes in. Messrs. De Lautour and Sivewright are my solicitors. The Gisborne Harbour Board employed Messrs. Finn and Chrisp.

7722. *Mr. Macdonald.*] Have you any other instance on record of your solicitors purchasing any properties sold by your order?—No; I do not know of one case.

7723. This is a solitary case?—Yes; I am as sure as a man can be without looking through all the papers.

7724. Do you think it is a wise or proper course?—No. It was a course very much demurred to by the Board until they obtained a satisfactory report.

7725. *The Chairman.*] Have you loaned any moneys to County Councils?—No.

7726. To Borough Councils?—No.

7727. Nor to Harbour Boards?—No. I hold the funds of some. I have got £800 belonging to the Otago Harbour Board or other local body.

The Chairman: Then you had better preserve it.

7728. *Mr. Macdonald.*] The charges in the case of Mr. Gannon appear to be extraordinarily heavy?—[No answer.]

7729. *Mr. Loughrey.*] After going through this case, are you surprised that Mr. Gannon thinks that he has a grievance? His property realised something like £1,000. He owed £900, *plus* £35 4s. 3d. for interest, and he gets nothing?—I do not think, really, he has a grievance. I think a little harshness was shown by the solicitors. If I had been on the ground the harshness would probably not have occurred. He was in arrear, and had been sent notice to pay up. When the interest was nearly half a year overdue the order was given to sell.

7730. *Mr. Macdonald.*] What was the meaning of the "tacked costs, £95 8s."?—I shall have to look through the papers before I answer you, but I believe it to be this: The Gisborne Harbour Board have been in litigation with Barker, and had won.

7731. *Mr. Loughrey.*] As a rule, is it not very rarely you receive interest up to date?—Very seldom on the exact date.

7732. *Mr. Macdonald.*] This action would never have been taken but for some personal feeling at Gisborne?—I am afraid that is so. The whole facts disclose to my mind more than appears on the surface.

7733. In the ordinary way, dealing with strictly commercial people, they would not have taken

such action against a mortgagor?—What I am inclined to think was a little harsh was when Gannon offered £30 and said he would pay the balance as soon as he could. It is an offer I should have accepted at once in Wellington, without a second thought.

7734. *The Chairman.*] Do you think you have heard the last of this case?—I think so. So far as I can gather, the law is on the side of the mortgagee. Gannon came to Wellington with the idea of petitioning Parliament. He came to see me, and we had a conversation about the whole proceedings; and the impression on my mind was that he did not attribute any blame to the Trust Office.

7735. *Mr. Loughrey.*] In one of his letters, does he not characterize the whole affair as an organized swindle?—Yes.

7736. *The Chairman.*] Do you remember the terms of the regulations that guided you in allowing interest on floating balances, or shall I refresh your memory by reading them? [Regulations and Order in Council on the subject read.] So that, with those regulations before you, should not all interest go with the principal money?—As regards the estates, undoubtedly. Do you refer now to the amount paid to the Consolidated Fund?

7737. Yes?—The Audit Office called my attention to the fact that we were not paying interest as well as principal into the Consolidated Fund. I replied that that was so, and that it had been the practice ever since the office was inaugurated to pay in the interest to the credit of Interest Account, and to transfer principal only to Consolidated Fund. I think they got the opinion of the Law Officers of the Crown to show that our practice was not correct; and from that date it was at once altered.

7738. Do you remember when that alteration occurred, because we have it in evidence that up to close upon last year you were in the habit of taking the interest that belonged to floating balances?—I think it was in the early part of 1889, but it had no reference to interest on floating balances.

7739. Does it not occur to you that the interest was legally bound to go with the balance of principal money?—If it is paid into consolidated revenue it is withdrawn, I take it.

7740. From your Public Trust Office no doubt. Is it not a fact that these profits which you have shown from time to time in your balance-sheet were not real profits? Is that really not so?—Because the interest went over to Consolidated Fund.

7741. Because the interest did not in reality belong to you?—I suppose that must be so, as the interest under the new practice would have been paid to Consolidated Fund.

7742. Are you aware of the last regulation under your cognisance, made as lately as two years ago? [Regulation read.] That seems a regulation almost made to oppose the interest following the principal in some respect. It leaves it optional. It leaves it to my mind in a conditional state with the Public Trust Office. Clause 4 of the new regulation enacted two years ago implies a conditional character in regard to the interest which the others do not imply?—It is since that last regulation, made two years ago, that the Audit has required us to pay in these sums of interest to Consolidated Fund.

7743. It was a pity they did not require you to pay in from the beginning, for you would have been saved the commitment of a breach of trust, because it is nothing more nor less if you go outside the regulations or the Act?—There is nobody damnified by it, because it can be recovered if claimed, and if not claimed it will in ordinary course be paid over to Consolidated Fund when demanded by the Colonial Treasurer.

7744. When balances disappear from your books, and the account is closed, the matter is forgotten—that is to say, it is not so prominently before you as it would be if it remained in the ledger and the balance was brought out in your annual statement?—Yes, that is so.

7745. In looking through these regulations I notice that the minimum amount on which interest is allowed is £50—that is to say, if an amount did not reach £50, or was only £49 19s. 11d., it was treated as an unproductive sum?—That is so.

7746. Is not that rather a hardship on numbers of small creditors?—Yes.

7747. Why should not the smallest balance participate in the allowance of interest by the State on equal terms as much as the largest balance?—Quite so.

7748. What is the meaning in some later regulations, where balances are referred to as not being under £10?—In certain Maori and other cases we allow interest on sums above that amount.

7749. Does that refer to the estates of minors, and say that these estates shall participate if they have a balance up to £10?—That is the reading of it.

7750. Do you know whether that is faithfully observed by your Accountant?—I have no doubt of it.

7751. I have looked through the ledgers, and I have not noticed that these sums have been passed. I do not say they have not, but it is very important. I want to ask you, in your experience as Public Trustee, have you ever had any mortgages approved by the Board that, after approval by the Board, were really not taken up?—Yes, there are many such cases, I should say.

7752. Has it been customary to report these mortgages to the Board?—It has not.

7753. Do you not think they ought to have been reported to the Board as failing after sanctioning?—No, I do not think so.

7754. Does it not occur to you, say, that an important loan came before the Board, and was sanctioned, and after it had passed from the Board, it had run in the mind of the Board that such loan was forming part of the Trust Office securities, or has it not occurred to you that when such loans have not been taken up and completed the Board should have been made acquainted with the fact?—It has not occurred to me that it is necessary to report them.

7755. Are you not aware that in minutes of the nature that would come before your Board dealing with securities it is usual to set out the nature of the securities in the minutes—in fact, full particulars, as is the case with large financial institutions?—I was not aware of it.

7756. Then, are you not aware that after dealing with loans at any particular Board meeting it is always customary, after securities have been passed by the Board, to report at subsequent minutes each particular security that the Board has previously passed as having been completed?—It has not been our practice. I was not aware it was the practice in financial institutions.

7757. Well, if I say that is the practice, in order to keep the board of directors thoroughly alive with the securities that have been completed?—Might I say that the Board of this office is not an advisory Board. Their duties are not co-ordinate with the duties of directors. The directors, I take it, are themselves responsible for those securities. As I understand it, the Board merely says to the Trustee, "We have gone over your application and valuations; we see no reason why the advances you propose should not be lent, and you have our sanction." They have no duty at all connected with the recovery of interest, or any executive function whatever.

7758. Then, after passing any securities placed before your Board, you have never been questioned by any member of your Board as to whether any or every one of these securities have been completed?—No. I have informally, in reading over the minutes, where they have at a previous Board meeting sanctioned any particular loan, said, "That is off; that has not gone any further;" but I have not put it as a minute.

7759. Viewing the Board in the light you appear to view it, and its duties, would it not be better that the fate of all securities approved by them in respect to mortgages should be reported at future meetings as to whether they have been completed, and when?—I think it would.

7760. Do you remember a mortgage of —— on the 5th February, 1890, for £250?—I do.

7761. Do you remember that he made an application for an indefinite extension of the term?—I do.

7762. What was the object of that?—I do not recollect the circumstances, but it must have been that he was not ready with his money.

7763. I wanted to know whether he was behind with his interest?—No; he is very regular, and the Board sanctioned it for two years. The Board did not agree to the indefinite term.

7764. In the same year—January, 1890—Y——'s mortgage was extended four years, and the interest was reduced to 7 per cent. What is the amount of that mortgage?—£200.

7765. You still charge 7 per cent.?—Yes. Our rule is to require revaluation prior to renewal. If that valuation is satisfactory to the Board it grants a renewal.

7766. You have got a large borrower in the case of one E——. Are you satisfied about his position?—Yes. We lent £4,500, on the valuation of Mr. Cook. My attention was called to this particular mortgage by the Commissioner of Property-tax, who thought the valuation made very excessive. I then had a second valuation made at the cost of the office, and although it did not come up to the first valuation made, it very largely exceeded the property-tax valuation. The loan went on, the interest was most regularly paid, and the time of expiration arrived. The mortgagor asked for a renewal. I told him he would have to pay for valuation. I directed the agent to obtain a valuation; the Board agreed to renew for half that valuation. The consequence was that E—— reduced his mortgage to £4,000, at which it stands now.

7767. And that is all he has had lent him—£4,000?—Yes.

7768. Do you remember that on the 26th February, 1891, a large loan appears to have been granted, amounting to £35,000?—No, not granted; it was resolved to entertain the application.

7769. Has that loan been carried out?—No; it comes before the Board to-morrow. I have obtained two valuations—one £76,000, and the other £81,000.

7770. *Mr. Macdonald.*] What is the property-tax valuation?—£61,000; and the value put upon it by the late manager of that property is between £65,000 and £70,000.

7771. Is that going to be a contributory mortgage?—No, it will have to be sanctioned by the Colonial Treasurer. As regard property-tax and private valuations, the security is satisfactory.

7772. *The Chairman.*] Do you know what income is being derived from the property?—I do not.

7773. Is the manager living upon it?—Yes.

7774. And working it?—Yes.

7775. On the 10th September, 1890, I see there is a large loan of £6,500, at 6 per cent. Has that been taken up and completed?—I cannot say from memory. I will procure the papers.

7776. Do you not think it would be desirable to have in your minutes much further particulars, showing district, acreage, &c., so that you could see it all at a glance, without having recourse to your deeds and mortgages?—Yes, I think so.

7777. There was an application for another mortgage on the 4th March, this year, for £20,000: has that been completed?—It has not. I have received from the solicitors to whom I referred the question of title a telegraphic message, stating that so far as they had seen the title they could not recommend the loan. So in all probability it will go no further.

7778. Then, on the same date, there is an application for a renewal of £4,000 at 5½ per cent. What about that?—That is very satisfactory.

7779. On the 19th March, 1890, there is a large loan of £8,000 agreed to, subject to valuation: has that been carried out?—Yes; the valuation is very satisfactory.

7780. On the 19th February, 1890, there is a small loan of £350 agreed to for eight years at 7 per cent., with these peculiar conditions: "Agreed to lend for eight years, with liberty to pay off any portion of the principal money at the end of the term, and balance at six months' notice." What does that mean?—Practically, that he need not pay the whole at the end of eight years.

7781. Is not that a most peculiar way of making a loan?—Yes, it is; I do not recollect the particulars of it.

7782. On the 25th June, 1890, there is an application for a mortgage of £28,000: what became of that?—That is under the Life Assurance Companies Act of 1873, under which all companies carrying on life assurance business are bound to deposit with the Public Trustee securities of

from £5,000 to £20,000, according as their business has progressed. As a matter of fact, these companies generally elect to hand over to the Public Trustee fixed deposit receipts in his name, which, by the Act, may be accepted. The company to which this security belongs preferred to deposit the £20,000 at once. This £28,000 security is a good one.

7783. *Mr. Macdonald.*] Have you tested the value of the security?—It is a very large place in Hawke's Bay, and the valuations are satisfactory.

7784. *The Chairman.*] What claim would you have on that security if the company depositing it went wrong, as you appear to have no transfer?—No; it does not belong to me at all.

7785. Then you are merely custodian, free of charge, of this security?—That is so.

7786. You have the responsibility, and you take charge of the security, and you have no power to sell?—None.

WEDNESDAY, 20TH MAY.

Mr. WALTER SCOTT REID examined.

7787. *The Chairman.*] Mr. Reid, you are the Solicitor-General for the colony?—Yes.

7788. And you are a member of the Board that meets weekly in the Public Trust Office?—Yes; representing the Attorney-General virtually. The Attorney-General is a member of the Board, but there are special statutory powers that enable the duty to be discharged by the Solicitor-General.

7789. Then you have occasion to attend very frequently at the Public Trust Office?—As a rule, I attend the Board meetings regularly.

7790. Would you please describe the duties of the Trust Office Board from your point of view?—So far as relates to lending money and securities. I think that is the only duty of the Board. The first thing is the placing of estates in the office. The Board has to be satisfied that the trusts submitted for acceptance are such as the Public Trustee can reasonably discharge before he accepts the trusts, and that they are such that, having regard to the public interests and objects of the office, can be performed by the Trustee. If satisfied *primâ facie* this is so, they accept the trust, which may be under a deed or under a will. Then, with regard to the investments, there is a provision in the statute that no money is to be invested out of the Trustee's Account without the consent of the Board; the investments are required to be made upon such securities as are defined by regulations, will, or trust instrument. There are other specific duties mentioned, such as the consent to administration of estates placed in the office at the request of executors or administrators who wish to transfer the trust. The Board can approve of advances made to estates on account, and the Board may sanction certain expenditure with regard to fencing, and repairs, and improvement of property; but these powers are very rarely exercised; and, lastly, as to the leasing of land of absent heirs or devisees. The power originally was to lease from year to year, and by Act of 1876 it was extended to seven years. There are special powers under the West Coast Settlements Acts and the Native Reserves Acts, chiefly, in both cases, with regard to leasing.

7791. After the Board has accepted an estate—has approved that a trust shall be accepted by the Public Trust Office—is it part of the Board's duty to follow that trust, and see how the Trustee deals with it?—No.

7792. Then, after the Board has approved of a security placed before it, is it the duty of the Board to follow that security afterwards?—No.

7793. Has it ever been the custom of the Board to require that mortgages or securities, after having been approved by the Board—having been approved by the Board at one meeting—has it been the custom of the Board to require the Trustee to report their completion, or fate afterwards? Has the Board considered it part of its duty to have such a report?—No, I think not, but incidentally it has been mentioned at times. For instance, it appears on the minutes that a loan has been made, and we ask has that loan been carried out, and we are told, "No; it has fallen through."

7794. In looking through the minute-book, I cannot find any instance where what has been considered in most well-regulated offices a custom, of reporting securities after they have been approved by the Board, has been carried out in the Public Trust Office. In other money-lending offices they are reported as having been completed or having fallen through?—That has not been the custom here.

7795. Do you not think it desirable that the Public Trustee should report the fate of securities after they they have been granted, to the Board, at a subsequent meeting?—It might be an advantage, but the Public Trustee occupies a unique position in regard to the Board. He has the ole control and management, and the Board has not a check on the initial proceedings in the matter. It is not the case of a loan company, where there are directors and a secretary or manager. Here the Trustee is the principal authority in whom all necessary powers are vested by the trust instrument—having the power to lend. He appoints his own valuer, and conducts all the prior negociations.

7796. But he cannot lend money until the Board approves?—No.

7797. Therefore the Board has a very considerable amount of responsibility in connection with moneys lent by the Public Trust Office?—Yes.

7798. Let us take the instance of an application for a loan that came before the Board to-day, for £10,000, and the security was approved: do you think the Board would not have a certain responsibility in finding out afterwards whether that loan had been taken up and actually carried through?—I think not.

7799. Now, as a member of the Board, have you ever been aware that where a security was offered to the Board, say for £1,000—or for £10,000—and it was approved and granted, that after the payment had been made by the Public Trustee in connection with that security he had

recouped his general account with that £1,000, or that £10,000, by taking sums of money from many small estates under his control?—I am not aware of that.

7800. You are not aware that system has been practised?—I am not.

7801. You are not aware of the existence of the system in the Trust Office of what you legally know as contributory mortgages?—No. The Board has never considered it had any function in regard to the accounts.

7802. Have you observed in the minutes coming before the Board that there are no particulars of securities; only application by So-and-so for a loan of so much, the Board, I apprehend, getting any other necessary information from either the deeds themselves or from Mr. Hamerton?—I thought, as a rule, it was mentioned what the security was.

7803. Have you ever noticed in the securities that have been placed before the Board the great difference in most instances between the last property-tax valuation and the value placed upon the security for the purposes of the loan asked for in the Public Trust Office?—Oh, constantly! a very large difference; but of course it has always been explained to us by report of valuation obtained, or some explanatory information as to the improvements effected in the interval, or a rise in values. It is constantly so. The property-tax valuation we only go upon as a check.

7804. Have you ever thought in what respect the law affecting all or any of the several matters with which the Public Trustee has to deal could be altered?—At different times I have thought a good deal of it. I was concerned at different times in the preparation of Bills with that object. For many years I have been satisfied the Public Trustee is hampered and overweighted with regard to the business he has to transact. A great deal of extra work has been thrown upon him by the West Coast Settlements and Native Reserves Acts, and he has had personally to give attention to a great deal of small details when he ought to be more profitably employed on larger matters.

7805. Of course, I have gathered that the Board has nothing to do with the working of the business of the office?—Nothing whatever.

7806. Will you look through the minute-book and see how loans have come before the Board. [Minute-book shown to and examined by witness.] You will observe that there are no particulars as to the security, and not even the address and locality of the applicant?—No; but we would always be referred to papers which contained all particulars.

7807. Do you not think it would be better if the Public Trustee gave full particulars in the minute-book as to the nature of the security, with the address and calling of each applicant?—I think it would.

7808. And also do you not think it would keep the Board in a certain manner *au courant* with the securities by having them reported at subsequent meetings, as to their fate, and whether they had been completed or not?—It would as far as that goes, but it would not give the Board the function it might be said it ought properly to have of following a security right through—seeing to the recovery of interest, dealing with the property, and everything connected with it. But I do not think it would be a great advantage to have a report merely as to whether a loan had fallen through or gone on.

7809. If a loan of £10,000 was granted to-day the Board would disperse under the belief that that loan was completed and carried out; and if subsequently, under the impression the security was in the hands of the Public Trustee, it might have happened that the loan had never been taken up, the Board would be in ignorance that it had not been taken up?—Yes. There is a distinction between this Board and an ordinary board of directors who have the control of the business. It would only be a matter of information; but the Board would have no function to say, "You should push this or that loan." It has no function to interfere with the Trustee in any way.

7810. Supposing the Trustee found it necessary from time to time to foreclose on any security and to sell it, and then to buy it in as the highest bidder at auction, would that be reported to the Board?—No; if he came to sell to a purchaser, we should have to consent.

7811. If he himself was purchaser, would you still have to consent?—No.

7812. So that the Board would be in the dark in respect to securities that had been foreclosed by the Public Trustee and bought in by himself as the highest bidder?—Yes.

7813. Perhaps you are not aware that a large number of securities have been bought in by the Public Trustee?—I have heard of several from time to time, but not officially.

7814. Perhaps you are not aware that many of these securities, although bought in at a very large percentage below what was originally lent, still stand among the investments in his annual balance-sheet as representing 20s. in the pound?—I was not aware of that.

7815. Now, Mr. Reid, about these contributory mortgages. If the Public Trustee has the right to make contributory mortgages, should full particulars not be stated when they come before the Board—say, a loan for £1,000—whether it is the intention of the Public Trustee to take certain amounts from the estates of Brown, Jones, and Robinson, to make up that £1,000? Should that proposed course not have appeared in the minutes?—I do not see any absolute necessity why it should.

7816. It appears to me that the Board are the only authorities who can grant a loan; but under the circumstances I state, is it not a loan made by the Public Trustee himself, on the security of which the Board has approved without knowing all the facts?—The Board has no knowledge of the state of the Public Trustee's Accounts or the estates from which the loan comes.

7817. Do you think the Public Trustee has the power, subsequently to a mortgage being granted by the Board on a particular security for £1,000, do you think he has the power, by a mere matter of book-keeping, to transfer that loan, for it has no other meaning, to several estates?—*Primâ facie*, I do not know any reason why he should not.

7818. It is a subsequent act, this transfer by the Public Trustee, in order to recoup his account for a certain loan granted by the Board, and he recoups his account by taking the money from

various estates; so you see it is a subsequent transfer of the mortgage in his books only; no deed passes. Do you think that is a proper way of dealing with the trust moneys?—I do not see any great objection to it.

7819. Do you think that the Public Trustee has authority to do it?—That I would not like to say without investigation.

7820. Well, then, leaving the question of authority out altogether, would it not be a better form, when placing a mortgage before his Board, having looked to the different estates from which he could make up the amount of the loan to be granted by the Board, if he, as Public Trustee, minuted at the time, for the Board's information, that, if this loan is granted, the money will be taken from many estates; and then by that means the Board would be aware exactly as to who were the actual mortgagees?—*Primâ facie*, it might be an advantage, but on the other hand one can see reasons why it would not be, because if the Board approved of a particular loan from the estate which had funds in hand, and before the loan was completed it was reduced by claims upon it, the Public Trustee would have to come to the Board again and substitute another amount.

7821. That would not arise if the Public Trustee was managing the business of his office in a proper way. Before he brought under the notice of his Board the estates out of which money could be lent he would first have satisfied himself there were no contingent claims?—That might be so, but it is not always possible. He must have a fund ready to answer claims made upon it; and then it is his duty to invest moneys required to be invested, and not keep it for any contingent claims.

7822. The Public Trustee, presumably having the business at his fingers' ends, as he ought to have, it is reasonable to suppose that he would not desire to lock up the moneys of any estate against which claims existed?—All things being equal, it would be an advantage for the Board to know from what estates the money was coming.

7823. Then, you are not aware that a large number of these contributory mortgages have been made by the Public Trustee?—No.

7824. *Mr. Loughrey.*] You stated that you considered an alteration was desirable in the law about working the office?—Yes.

7825. Have you considered what form any alterations should take?—Substantially, I thought there ought to be a larger increase in the managing power of the office. The Public Trustee has been overweighted by a large mass of business it was almost impossible to attend to. I think that he should have associated with him at least one other person with equal status, and to enlarge his staff in such a way as to enable him to overtake the business.

7826. So that the Public Trustee would not have so much to attend to in detail?—Yes.

7827. Is that the only direction?—This office was an experiment, as started in 1872. It has grown up to be a large business, and there has been a fair opportunity of gauging what the public requirements are. It has become a big financial institution, and very many things might be adopted which would be to the advantage of the public and the estates in the office. I think the Trustee should be enabled to pay claims within a shorter period than the statutable limit of twelve months. It has often been done, but the Trustee has run considerable risk. Then, an alteration should be made with regard to the management of absentee property, and the powers of the Trustee should be enlarged in many directions. Bills were prepared which went somewhat in that direction, but not for increasing the staff or making an additional Trustee or set of Trustees. My idea is that a Board of Commissioners or Trustees capable of carrying out the business of the office would be the proper thing.

7828. With regard to absentee persons leaving the place and desiring him to act under power of attorney, do you think it would be advisable to add that to the duties of the Public Trustee?—I do not see any reason against it.

7829. Do you think it would be an advantage or otherwise?—It would be an advantage.

7830. They would have the security of the State?—Yes. Of course, it would have to be used with discretion as to the business to be undertaken. Much business coming to the Trust Office we have had to refuse. The Board has been offered railway securities in India, property at the Cape of Good Hope, property in England, which it would be impossible to manage from New Zealand.

7831. Do you think it would be advantageous if the Public Trust Office could undertake business of that kind in this colony?—Yes, as to property in the colony.

7832. Do you not think it would be a very profitable kind of business?—I think it would.

7833. Do you not think it was thought by the public generally that the State was responsible for all business transacted with the Public Trust Office?—I do not know what the feeling is.

7834. *The Chairman.*] In my experience, Mr. Reid, while going through the country, I have found that is the general belief. I had that belief myself until I looked into the Acts. Would it not, then, be better, if the Public Trust Office is to be allowed to grow and become a useful institution to the public, that the colony should at once face the question, and become responsible, and charge a small guarantee commission for all business transacted by it, similar to what is charged under the Land Transfer Act, on the *ad valorem* principle?—I have been of that opinion, and in one of the Bills I prepared a guarantee was provided for on that principle.

7835. You are aware what a large fund the Guarantee Fund under the Land Transfer Act has become?—Yes.

7836. Are you aware there is over £80,000 in hand?—I am not aware what amount, but I have been surprised at the small number of claims upon it.

7837. Not over £1,500 to £1,800. You see how readily business would grow if there were facilities offered to encourage it?—It has been, and would continue to be, a great benefit. In its earlier days I had a prejudice against the Trust Office, but I have come to regard it as a great public benefit, and capable of being made a greater benefit still.

7838. And if charges could be made more reasonable as the business of the Public Trust Office increased in volume?—Yes.

7839. I notice, by the Orders in Council regulating the payment of interest on floating balances, that balances under £50 are not to participate in the allowance of interest. Is there any reason why the smallest balance should not participate, in a business like the Public Trust, carried on for the benefit of the people of the colony?—I do not think so.

7840. And, after all, it is the small estates—the weak—that require every possible help?—Undoubtedly.

7841. *Mr. Macdonald.*] How did you propose to create that guarantee fund?—Something like the Guarantee Fund of the Land Transfer Act; and I think in the Bill it was provided that the Government would make a small contribution to start the fund.

7842. *The Chairman.*] Do you not think that the present Government ought to refund that £18,000 which the late Government took from the supposed profits?—Of course that would be a question of policy.

7843. *Mr. Macdonald.*] You told us that the Board only concerned itself really with the question of the first investment of the money. They do not follow it up?—No.

7844. Occasionally, that practice has been departed from, and you have discussed the question of the realisation of securities?—I do not think so.

7845. Let me bring a case to your mind, a property on which the department lent £4,000 at Gisborne. It fell in arrear as far as interest was concerned, and it became a question of realisation. Mr. Hamerton was advised that it would be almost impossible to sell the property unless special terms were given, and the Board appeared to consider the question, because they authorised him to allow the original sum to remain on mortgage to a new purchaser, the new purchaser finding merely the costs of sale and the overdue interest. From that fact, if you remember it, the Board appears to have gone beyond the principle you have laid down?—I do not remember the case you refer to.

7846. I am referring to Clarke's mortgage. [Board's minute shown to witness.]?—It is treated as a new loan as far as the minute shows.

7847. So that it is not disclosed that the whole money is being lent to a new purchaser?—The minute does not disclose anything of that kind. It is looked upon as a new investment, and that is why it was brought before the Board.

7848. Do I understand you to say that the Board would consider that the overdue interest and costs of sale being paid would entitle them to make a fresh advance of £4,000?—There is nothing that shows me anything about the facts. I do not remember the case.

7849. What I want to direct your attention to is this: the regulation respecting the Board advancing only 50 per cent of the value. Is that regulation compulsory?—Not to all estates, because there is a distinct saving in the statute and regulations. It does not interfere with any powers given by a specific trust instrument. If the Trustee had a general discretion to lend on such securities as he thought fit the regulations would not control that.

7850. No, but where an investment is made from the office in an ordinary way, not from a trust estate, is the regulation absolute?—I think it is.

7851. How is it the Board have departed from it?—I do not think they have. They do not control the fund the money comes out of; they merely pass the security.

7852. Do I understand you to say they have never passed a security of less value than double the amount of money advanced?—Often, because the regulation was not in force until 1888.

7853. But since 1888?—I do not remember any.

7854. I want to show you this particular case, and ask you about it. There appears to be a vast difference between the valuations submitted to the department for the loan and the property-tax valuations?—Yes.

7855. Is this regulation No. 16, Order in Council, 27th February, 1888, absolute?—

When it is proposed to lend any money on security of real estate the Board shall not agree to such loan until a valuation of the security made by a valuer or valuers, appointed or approved by the Public Trustee, has been obtained. No such security shall be taken except on first mortgage of land held in fee-simple in possession, and no moneys shall be lent which shall exceed one-half of the value of the property to be mortgaged.

—It is absolute in terms, but is controlled by the next section, which says:—

Nothing in the last preceding regulation shall interfere with or control any powers of investment given to the Public Trustee under any deed, will, or other trust instrument, which may expressly direct or authorise investments of a different nature or value than those mentioned in the said regulation.

So that the fund it comes out of is a question for the Trustee.

7856. You have had the valuations submitted to the Board in reference to a loan of £10,000?—Yes.

7857. The valuation was £18,000, and you offered the borrower £9,000. He refused to take it, and the Board appears to have advanced the £10,000, giving authority for the advance by initialing the application form. Did the Board, in authorising such an advance of £10,000, exceed their powers or not?—*Primâ facie* they have. £9,000 was passed at the Board, and then it came round afterwards with the suggestion that the £10,000 should be offered.

7858. But the £10,000 was not agreed to at a Board meeting?—No.

7859. The £10,000 appears to have been agreed to by each member of the Board showing his willingness to make the advance by making his initials. Is that not an irregular proceeding?—It is irregular, but was done to save time.

7860. Very likely, had you met together and discussed the position, you might have remembered you were exceeding your statutory powers, and you would not have made the advance; but the matter coming before you in that irregular fashion, you could not have had the same opportunity for reviewing the whole facts?—That may be, but as far as the Board is concerned, they do not control

the fund out of which it was to be advanced, and the Trustee may have had a fund out of which to advance it quite regularly. The regulation does not control any specific trust.

7861. If I tell you now that the advance was made under a contributory mortgage?—We know nothing of the funds from which the loan comes.

Mr. R. C. Hamerton, Public Trustee, further examined.

7862. *Mr. Macdonald.*] Mr. Hamerton, would you kindly tell us out of what estates that £10,000 (A. G——'s) loan came? Was that advance an advance which came under the regulation that the Board should not advance more than 50 per cent. of the value?—No, it was not. The £10,000 was advanced on a valuation of £18,000.

7863. What Mr. Reid has told us is this: that the Board have no cognisance out of what funds you find the money?—That is so.

7864. Out of what fund did you find that £10,000?—Out of twenty-two estates.

7865. Did those estates, in their working, come under the regulation that no advance should be made except with the 50-per-cent. margin? Could you have advanced any sum you liked on behalf of those estates, or were you bound by the 50 per cent.?—We were bound by the 50-per-cent. margin at that date, but I do not know whether that has any reference to the estates.

7866. Mr. Reid has said that the Board were not acquainted with the fact as to what funds were available for the department to lend that money?—Perfectly true.

7867. In making that advance, were you bound by the 50-per-cent. regulation or not?—I was quite clear, because such as were trust estates authorised me to lend on mortgage of freehold security. There is nothing in the trust deed to bind me as to 50 per cent., or any other per cent., but it is a question which lawyers must decide whether the regulation as to 50-per-cent. advance supersedes the directions in the trust deeds. If not, the regulation as to 50-per-cent. margin does not bind those estates.

7868. Then, to what does the 50 per cent. apply?—To funds advanced out of what we call the general fund.

7869. What constitutes general fund?—Everything excepting particular trust funds.

7870. So that every estate in your office does not come under your general fund. Does general fund embrace every estate, or only certain estates?—The general fund excludes trusts and wills, but embraces everything else.

7871. How many of these estates belong to trusts and wills?—That I cannot say, without turning up the trust deeds.

7872. You see the importance of the position. Unless the Board have before them some facts respecting the advances, they do not know whether they are at liberty to advance 50 per cent. margin, or advance two-thirds of the application, which is usual in these matters. Unless you have before you the particulars whether it is trust estate or is to come out of general fund, you do not know whether you are complying with your regulation or not?—[No answer.]

Mr. Reid, Solicitor-General, further examined.

7873. *Mr. Macdonald.*] You have heard what I have just been saying?—The particular fund is left to the Public Trustee. What the Board takes is the security, and has to be satisfied a particular property is sufficient security. It is then for the Trustee to select from his funds the sum necessary. I do not think it would make any great difference to the Board if it knew what estates the money is coming out of.

7874. But it would make a great difference to the Board to know whether they were complying with the regulation. How could you know you were complying with it without having information before you. In this case you pass an amount of £10,000 on a valuation of £18,000. Supposing that the amount of £10,000 was to come out of the general funds of the office, you would not have been at liberty to have passed that because you would have been exceeding your powers. Is it not absolutely necessary that the Board should have before them the fact whether the advance is to come out of the general fund or out of specific trusts and wills. You cannot really determine whether you are to make the advance or not unless you have the facts before you. There is a minute agreeing to lend at 7 per cent. for six years. The minute of the 24th April, 1890, states that the advance of £9,000 is agreed to. There is no further reference in the minutes of the change of the advance from £9,000 to £10,000?—It is on the papers only. It was never reported as far as the minutes are concerned.

Mr. Hamerton: I wish to say that I have always considered myself responsible, and the Board irresponsible, for the moneys advanced.

Mr. Charles Melville Crombie examined.

7875. *The Chairman.*] Mr. Crombie, you are the Property-tax Commissioner of the colony?—Yes.

7876. And you are one of the members of the Public Trust Office Board?—Yes.

7877. You meet generally once a week?—Yes, we meet weekly.

7878. Could you shortly state to the Commissioners what you consider to be your duties as a member of the Public Trust Office Board?—I consider our chief duty, as a Board, is to decide as to the loans on mortgage; and other duties are to decide as to the making of deeds, granting leases, or making sales of property; and there are also important duties in connection with Native reserve matters. Those are decided by special Board. When I say the duties connected with the securities are the more important, I mean that has been my experience on the Board. I have only been on the Board since last October.

7879. Now, do you follow the securities after they have first come before the Board for consideration and approval, and a loan has been granted?—No.

7880. Then, that is the last you hear of them as securities?—Yes.

7881. And supposing an application was presented to the Board for a loan of £10,000, and the security was approved of for that loan, and a cheque drawn from the Public Trustee's Account for the amount, if the Public Trustee afterwards recouped his account with that £10,000 by distributing the loan over, say, twenty-two estates, would the Board have any knowledge of that?—None.

7882. Perhaps, as a member of the Board, you were not aware until now that the Public Trustee was in the habit, subsequently to a mortgage being approved by the Board, of distributing it among different estates?—As a Board, we had knowledge of nothing done out of the Board-room; and no report of the manner in which funds were obtained was laid before the Board, or asked for.

7883. Will you state in what form loans came before the Board in the minute-book?—The minutes were always read out at the next meeting.

7884. Did you ever notice that there was no description of a security entered in the minutes that were before the Board, nor was the address of the applicant, nor of his calling or professsion shown in the minute-book? Have you observed that?—I have noticed the minutes were always briefly entered; but I considered they were quite sufficient, taken in connection with the papers.

7885. If you will run your eye through this minute-book, you will see the minute is merely for a loan for a certain amount, which is either declined or granted; nothing further?—Yes, it is so.

7886. Do you not think it would be better that a fuller description should appear in the minute-book, with all particulars for the information of the Board, giving, besides the name, the address and status of the applicant, and a description of the property?—That might be an improvement, but I do not think it is necessary.

7887. Well, now, if you wished to refer to the particulars of a security, you would have to open the deeds, or else you must accept the statements made to you by the Public Trustee that the application refers to so-and-so?—We take the description given by the Public Trustee.

7888. Then, after you have approved of a mortgage, it is never reported to you whether the mortgage has been completed—that is to say, it might happen that you had granted a loan, say, of £10,000 on approved security—a hitch might afterwards occur and the mortgage not be completed; and, although it has passed your Board, you would never be informed that it had not been completed?—If a mortgage had been completed we would not hear of it again; but I fancy if a hitch occurred we should.

7889. I can find no case in the minutes of that kind. There has been nothing of the kind minuted?—I can only assume that in all cases where loans have been granted they have been taken up.

7890. I think you will know that it is the practice of most Boards in dealing with money and securities that a security that has been granted at one meeting is reported at the subsequent meeting as completed or otherwise?—It has not been the practice here.

7891. You are quite satisfied you had no idea that those contributory mortgages were made by the Trust Office?—I took it for granted the amounts were obtained by Mr. Hamerton from various funds.

7892. What, after the security had been approved?—Yes.

7893. Did you ever consider whether he had power to deal in that way with mortgage securities?—I took it for granted he had power. The Board has, as I think, a very limited function. I have described the principal duties, but we have no control over a thing after it is decided. I consider we were bound in all cases to see that no more than 50 per cent. of the value was lent.

7894. Then, supposing a security for £10,000 was brought before the Board, which was approved and the loan granted, and subsequently to that the security or mortgage was divided among twenty-two estates, how would the margin of 50 per cent. be apportionable to each of those different estates, and kept within the meaning of the authority given?—I imagine, if there were any loss, it would be a *pro ratâ* loss.

7895. You are aware the advance would have been made unequally? Which mortgagee would rank as first?—They would rank *pro ratâ*. The estate whose mortgage was first due would be in the best position.

7896. This state of things opens up a very important question, does it not?—Yes. Still, I think it is to the advantage of a trust to participate in a good and big mortgage rather than to be restricted to a small mortgage. I think, as a rule, a security for £10,000, lending only half, is a better security than a small one.

7897. Has it ever come under your notice the great difference in values that appear on securities that have been offered to the Public Trust Board—in respect to the valuations that have been sent in just previously for the purposes of the property-tax?—Very frequently.

7898. Have you ever thought it desirable to remind the applicants that you were a member of the Public Trust Board, and that any very great discrepancy had come under your notice?—I have never mentioned it on any occasion that I remember in connection with undervaluing.

7899. But you could not help seeing the discrepancy?—Certainly not.

Mr. R. C. HAMERTON, Public Trustee, further examined.

7900. *Mr. Macdonald.*] Mr. Hamerton, has Bushnell abandoned his claim in the case of George W. Adams, deceased? Judging by his complaint, he has not?—He did so definitely in writing, in a letter which he addressed to Mrs. A. Osborne, and which she forwarded to me for perusal. That letter is not on the record, but is with Mrs. Osborne in San Francisco. He abandoned his claim provided the amount was handed to Adams's mother. More than the amount has been handed to Adams's mother. Mrs. Osborne is the life-tenant of the estate, and to her I am paying the annual proceeds, and she has been making remittances periodically to Adams's mother, because she recognised it was rather a hardship that the mother should be left out of the will, and she, a stranger, take everything for life.

7901. What was the amount of principal in the estate?—I cannot say without reference to the Ledger-keeper.

7902. The principal money is here yet, Mr. Hamerton, is it not?—Yes.

7903. Then, you hold that Bushnell has abandoned his claim?—I do, distinctly.

7904. But, supposing he now sues, have you got enough evidence?—I can get it from San Francisco. I can show you a letter from myself to Bushnell showing that I understood that he did abandon his claim.

THURSDAY, 21ST MAY, 1891.

Mr. R. C. HAMERTON, Public Trustee, further examined.

7905. *The Chairman.*] Mr. Hamerton, we want you to give some further evidence with regard to mortgages?—You asked me about a mortgage of W. K. C. I told you that without my books I could not explain it. That mortgage never was completed.

7906. There is a security which you told me the other afternoon was under consideration. Was that mortgage carried out?—It was postponed for one week for further information as to valuation.

7907. Now, in the matter of the mortgage of H. C. B., for £1,200, are you perfectly satisfied with the security you have in that?—Yes, as regards the value. The value is double.

7908. It is in the North, for the land is very treacherous there?—I cannot say that this land is, because the farm is very well reported on.

7909. Is it well and carefully worked?—That I cannot say.

7910. If you remember, that mortgage security has been divided amongst small estates, which could not afford to lose any of their principal moneys?—Yes.

7911. Then, you do not have any periodical valuations made of the securities of the Public Trust Office?—No; for periodical valuations we rely on the Property-tax Department.

7912. There is a mortgage of £6,000 to A. W. R. on the 25th March, 1891?—That was a renewal, I think—an extension of time for five years, at 5½ per cent.? That is a splendid mortgage.

7913. In what district is that security situated?—It is in Masterton. There is one property at the Hutt also. The valuation is about £17,000.

7914. Have you ever made any loans to any of the agents of the Public Trust Office?—Yes; there is one to the Gisborne agent, Captain Chrisp.

7915. What is the amount of that?—There are three separate amounts—one for £250, one £150, and the other £600. The loan was granted for seven years, at 6½ per cent.

7916. Have those moneys been advanced out of several estates?—Yes; the money is lent out of six estates.

7917. Is the Gisborne agent the only agent who has an advance from the Public Trust Office?—Yes; he is the only one.

7918. Do you think it is a wise policy to lend to agents? I do not know that there is any law against it?—There is no law against it; and we have the whole property. It was well known to the Board that Thomas Chrisp was the Gisborne agent at the time of lending, and there did not appear to be any objection on that score; but in one sense it may be said to be objectionable; but on the score of security there can be no objection.

7919. There is no objection if it comes out right, but it might be objectionable if it came out all wrong?—It would put the office in an awkward position having to proceed against the agent.

7920. And the agent in an awkward position, seeing that he has to handle the funds of the Public Trust Office. I merely bring it under your notice for your consideration. I do not wish now to express an opinion upon it. Of course, it is the Board, not you. The members of which are, I presume, aware of it?—As regards the sanctioning of it, Yes. In reference to the return which was furnished by Thomas and Co., if the Commissioners will refer to that return they will see that Mr. Ronaldson was the purchaser of a Masonic apron. Now, I wish to say that he purchased that apron for me. I wish to take upon my own shoulders that which apparently stands upon the shoulders, or to the discredit, if there be any, of Mr. Ronaldson. I would not for the world have him or any one else blamed for an indiscretion of mine. He purchased that Masonic apron for me. It appears in the return as purchased by Mr. Ronaldson. I sent that apron at once up to a Masonic lodge in town as a present.

7921. Of course, you are aware that, irrespective of that purchase made on your behalf, Mr. Ronaldson had been a purchaser of personal effects?—That is so, and that is the reason why I mention it. He may not have included that apron in his purchases, knowing it was a purchase for me. It might be, on comparison, that the Commissioners would blame Mr. Ronaldson. I wish to bear the blame instead.

7922. There is a question I want to ask you on the subject of these contributory mortgages. Did you ever get the Colonial Treasurer's consent to make any of these mortgages?—No, never.

7923. *Mr. Loughrey.*] Did you ever get the Colonial Treasurer's consent to any mortgage?—Yes; wherever the general funds of the office have been advanced on mortgage, I must, by law, obtain the consent of the Colonial Treasurer; but where the advances have been made out of funds under trust or will, the law does not require me to obtain the Colonial Treasurer's consent, and I have never asked for it. Where the general funds of an estate have been advanced on mortgage, it has been the duty and the practice of the Public Trustee to obtain the sanction of the Colonial Treasurer under the Public Revenues Act of 1882, section 5, I believe; but where the funds of estates under will or trust deed have been advanced on mortgage, there is no obligation on the Public Trustee to obtain any consent to the advance, excepting the consent of the Board to advance on the security which has been proposed.

7924. You now allude to these contributory mortgages?—I am referring to all advances on mortgage. The question of contributory mortgage I have always held myself to be liable for, and it is a question of law whether contributory mortgages are admissible or not.

The secretary informed the Commissioners that Sir Robert Stout had forwarded the following opinion in reply to their request :—

I am asked to advise on the following facts: (1.) An application for a loan of £16,000 was received by the Public Trust Office, the security offered being a mortgage of freehold property. Valuations were made, and the Board of the Trust Office sanctioned the loan. No one estate in the office had sufficient funds uninvested to enable the necessary advance to be made. The funds, therefore, of several estates were invested in one mortgage. Again, other applications for similar sums on loan have been sanctioned where the funds of one estate were available, but advances in each case were made of funds belonging to two or more estates. I am asked whether such investments of the funds of different estates upon one mortgage are within the strict letter of the law, and, if not, what is the measure of the responsibility incurred by the Public Trust Office on any such advances. (2.) I am asked to give my opinion upon the duties and responsibility of the Audit Department in connection with the audit of the Public Trust Office books, accounts, and securities.

1. The sections in the Act specially referring to the investment of moneys in the Public Trust Office are: First, section 13 of "The Public Trust Office Act, 1872," which gives power to the Governor, by Order in Council, to make and from time to time to revoke or alter regulations, *inter alia*, for determining "what part of and in what securities such moneys"—that is, Public Trust moneys—"shall be invested, and for the safe custody of such securities." It provides that no regulations shall be repugnant to the provisions of the Act. Section 25 says that, "The Board may from time to time direct, in accordance with the regulations above mentioned, on what securities any part of the moneys in the Public Trustee's Account shall be invested, and the Public Trustee shall thereupon make the investment so directed: Provided always that, except as otherwise provided by the particular trusts affecting the trust property, all such investments shall be made on Government securities of New Zealand or the United Kingdom, or of any of the Australasian Colonies including Tasmania, issued under the authority of the Parliament of the said countries respectively, in any of which securities as aforesaid such investments are hereby authorised to be made." In section 47 of the Act of 1873 there is this general provision: "All moneys in the Public Trustee's Account, from whatever property arising, shall, except as regards moneys as to which special provision is made for the investment thereof by the trusts affecting the particular property, be for the purposes of investment one common fund, and the investments thereof shall not be made on account of or belong to any particular property, unless the Governor shall otherwise direct as to any particular property; and the interest accruing from investment of such moneys shall be divided amongst the properties from which the fund arises in such manner and at such times and in such proportions as shall be prescribed by regulations to be made for the purpose from time to time by the Governor in Council, and such regulations shall have the force of law as if included in this Act." Then there is a provision in "The Public Revenues Act, 1882," section 5, allowing the Public Trustee and other Government officers, "subject to the approval of the Colonial Treasurer, any Act or Acts to the contrary notwithstanding, to invest any part of the balances of their respective accounts in such securities as the Governor in Council from time to time declares to be securities on which such moneys may be invested."

These are the statutory provisions regarding the investment of trust moneys under the provisions of the Public Trust Office Acts and the Public Revenues Act. There are three different regulations dealing with the investment of trust moneys. The first is an Order in Council dated the 19th February, 1883. It purports to be made under "The Public Revenues Act, 1882," and under the sections I have just referred to, and it states that the securities in which any part of the balances from time to time standing to the credit of the Public Trustee may be invested is in Government securities of the United Kingdom, or in the Colony of New Zealand, or in the Australian Colonies Tasmania included, issued under the authority of the countries of Great Britain or any of the colonies respectively. It also allows as securities a County Council, Borough Council, Harbour Board, Road Board, or Town Board loans in New Zealand to be securities; and it provides that the mortgages of any lands or hereditaments held in fee-simple in New Zealand may be security, but the Colonial Treasurer must approve of the investment.

Then another regulation is made on the 28th March, 1884. It allows moneys on fixed deposit in a bank in the colony to be security. The last Order in Council is dated the 10th May, 1889, and it purports to be made by the Governor under "The Public Trust Office Act Amendment Act, 1873;" and it seems to me to have been designed to be a regulation under the latter part of section 47 of the Act just mentioned. That, however, provided for regulations only for the division of interest, and the schedule to the Order in Council says, "Regulations for the payment of interest on balances of estates held in the Public Trust Office" where the instruments under which such estates were vested do not otherwise prescribe. It then goes on to say, in Regulation 1, "On sums exceeding £100 received on account of an estate, which sum is not required to be withdrawn for a period of not less than three years, shall be invested under the direction of the Board in one or other securities prescribed by section 25 of "The Public Trust Office Act of 1872." That would limit it to Government securities, because these are the securities prescribed, unless section 25 were held to include securities coming under the regulations. This last Order in Council does not purport to repeal the previous Order in Council, and I assume, therefore, that they may be read together. These being all the regulations dealing with investment, it seems to me that, under the wide powers conferred by "The Public Revenues Act, 1882," section 5, and by section 47 of "The Public Trust Act Amendment Act, 1873," the Public Trustee can invest on mortgage moneys belonging to several estates, and include these moneys in one mortgage, dividing the interest as may be prescribed. I do not think that section 1 of the regulations of 1889 could limit the general power given in section 47, coupled with the provisions of the regulations, and that, if the Public Trustee obtained the approval of the Colonial Treasurer to the investment on mortgage, he could invest different portions of the Public Trust Account on different mortgages, and would not be accountable for loss if he acted as trustees are bound to act—left a sufficient margin, and saw that he had obtained proper valuations. There has been no express decision in New Zealand as to what ought to be a sufficient margin. The matter came up in Robertson against Howden and others; but the English thirds and halves value was not followed. I am therefore of opinion that the Public Trust Office could not be held responsible for the investment of the money in the way pointed out, and in the way submitted to me.

2. As to the duties of the Audit Department: It has been stated to me that the Audit states its duty and liabilities to be under the Public Trust Acts and the Public Revenues Act. It is the duty of the Audit generally, independent of statutory requirements, to act in the manner pointed out by Mr. Justice Stirling in a recent case (Leeds Estate Building Society *v.* Sherpherd), where he used these words: "It was, in my opinion, the duty of the auditor not to confine himself merely to the task of verifying the arithmetical accuracy of the balance-sheet, but to inquire into its substantial accuracy, and to ascertain that it contained the particulars specified in the articles of association; and, secondly, a proper income and expenditure account, and was properly drawn up so as to attain a true and correct representation of the state of the company's affairs." In addition to such general sketch of an auditor's duty, the Public Trust Office Act of 1872 provides that the bank-book is to be sent to the Commissioners of Audit; the cash-book ought to be submitted for an audit inspection daily; and that the cash-book and bank pass-book should be compared, and that the Public Trustee shall, twenty days after the close of each year, prepare a balance-sheet showing the receipts and expenditure for the year, the sums invested on security, and showing under separate heads the expenses; and showing also the receipts and expenditure on account of each several property placed in the Public Trustee's hands by Order in Council, and showing in the aggregate the receipts and expenditure of all properties placed in the Public Trust Office by deed, will, or appointment, but not showing any particulars in respect to any of such last-mentioned properties.

The Audit Department is also empowered, under the Public Revenues Act, to audit the accounts, and it may be said, generally, that the auditor ought to see whether there are securities in the Trust Office to represent the

moneys stated to have been placed on loan, and not to look at the mere arithmetical accuracy of the books; in fact, it is the duty of the auditor to supervise the receipt and expenditure of moneys received into the Public Trust Office Account; and if, for example, interest was overdue, it would be the duty of the Audit Department, if the default was not explained to its satisfaction, to forthwith report the same to the Colonial Treasurer. Unless a special case was to be put before me as to the conduct of the Audit, I do not think that I could add more as to its duties.

3. I have been asked, subsequently, to say what is the Public Trustee's duty as to all accounts of interest in relation to the probable moneys earning the same, and whether the two kinds of money should not go together or follow each other. In reply to this, I have to state that it involves the consideration of two different circumstances. (*a.*) If there has been a special sum in an estate invested by itself, then interest will go with the principal to the estate. (*b.*) If, however, a sum from an estate has been invested along with other moneys belonging to different estates, this division of interest ought to have been divided as prescribed by regulations. The only regulations submitted to me as being in force that could possibly deal with this matter are the regulations of the 14th May, 1889; but there is no provision for making such a division in these regulations. If there are no regulations concerning the matter, the interest would, I apprehend, be divided proportionately—that is, the interest would go *pro ratâ* according to the amount advanced from each estate. There is a provision for giving 4 per cent. interest on floating balances; but that, I submit, has no applicability to section 47. I think this answers all the questions submitted to me.

20th May, 1891. ROBERT STOUT.

SATURDAY, 23RD MAY, 1891.

Mr. R. C. HAMERTON, Public Trustee, further examined.

7925. *The Chairman.*] Mr. Hamerton, you are aware that Mr. Adam Burnes, on behalf of his sister, wrote to the Commissioners for a statement of account in the estate of his late mother, Mrs. Mary J. Burnes?—Yes.

7926. And a statement was prepared in your office and sent to the Commissioners?—Yes.

7927. The statement shows that Miss May Ethel Burnes is the beneficiary, and that the trust commenced on the 8th April, 1886, and the statement is up to the 10th May, 1891. The amount of the trust is £2,000, and the balance in hand on the 10th May is £2 7s. 5d. The Commissioners thought it would be proper for you as the Public Trustee to send this statement in answer to Mr. Burnes's letter?—I disagree with the Commissioners.

7928. And your Accountant has informed the Commissioners that you do not wish the statement to go to Mr. Burnes?—Not at all. What I say is that I am not the medium of communication between the Commissioners and any of their correspondents.

7929. Is that your only objection?—Yes.

7930. But if the Commissioners tell you that this statement of account ought to be sent to Miss Burnes, and that she is entitled to have it, do you object to your Accountant or yourself forwarding it?—I do object.

7931. Then, if you do object to forward it, as the letter has been addressed to the Commissioners the Commissioners will take upon themselves to forward it. I ask you again, whether you object to forward this statement of account to Miss Burnes or to her brother that has been prepared as a statement of her account in your books?—I do, and I object *in toto* to being the medium of communication between the Commissioners and their correspondents, as being totally outside my duties.

7932. But, Mr. Hamerton, fortunately or unfortunately, you see, during this investigation you have to be the medium between the Commissioners and their correspondents, or else the Commissioners could not get necessary information?—I quite disagree with you. What I mean to say is, I do not wish to carry on a correspondence that should be carried on by the Commissioners' secretary.

7933. And you think that the Commissioners should send this statement to Mr. Burnes?—Yes.

7934. Well, Mr. Hamerton, the Commissioners do not like to undertake the sending of a statement which ought to be sent from your office, and which you have an opportunity of sending yourself?—Very well.

The Hon. Sir ROBERT STOUT, K.C.M.G., examined.

7935. *The Chairman.*] You have been good enough, Sir Robert, to call, at the request of the Commissioners, as they desired further information from you in respect to the dealing with contributory mortgages which has obtained for so long in connection with the business of the Public Trust Office?—I will explain it in this way: Section 47 of the Act of 1873 contemplates the Public Trustee having a general fund, which he may invest from time to time without reference to the estate from which this fund has been derived. Section 47, however, contemplated that at the time the money was lent—say on mortgage—the Public Trust Board *should have had mentioned to them the various properties from which the moneys were to be taken.* The Act says, "and the interest accruing from the investment of such moneys shall be divided amongst the properties from which the fund arises." Now, that assumes that when the money was lent the properties to which the money belonged—or the trust estates is, perhaps, a better term to use—should have been specified, and therefore contemporaneously with the lending of the money the Board would have known what funds were being invested, and to what estate or estates they belonged. That, in my opinion, is what is contemplated under section 47 of the Public Trust Office Act of 1873. Section 5 of the Public Revenues Act of 1882 gives the Public Trustee the same power as it gives the Postmaster-General, the Government Insurance Commissioner, and the Commissioners of Public Debts Sinking Funds to invest any part of the balance of his account (the Public Trustee's Account) in such securities as the Governor in Council from time to time declares. Now, the Governor in Council has declared under this section that money may be lent on mortgage. There are not in section 5 of the Public Revenues Act the same words as are used in section 47 of "The Public Trust Office Act, 1873," as to the dealing with interest and the funds belonging to the several trust estates; but, in my opinion, that would be implied, for the Public Trust Office is still the trustee for the several estates; and if he lent any money on mortgage, he ought, at the time of lending it, to have apportioned the moneys to

the various estates from which it came, otherwise he never could have arrived at the loss there might ultimately be cast upon the estates by the investment. So that section 5 of the Public Revenues Act of 1882, though wider in its terms, would I think, necessarily imply the apportioning of the money in the same way as, I think, section 47 provides. Of course, I again repeat that the Public Trustee and the Board can and ought never to forget that they are dealing with trust moneys, and that the Public Trust Office has to be liable to each individual estate. The provisions that I have just referred to are meant simply to enable better and quicker investment, and not the splitting-up of a separate investment for each estate.

THURSDAY, 28TH MAY, 1891.

Mr. MOGINIE further examined.

7936. *The Chairman.*] Mr. Moginie, you have brought up the annual balance-sheet ending the 31st December, 1888?—Yes.

7397. Was it in the beginning of 1889 that the Public Trustee paid £18,000 to the Colonial Treasurer?—Yes; in March, 1889.

7938. Then, your profits shown on the 31st December, 1888, amounted to £20,085 17s. 1d.?—Yes.

7939. Then, after the £18,000 had been taken by the Colonial Treasurer, there was left of your supposed profits £2,085 17s. 1d.?—Yes.

7940. Now, at the request of the Commissioners, you have furnished a statement showing all interests that have been earned by estates in credit with the Public Trust Office, otherwise credit balances that have from time to time been appropriated and placed to the credit of your Profit and Loss, or what you call your Expenses, Account?—Yes.

7941. And that statement also appears to have been made out to the 31st December, 1888?—Yes.

7942. And the total amount that the Public Trustee has appropriated towards his Profit and Loss Account, of interest belonging to estates up to 31st December, 1888, is £3,493 18s. 11d.?—Yes, that is the amount.

7943. Well, now, if those various sums of interest, amounting to £3,493 18s. 11d., had remained to the credit of the different estates, your profits could not have stood the taking-away of £18,000 at the beginning of 1889. The accumulated profits would have been that amount less—in other words, the accumulated profits on the 31st December, 1888. If the £3,493 18s. 11d. of accrued interest belonging to different estates had remained at the credit of the many estates, the profits of your office on the 31st December, 1888, correctly to be shown by the Public Trustee's balance-sheet, would only have appeared as £16,591 18s. 2d.?—Yes, that is so.

7944. And in that case there would have been no room for giving the Colonial Treasurer £18,000?—No; we could not have given the £18,000.

7945. Now, seeing the large amount of interest appropriated by the Public Trustee up to the 31st December, 1888, are you sure that no further sums of interest have been taken in the same way since that date?—Since that date the interest has been transferred, with the principal, to the Consolidated Fund.

7946. You are sure of that?—Yes, that is so. All interest to the credit of the accounts has been transferred with the principal.

7947. That is, since the 1st January, 1889?—Yes.

7948. Then, that £18,000, when taken by the Colonial Treasurer, had the Public Trustee not appropriated previously the large sums of interest belonging to the different estates in his office, would have left the Profit and Loss Account of the Public Trustee on the 31st December, 1888, £1,408 1s. 10d. in debit?—Yes, that is so.

7949. Now to another subject. Here are two statements of accounts of Samuel Young, which your office has furnished for the Commissioners. The one account has been wiped out entirely by the Consolidated Fund and the interest taken by the Public Trustee, whereas, in the other account, belonging to the same estate, there is a balance of £227 8s. 7d. I want you to tell me why the one account exists in your books while the other has been extinguished?—The real estate is taken care of and managed by the Public Trustee for the unknown heir, and, therefore, it does not come under the same provision as the personal estate, which, under section 11 of "The Public Revenues Act, 1878," goes over to the Consolidated Fund, after remaining in the office six years unclaimed.

7950. Then, do I understand you that the law is such that if a deceased person's estate—the personalty amounting to, say, £50,000 and the realty to £5,000—that the personalty, if unclaimed, would be wiped out after six years by going to the Consolidated Fund, and the realty would remain in the Public Trust Office for the next-of-kin, whether known or not?—That would be so in a case like Samuel Young's, the heir-at-law of the deceased person was entitled to realty. That, of course, applies to estates which are held now as real estates, but realty goes into the same account as personalty under the law as at present. If a person died before "The Real Estate Descent Act, 1874," became law, his realty would belong to the heir-at-law, and, in that case, it would be retained by the Public Trustee.

7951. Then, I ask again, suppose the heir-at-law was not known?—It would still be retained by the Public Trust Office.

7952. Has it never seemed to you or to the Public Trustee that the position is extraordinary, if not very unjust, that the personalty of an estate, no matter how much the amount, is made to disappear in the Consolidated Fund after six years, when the realty, whether a large or a small sum, is detained by the Public Trust Office?—Yes, it seems rather strange.

7953. Why, in common fairness, should not the large amount of personalty in Young's estate, consisting of over £1,000 on 31st December, 1888, have been transferred to the credit of his real estate account, and thereby made the balance appear over £1,300 standing to credit of Young's estate in your books for his next-of-kin?—Well, his real estate would belong to the heir-at-law and his personal estate would belong to his next-of-kin, and it would not do to put the two together.

7954. But it might happen that the heir-at-law was the next-of-kin?—Yes, it might so happen.

Mr. Hamerton further examined.

7955. *The Chairman.*] You have seen the return of the interest that has been appropriated by the Public Trust Office as having accrued from time to time on the balances of estates in the office?—Yes.

7956. Do you notice that the amount is nearly £3,500?—Yes.

7957. Do you remember when you were asked to pay the large amount of £18,000 to the Colonial Treasurer?—Yes.

7958. Do you remember the date?—It was in 1889, I think.

7959. In the beginning of 1889?—Yes.

7960. You remember, then, the balance of your Profit and Loss on the 31st December, 1888?—No, not without referring to the return.

7961. Then, I will tell you: the balance was £20,085 17s. 1d.?—I think that was the amount.

7962. Well, had you not applied those amounts of interest belonging to the many estates in the Public Trust Office to your Profit and Loss, you would not have had the £18,000 on the 31st December, 1888, to have given to the Colonial Treasurer?—No.

7963. You would not have had that amount by £1,408 1s. 10d.?—That is so; but I could not have spared £18,000 by the whole £3,493 18s. 11d., because I must keep money in hand for the current quarter's expenses until the quarter's commissions are charged at the close of the quarter.

7964. Did that £18,000 not include the £3,493 18s. 11d. of interest belonging to estates? and with the latter, after paying the £18,000 to the Colonial Treasurer, you kept £2,085 17s. 1d. in hand?—Yes.

7965. But had you not had the benefit of the interest belonging to the many estates, and having paid £18,000, you would have overdrawn your Profit and Loss Account £1,408 1s. 10d.?—That is so. Of course, the Audit Department would not have allowed us to overdraw, and consequently I could not have paid the £18,000 to the Colonial Treasurer.

7966. Then, had the Public Trust Expenses Account not been credited with interest belonging to other people's estates, you could not have paid the £18,000 to the Treasurer, as the Audit Department would have objected to your Expenses Account being overdrawn?—Yes, exactly.

7967. Then, without that sum of £3,493 18s. 11d., the Public Trust balance of Profit and Loss on 31st December, 1888, would have only shown £16,591 18s. 2d. in credit?—Yes, that is so.

7968. In these two statements before me in connection with Samuel Young's estate, one account appears to relate to personalty—which, as you are aware, has disappeared by payments to the Consolidated Fund, and the interest has been appropriated by you as Public Trustee, and together the personalty balance has been extinguished in your books?—Yes.

7969. Then, Young's other account, relating to real estate, stands in credit £227 8s. 7d. How is it that in regard to two accounts belonging to the same deceased person's estate you should be able to extinguish one in the way it has been done, while the other remains in your books at credit?—I cannot exactly call to mind the occasion on which I represented to the Audit Department that, seeing I was managing real estate for the benefit of the absent heir, and that at any moment the absent heir might turn up and claim, I ought not to pay from year to year the rents which had been in hand for six years under the statute. After some correspondence—I think I am right in saying—the Audit Department agreed that in such cases—that is, in the management of realty—the rents accrued for six years need not be paid into the Consolidated Fund. I think that was the arrangement by which all these rents are not now paid in at the end of the six years.

7970. Has it ever been the practice of the Public Trustee to pay in rents to the Consolidated Fund that had accumulated from real estates?—Yes; I think so, in former years.

7971. I thought it was only the realty part of the estate, after being unclaimed for six years, that you paid into the Consolidated Fund?—It was only the realty part that did not go into the Consolidated Fund. I should like to explain that, prior to "The Real Estate Descent Act, 1874," the real estate of a deceased person dying intestate was not subject to payment of his debts, except by an administration suit. Therefore the administrator could not make use of the realty where there were any debts; it went direct to the heir-at-law. By section 20 of "The Public Trust Office Act Amendment Act, 1873," the Public Trustee has power to manage the realty of absent heirs; and that is what has been done in this case. The money which had accrued to the intestate's account has been paid to the Consolidated Fund under the statute. The rents derived from the realty managed by the Public Trustee under that section will continue to accrue to the credit of the late Samuel Young's realty account.

7972. Then, were the rents in connection with Young's realty account transferred from that account to the Consolidated Fund?—No; they are credited to the account, and have not gone to the Consolidated Fund.

7973. Did any rents from any estate ever go to the Consolidated Fund?—I cannot answer that question without reference to the ledgers.

7974. Then, the treatment of accounts in the Public Trust Office under the section mentioned by you has been different at different times, and since the passing of the Act of 1874?—Yes. Under "The Real Estate Descent Act, 1874," if the deceased left a wife or child, his real estate was liable to his debts. Under the Administration Act of 1879, the realty is liable to the payment of debts in any case.

7975. Now, under clause 6 of "The Real Estate Descent Act, 1874," would you be compelled to realise all realty in any estate coming into your hands after 1874?—Yes; if the deceased left a wife or child him surviving.

7976. Does this Act apply to Young's estate?—No; he had neither wife nor child known.

7977. Then, you think the Act referred to has no application unless a man who had died left issue?—None, unless he left a wife or child.

7978. Then, what Act will apply?—There is no colonial Act; the English law would obtain—that is, the heir-at-law would take.

SATURDAY, 6TH JUNE, 1891.

Mr. J. C. MOGINIE further examined.

7979. *The Chairman.*] I find that the two returns the Commissioners asked for, representing balances of principal moneys on which interest had accrued, together amount to over £17,000 in round numbers: is that so?—Yes.

7980. I also find that the return showing the total amount of balances paid over to the Consolidated Fund amounts to £32,812 19s., and from which only £1,705 9s. 3d. have been claimed?—Yes, that is so.

7981. Am I, then, to understand that the difference between the £17,000 odd and the £32,000 odd is composed of balances that have not had interest allowed upon them by your office?—Yes.

7982. Then, those balances, I presume, must all have been under £50 respectively?—Yes.

7983. Then, if you are correct, that would make over £15,000 of balances under £50 that from time to time have been paid in to the Consolidated Fund?—Yes, that is so.

CORRESPONDENCE, MEMORANDA, REPORTS, AND RETURNS.

No. 1.

Mr. W. C. WALKER to the CHAIRMAN, Royal Commission on Public Trust Office.

SIR,— Christchurch, 14th March, 1891.

I have the honour to place before your Commission a few remarks as to the general feeling of dissatisfaction which exists regarding the working of the Public Trust Office.

In the first place, no doubt the fact that it has been an essentially centralised department, working in the chief town of the colony through agents without any responsibility, and obliged to refer anything, even inquiries as to ordinary working details, to Wellington, is largely the cause of much of the dissatisfaction.

The returns furnished by the office show that the charges are excessive compared with those of private offices; but your Commission will, I am sure, find ample proof in the correspondence in the office that complaints of inconsiderate and harsh dealings with beneficiaries and others have been very common; and as each such case of excessive charge or hardship has its own circle of notoriety, no doubt to such ill-name it is largely owing, in addition to slackness in pushing its claims to public confidence, that the office has done so little business in administering wills, a class of business which other associations find their greatest amount of support, and from which they make their largest profits.

I need only refer you to Return H.–17, session 1890, page 2,* when you will see the small amount of business of this nature transacted, its evident want of growth over the colony as a whole, but especially in some provincial districts. Mr. Rhodes,† in discussing the matter in the House, shows that in Canterbury during the last sixteen years the Public Trust Office had only administered *thirteen* wills; and that, taking 250 as the annual number of wills administered in that provincial district, barely ½ per cent. of that number came to the Public Trustee.

The administration of the Native reserves placed in the charge of the Public Trustee by Act is said to be in its nature difficult and unsuitable, and possibly has taken off the attention of the Public Trustee from other more legitimate business. Into that question, and into the amount of charges on those estates said to be extortionate, and the manner in which questions relating to those estates referred to arbitration have been treated, I do not feel called upon to enter. Your Commission will have opportunities of investigating these for yourselves.

But, as to the relations of the Public Trustee to the colony generally, I venture to submit that you will require to sit and take evidence in the principal centres other than Wellington. I am persuaded that if you give notice that you will sit to take evidence *wherever* witnesses are ready to come forward you will arrive at many of the reasons why this office has been a conspicuous failure alone among the similar institutions started by the Government about the same time and with the same beneficent intention.

The Government Insurance Department and the Post-Office Savings-bank have achieved success, and have been useful means of promoting thrift and economy among the settlers. The Public Trust Office should have been only second to those institutions in the same direction after so many years of trial; and it is because I regret its failure, and hope to see it start on a new life of usefulness, that I urged an inquiry when I had a seat in Parliament, and now venture to address these remarks to the Royal Commission now appointed. I have, &c.,

The Chairman, Royal Commission on Public Trust Office. W. C. WALKER.

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* RETURN OF WILLS AND ESTATES ADMINISTERED BY THE PUBLIC TRUSTEE.

Number accepted in each Provincial District.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.	1887.	1888.
1. The NUMBER of WILLS under Administration by the Public Trustee in each Provincial District in each Year.																
35 Auckland ..	..	..	..	1	2	3	2	2	5	5	8	13	17	20	18	20
10 Taranaki ..	..	..	..	..	..	..	..	..	1	2	4	4	5	7	3	5
9 Hawke's Bay ..	..	1	1	1	1	2	1	..	..	..	1	2	2	3	6	5
90 Wellington ..	1	1	2	3	8	12	15	16	17	22	28	36	49	56	46	47
6 Marlborough ..	..	..	..	..	..	..	1	1	1	1	1	1	2	4	4	4
8 Nelson ..	..	..	..	1	1	1	2	3	2	1	..	1	1	2	3	4
13 Canterbury ..	..	..	..	..	..	..	..	..	1	2	4	5	7	8	7	8
15 Westland ..	..	..	..	..	..	..	..	..	..	2	3	4	6	9	10	9
59 Otago ..	..	..	1	3	5	5	6	6	9	14	17	17	20	28	33	36
..	..															
245 Totals ..	1	2	4	9	17	23	27	28	36	49	66	83	109	137	130	138

2. The NUMBER of INTESTATE ESTATES administered by the Public Trustee.

234	419	575	745	842	921	1,027	1,120	1,227	1,273	1,230	1,348	1,410	1,243	1,144	1,111

Total, 3,781.

3. The NUMBER of all OTHER ESTATES in the Hands of the Public Trustee.

80	121	154	169	229	252	282	312	368	682	828	874	863	927	953	950

Total, 1,648.

† Mr. RHODES seconded the motion for the adjournment. He could hardly agree with the honourable member for Kumara in the aspersions which to a certain extent he had cast upon the head of the office. The fault was more

No. 2.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to your memorandum of this date, requesting to be furnished with information showing what steps are taken by the Public Trust Office with respect to the acquirement of personal estate on receiving news of the death of a person dying intestate, I have the honour to state, in reply, that the practice necessarily varies according to the circumstances of the estate dealt with. But, assuming the death to be in Wellington, say, of a chemist, a widower without children, or a bachelor: I should first, knowing that the estate must be realised, cause an inventory to be made,

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in the system under which the Public Trust Office was managed—under certain Acts of Parliament—than with the Public Trustee himself. He had taken some little trouble to go into the matter, and had from time to time received numerous complaints from his constituents on the subject. Those complaints could be classed under the following heads: First, that persons wrote to the office and could not get information; secondly, that the Public Trustee would not take up work unless his fees were practically secured by cash in hand; thirdly, others complained that the office was practically centralised in Wellington; and, fourthly, others complained of the excessive charges of the office. As to the first charge—namely, that of not being able to get information—he must say, in justice to Mr. Hamerton, that whenever he had applied at the office he had always found that officer and the other officials perfectly willing to give any information they could to persons who were properly authorised. But, as far as he could find, they had no system of sending out proper accounts every three or six months to the beneficiaries. So far as he could learn, they did not send, like any ordinary agent, accounts every three or six months to those whose property was under their care. As they got the money in they simply sent it down from time to time. This was a very great hardship to people who really did not know what they might expect they would have to live upon for the next six months or so. As to the centralisation of the office, the people in Canterbury and the southern provinces had really not very much confidence in the office here, which was managed simply by a Board consisting of a few Civil servants in connection with the Public Trustee. They thought that the local offices should have more power than they had at present, and that the whole thing should not be centralised in Wellington, and managed by people who really had no knowledge of the local properties they had to administer; and that there would be more encouragement to the local agents to look after things properly if they had more responsibility thrown upon them, and had more interest in the proper administration. Take, for instance, the difficulty in the present management if they desired to lend out money on mortgage. They required a valuation from a private valuator—that was, of course, what every trustee ought to have—but they also required a report from the local officer. The mortgagor declined to do business under those circumstances, when he could get his money elsewhere by having one valuation. It appeared to him (Mr. Rhodes) that it was not necessary to send the Christchurch local agent to Ashburton to report upon property if they were going to send their own valuator down as well. As a matter of fact, he knew that they had great difficulty in getting securities on that account alone. He thought the office in Wellington should act more as inspectors, and that the local offices should be strengthened. As to his second cause of complaint—namely, their refusing to do work they should do—he knew of one instance which showed the necessity of some change. He applied to the Public Trustee to try and get in some money for some children whose father had just died, but the Public Trustee refused to take out letters of administration in the matter because there was no actual cash to pay his fees. In this particular instance he certainly thought the Public Trustee ought to have acted. The children ran a risk of being deprived of their property. He himself applied *in formâ pauperis* for one of the children: the Court remitted all the fees, and the children got about £57 from the estate. He did not advocate that the Public Trustee should fight the action for the beneficiaries until fully satisfied of the merits of the case, but he should have made inquiries to see whether anything ought to come to them or not; but in this case he practically refused to do anything at all. The charges of the office were regulated by Act, but if anybody looked at them he would see that they were pretty heavy. It transpired at the Public Accounts Committee that the Gisborne Harbour Board were charged about £200 a year for the management of their money, which was principally lent to a bank on deposit. He had had complaints from various people on this point, but he did not wish to weary the House by referring to them. Other private offices had reduced their charges, and he thought the Public Trust Office should reduce their charges also. They charged 5 per cent. for collecting interest. When money was deposited at a bank 5 per cent. was a very high charge for collecting interest, as in the case of the Gisborne Harbour Board. His complaint was this: that, although this office charged higher than most offices, they made a loss on their business. One might be misled at first in thinking that they made that loss on this commission business, because from the very commencement in 1872 they showed a profit of some £20,000; but when one looked into it one found that the profit was entirely on their loan business—money deposited with them and lent out at interest. Although they charged commission on all sums—capital and interest—which they received, yet the business did not pay for the working of the office. The year before last they showed a profit, according to their accounts, of £4,011 17s. on the money they had borrowed and lent out at interest. The net profit for the whole year was only £2,567, so that really there was a loss on the management of the office of £1,400 a year, if you left out the profit on their interest. Last year there was a loss of £617 on the working of the office, apart from profit on interest made on special investment account. As far as he could make out from their accounts, they collected during the year about £20,000 rents from land, and £22,000 interest; and for collecting that money they had expended about £7,600. The office expenses at Wellington alone amounted to some £4,000, and the expenses of the local agents came to £1,426, and the total expenses of the office to £7,601; and they had only collected about £40,000 in interest and rent. No private office could stand such extravagant expenses as that. There was no doubt the office should be reorganized and its expenses cut down, or the work increased. For his part, he believed if the office were made popular the work would be enormously increased. He had looked up the number of wills and probates and administrations taken out in the Canterbury Supreme Court during the year, and he found that the average number for the three years he searched was one hundred and sixty. This would not include wills and probates in the District Court, so would include very few Timaru or Ashburton wills. So that he considered there would be fully two hundred and fifty taken out in Canterbury: and yet the Public Trustee, during sixteen years, had only had thirteen administrations in Canterbury. That showed that, practically, the office in Canterbury was not used at all. They did not have one administration in two hundred and fifty—they had not one-half per cent. of the work. As to the changes he would advocate, he thought the local offices should have very much more authority than they had at present. At present, if the local agent wanted a shilling to spend on a new door-handle the requisition had to be sent to Wellington and passed by the Central Board. Then, the accounts had to be pre-audited by the Audit Office in Wellington before they could be paid. That was a great hardship to beneficiaries, who suffered endless delays in consequence. A post audit should be sufficient. The duties of the office might also be enlarged. It might be allowed to act as the agent or attorney of people who went away for a few years. You could do that now by vesting all the property in the Public Trustee; but there were a good many people who might wish to appoint the Public Trustee as their agent to manage their affairs for a few years but without having their property absolutely vested in the Public Trustee. He would like the Commissioners to inquire whether the usefulness of the department might not be extended in that direction. He thought also the office might undertake the management of the properties of convicts, as they did that of lunatics. The charges of the office should be reduced. The office was practically of no use to Canterbury, seeing that it did so little work there. He hoped the Government would agree to appoint a Commission, which would take evidence from the office in Wellington and from the local agents in the principal cities. Practically, the office was of no use to people in Canterbury, and it was practically doing no work there. He hoped, therefore, the Government would appoint a Commission which would take evidence from the office in Wellington and from the agents in the different centres.—*Hansard*, Vol. 69, p. 340-42.

and then endeavour to sell the business as a going concern by tender, or, if a private offer were made which might be considered by experts as reasonable, I should perhaps accept it. If, however, neither private offer nor tender were received, it would become necessary to offer the stock and effects by auction.

Generally speaking, there is some clue amongst the papers of a person deceased by which personal estate may be traced. If, however, there be nothing disclosed in such papers, I should make minute inquiries from deceased's friends and acquaintances as to property and its whereabouts.

I will next take the case of a widower in the middle rank of life, leaving a young family. I should despatch one of the staff to take an inventory of the furniture, and to examine for and bring to me all private papers. From them I should probably ascertain the position as regards bank balance, life insurance, shares, title to leaseholds, &c. Circumstances might require me to sell the furniture to pay debts, and endeavour to procure the adoption of the children by kind friends. If, however, the children were of more mature growth, it might be arranged that they should purchase the furniture at a valuation, and so avoid auction, or it might be that the estate was sufficient in other respects to pay creditors, when the children if of sufficient age would probably elect to take over the furniture as part of their shares of the residue.

Let us now take the case of a man or woman dying in the hospital or one of the lodging-houses of the city. One of the staff would proceed to examine the box, or trunk, or swag which belonged to deceased, bringing away valuable papers, if any, and send the box and remaining contents to the auctioneer to be sold; or the box might be first sent to the auctioneer, and inventory made there.

There are many cases which are first reported by the police, of the property of which they have taken possession, and who ask instructions, enclosing inventory. In these cases, all jewellery having first been reserved from sale, and deposited in the office fire-proof safe for transmission to the next of kin (unless the estate should prove insolvent), the rest of the effects are sold by auction.

These are widely distinct cases, involving a different procedure in each case.

Replying generally to the question propounded, I would say that the Public Trustee reduces into possession all personal property coming under his administration by means either of his staff in Wellington, by his agents at the various agencies, or by the police in remote districts. By careful inquiries by all the aforesaid means he is able to ascertain as nearly as may be the property, both real and personal, of persons dying intestate which comes under his administration.

I may add that the authority of the Public Trustee is seldom questioned in matters of this kind, and no difficulty ever arises as to his assumption of possession.

With reference to the jewellery above referred to, it has always been the practice to withhold from sale for a period of about fifteen months, to enable relatives, if they so desire, to possess mementoes of the deceased.

23rd March, 1891. R. C. Hamerton.

No. 3.

SYSTEM OF AUDIT ADOPTED IN RESPECT TO THE PUBLIC TRUST OFFICE.

Memorandum from the Controller and Auditor-General.

1. The Public Trust Office was established in the year 1872, under the Public Trust Office Act of that year, and the Audit Office was given the same powers in respect to it and all persons employed in it as it had in respect to all Government departments; and all moneys in the Public Trust Office were made the property of the Crown.

The audit was at first conducted in the Audit Office, the Accountant to the Trust Office supplying all the information required; and the business was limited.

2. In 1873 the Public Trustee was made the Curator of Intestate Estates by the Act of that year; the business largely increased; and the relations between the Trust Office and the Audit proved so unsatisfactory that it was found necessary to open ledgers in the Audit Office containing records of all transactions in the Trust Office, similar to the ledgers of the transactions in the Public Account. These are required not for the purposes of audit, but of the far more important function of control—that is, to provide that no expenditure shall take place out of any estate or account in excess of the moneys in hand belonging to it. This is specially provided for by the 39th section of the Act of 1872. These ledgers were continued until 1884, where they were abandoned, I believe at the suggestion of a Commission which sat in that year to inquire what savings could be effected in the departmental expenditure of the Government; and it was arranged as a substitute that an officer of the Audit should attend at the Trust Office and should have full access to all the books and accounts, and report to the Controller-General as to all payments to which the Controller's sanction was required.

The above refers to the function of control. I am not quite clear as to what is meant by "the method of audit." I presume every audit is substantially the same—namely, to ascertain that all moneys due have been collected, and have been brought on charge to the credit of the proper account to which they belong; and that all payments have been charged to the proper estate or account, and have been paid to the persons respectively entitled to receive the money. In this, of course, there has been no change, except that the vouchers and accounts have been examined since 1884 in the Trust Office, instead of being sent up to the Audit Office.

I cannot say I altogether approve of the present system. It has been tried, and, I believe, is in use to some extent, in England, but has always been strongly protested against by the Auditor-General's Department. The examining officer unavoidably gets more out of touch with his own

department than if his work was carried on in it, although I have nothing on this score to complain of in regard to the gentleman who does this work at present. The present system was a sacrifice of a better one (as I consider it) to economy. Two additional clerks in the Audit would now be required if the old system were resorted to.

As regards the audit of receipts, I may point out that the audit must always be less perfect than that of payments, and it is more unsatisfactory in the Trust Office than elsewhere. There is no perfect—*i.e.*, scientific—method of checking receipts, except in the case of periodical payments such as rents, &c., and no means of knowing whether all moneys due have been paid in. And this is especially the case in intestate estates, where, as is mostly the case, the deceased has left no record of debts owing to him. Indeed, from the experience of the intestacy estates, one might infer that most men dying in New Zealand owed money all around, but were owed money by none. Even the audit of payments is very imperfect, because of the difficulty of ascertaining whether a claim is for debt incurred or whether it had not been paid by the deceased.

3. I am unable to give any "details" of the actual work of the audit. It is a *daily* audit; and, in the case of payments, a *pre-audit*, except in a few instances in which imprest is made to agents.

4. The audit is continuous, and, with that of the Insurance Department, occupies the whole time of one efficient accountant.

4A. I have made no suggestions as to the system of book-keeping. I have always considered it to be sufficient for the purpose of showing that the moneys are credited to the estates or accounts to which they belong, and are paid to persons or accounts entitled to receive them. As to individual entries, it may have been my duty sometimes to make suggestions.

4B. The Audit Inspector is constantly reporting to me matters relating to the transactions of the Trust Office, and referring points for my decision. All such reports are made verbally or by memoranda attached to the papers. No special audit is necessary, because the whole audit is, in fact, a special or exhaustive audit.

5. The officers who have been chiefly employed in the audit of the Trust Office are as follows: Mr. Dodd, from December, 1874, to March, 1877; Mr. Whitaker, from March, 1877, to October, 1877; Mr. Shepperd, from October, 1877, to June, 1880; Mr. Palliser, from June, 1880, to June, 1881; Mr. Halse, from July, 1881, to October, 1882; Mr. McIntyre, from October, 1882, to December, 1888; Mr. Webb, from December, 1888, to the present.

6. The payments to the Public Account for the audit of the Trust Office accounts have been—For the year ending 31st March, 1887, £93 16s.; 1888, £125; 1889, £125; 1890, £125; 1891, £150.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

14th April, 1891.

No. 4.

REPORTS BY OFFICERS EMPLOYED AT HEAD OFFICE, WELLINGTON.

Public Trust Office, Wellington, 31st March, 1891.

IN accordance with the resolution passed by the Royal Commissioners inquiring into the working of the Public Trust Office, I have the honour to report as follows:—

I am the officer in charge of the Native reserves, and West Coast settlement reserves Branch of this department. I have been in the office since September, 1882, and am in receipt of a salary of £180 per annum.

My duties are to record and index all correspondence received on account of either Native reserves or West Coast Settlement Reserves; and, where necessary, to prepare replies thereto for the approval of and signature by the Public Trustee; or to write such replies as he may direct.

I have to enter, in eight terriers, the rents of Native reserves collected by the agents of the Public Trustee, and accounted for by them monthly; checking their rent returns; seeing that they are supported by necessary bank receipts; and issuing acknowledgments for same. I have to perform the same duties, weekly, in regard to rents collected from tenants of the West Coast Settlement Reserves by Mr. W. Rennell, the Reserves Trustee, New Plymouth, entering these rents in three terriers.

I have to report to the Public Trustee, in advance, the date of expiry of all Native leases, preparing a record detailing circumstances, and place same before the Native Reserves Board for directions as to action to be taken. In the case of Westland and Nelson Native leases, prior to this, I prepare notices (in duplicate) for service upon lessees, sub-lessees, and assignees, under the provisions of section 4 of "The Westland and Nelson Native Reserves Act, 1887," and obtain, if possible, through the local office agent, a valuation of the improvements on the holding of which the lease is about to expire, and the upset rental of the new lease; where required, preparing notices of appointment of arbitrators. After having been dealt with by the Native Reserves Board, necessary action is taken for obtaining new leases; in the cases of Westland and Nelson, outside of the reserves in Arahura and Motueka, I prepare (in duplicate) conditions of sale of new leases. After their having been sold by public auction, or let by public tender, I prepare all Native leases (in duplicate), with the exception of those of the Greymouth reserves, which are made out in triplicate, entering them in the Property Registers and terriers.

I have to note all mortgages, assignments, sub-leases, or other deeds affecting Native reserves leases in the Property Registers and terriers, against the respective leases; and all such deeds affecting West Coast Settlement Reserves leases in the terriers. On return of Public Trustee's copy of such deeds, and of executed leases, I number them, and file them away in the safe.

At regular intervals I prepare notices to be sent to the various agents of the arrears of rents owing by tenants of Native reserves within their districts, and forward notices to tenants in the Wellington District, and issue receipts for all rents paid indirectly to this office herefor.

In connection with the Native Reserves Board, acting under instructions from the Public Trustee as to date of meeting, I summon the members of the Board, schedule all records to be placed before them, and enter the particulars in the rough minute-book. After a sitting of the Board, I transcribe from the rough minute-book to the minute-book the transactions of the Board, which have to be forwarded to the Native Office for translation into Maori before the next Board meeting, when they are confirmed. I also have to prepare the correspondence consequent upon, and otherwise carry out, the resolutions of the Board.

On receipt from the Reserves Trustee of any succession, partition, or Trustee orders in connection with West Coast Settlement Reserves, after recording them, I make the necessary amending entries in the Grantees Register.

It is part of my duty to interview all Natives who may come to the Public Trust Office, and to identify and pay shares of rents distributed to all Natives resident in the Wellington District who are interested in reserves administered by the Public Trustee. I also have to record only the small correspondence received in connection with "The Rating Act, 1882."

In addition to my regular duties detailed above, I have at present, owing to the absence through illness of the Chief Clerk, to open and *précis* all the general inward correspondence of the department. I am guaranteed under the Government Officers' Guarantee Fund to the extent of £600.

All of which I beg to submit with much respect.

J. Chas. Small,
Officer in charge of Native Reserves and West Coast Settlement Reserves Branch, Public Trust Office.

No. 5.

Mr. T. Stephens to the Chairman, Public Trust Office Royal Commission.

Sir,— Public Trust Office, 31st March, 1891.

Pursuant to resolution of the 19th instant, I have the honour to report as follows respecting the working of the branch under my charge:—

First, as to duties to be performed,—

When an estate under will comes into the office it is my duty to enter it in the Assets and Claims book, first reading through the will and making an abstract of the same for entry therein; such abstract to show the provisions of the will, the various interests thereunder, method of investments, and briefly any other salient point for easy reference. This is very important, and great care is needed, as this *précis* is frequently referred to, and any error therein might lead to serious results. Trust estates are entered up in the same manner, and the provisions of the trust deeds similarly noted. Probate or order to administer having been obtained, the estate is advertised, claims called for, and steps taken to realise or otherwise to carry out the directions of the will. When claims are received every one is examined by me and passed for Accountant's signature and audit, or returned for amendment or further particulars, as may be required. If there are ample funds, and the accounts are in order they are paid forthwith; if, however, there is a doubt as to the solvency of the estate, great care is needed, otherwise claims may be paid which perhaps are entitled to a dividend only.

As to the daily routine of work: Upon receipt of records, the subject-matter of which may not require any action other than perhaps an acknowledgment of its receipt, they are after such acknowledgment initialled by me and passed forward for filing. In matters of mere routine it is my duty, on receipt of records, immediately to prepare such memoranda as I may deem called for, perhaps furnishing a statement of account or giving any other information. In matters not of mere routine I am required to minute upon the record such information as may tend to place the position in a clear light before the Public Trustee for his consideration and direction; and, having received such direction, to carry it out. I have to attend to all the mortgages and insurances in my branch, both classes requiring close attention in order to protect the interests of the estates affected. This also includes the realising of moneys invested in deficiency bills and placing same in mortgage after allotment by the Public Trustee. On receipt of title-deeds belonging to an estate, or deeds relating to a mortgage or insurance policy, they are examined by me and entered into the Deeds Register. The deeds are then placed before the Solicitor for his examination and remarks, and, having been passed by him, if found in order are returned to me in order that transmission or registration of order, or both, according to the nature of the title, may be effected. When properties are leased or let full particulars are entered in the terrier. It is also my duty to prepare conditions of sale, and to prepare leases for the solicitor's approval, to pass stamp accounts, and to prepare property-tax statements. This last sometimes involves difficult calculations in order to ascertain the taxable value of the several interests.

Without further particularising I may, in short, say that from the coming into the office of an estate either under will or trust deed—that is, estates belonging to my branch, I have the management of it in matters of minor importance without reference to the Public Trustee, and in matters of more importance under his direction; and for the proper—and I may almost say perfect—performance of my multifarious duties, including the preparation of accounts, the adjustment of various interests, and the payment of large sums of money, I am held responsible. In the case of Wellington estates, a Ledger-keeper is expected to do agent's work by looking up the estate, collating information respecting it, and attending to everybody who may have something to say about it. My salary is £200 per annum, and I am assisted by a cadet whose duty it is to write up the cash-book and post same into the ledger, to copy all letters for the Wills and Trusts branch, and otherwise to assist in that branch as may be required. His salary is £90 per annum.

As to the administration of my department, improvement might, I think, be made in one or two particulars. In reference to accounts, it would, I think, simplify matters if provision were

made for charging commissions, &c., daily, instead of quarterly as at present. Two things would be gained—(1) the exact amount at credit of an account; and (2) the work which is now done at the end of the quarter would be spread over three months, and so enable the quarterly balance to be struck with comparative ease. It might be possible to comply with the law respecting the Public Trust Office Expenses Account and yet adopt the method here suggested.

It would also, I think, simplify matters and facilitate the work of the department if the Audit requirements could in some way be modified—if the necessity for passing all claims through that office could be got rid of. As it is, delays often arise in getting bank orders through; and, the Public Trust Office being one of many departments controlled by Audit, it can have no claim to priority of attention. It may be stated that the Public Trustee is the one liable in case of improper payment. I do not make any reflection upon the Audit Department. I may also add that a great deal depends upon the agents as to whether the work proceeds smoothly and expeditiously or not; and, at the risk of going beyond the requirements of my personal report, I venture to say that it would, in my opinion, be better if in all the large centres, at least, there were men who had gone through a course of training in the Head Office—either having been brought in for that purpose, or having been on the staff and acquired a good knowledge of an agent's duties. They would then be capable of intelligently discussing the scope and function of the Public Trust Office with any who might wish to avail himself of its provisions. The frequent reference to the Head Office as to whether the Public Trustee could undertake business of this nature or that, the cost, &c., would be avoided, as agents would be in a position to satisfy an inquirer, so save his time, secure his business, and popularise and benefit the office. They would also know their duty in respect of claims, would see that they were in proper order, and correct, and so render return for correction or information unnecessary, and thus facilitate payment.

I am guaranteed for £800 under "The Government Officers' Guarantee Act, 1870." The cadet assisting me is not guaranteed.

As to the average number of hours I have worked per week, the attendance-book shows. I may, however, state that the correct average cannot be ascertained from the book, as I have frequently started before 9, worked the greater part of the lunch-hour, frequently during holidays and Saturday afternoons and after 5 p.m., and during one year had, in addition, for a period of about six months, to take work home which kept me engaged till 9 or 10 p.m. Of all this the attendance-book has no record.

In conclusion, I desire to point out that, though I am officially styled "Ledger-keeper," the duties of a Ledger-keeper pure and simple form the least important part of my duties. One holding such position as mine might with much greater accuracy be called "Sub-manager of Estates." In the foregoing report my duties as Ledger-keeper are scarcely referred to.

I have, &c.,

THOMAS STEPHENS,

Officer in Charge of Wills and Trusts Branch M to Z.

The Chairman, Public Trust Office Royal Commission.

P.S.—The Accountant is having a table setting forth each officer's attendance prepared. As, however, it is not yet finished, the number of hours is left blank.

No. 6.

Mr. T. S. RONALDSON to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Public Trust Office, Wellington, 7th April, 1891.

I have the honour to report, as ordered by you, that I am the officer in charge of the Intestates branch of the Public Trust Office, officially called "Ledger-keeper," which title, I respectfully submit, does not properly designate my status or indicate my duties, which are as follows:—

When an estate is reported I have to—(1) Enter full particulars in Assets and Claims book; (2) write to Property-tax Department for copy of last statement (if any) sent in by deceased, and to inquire if any realty is assessed to deceased; (3) write to relatives when known; (4) obtain necessary affidavits, if it is required to administer by order of Court, or certificate of death when administering under section 8 of "The Public Trust Office Act Amendment Act, 1873;" (5) advertise locally when considered necessary; (6) see that all property reported is realised, and all receipts are brought to credit of deceased's account in the ledger; (7) examine all claims preferred, and enter them in Assets and Claims books; (8) pay all preferential claims as soon as funds permit; (9) pay all ordinary claims as soon as it is evident the estate is solvent and funds accrue; (10) prepare stamp accounts, and pay residuary duty; (11) if an estate being administered under order of Court is insolvent, prepare necessary affidavits, so as to obtain order to distribute, and, on same being granted, distribute the balance at credit rateably amongst the creditors; (12) if there is a surplus after all charges and claims are provided for, distribute the same amongst next-of-kin (if known) when kinship has been proved.

When there is realty—(1) Get possession of deeds, enter in Deeds Register, and submit to office Solicitor for his inspection, and thereafter to deliver them to Custodian of Deeds; (2) if the title is under the old system, indorse plans on order to administer, and register it against the title—if under the Land Transfer Act, prepare application for transmission, and register same; (3) if there are buildings on property, make immediate inquiries as to insurance, if there is any existing, obtain fire policy, and have it transferred to the Public Trustee—if there is no insurance existing, insure for insurable value, and keep such insurance alive till the property is disposed of; (4) enter all insurances in Fire Insurance Register; (5) if it becomes necessary to sell, prepare conditions of sale; (6) if sold under order of Court, register such order against the title; (7) if not necessary to sell,

and it has a letting value, lease for a term when advisable, in which case prepare lease in duplicate or triplicate according to title, submit to office Solicitor, and forward for lessee's execution—on receiving it back, complete, and enter full particulars in Rent Register; (8) send agents notices of all rents in arrear at the beginning of every month, with instructions to sue, if necessary, for recovery.

In cases of mortgages—(1) Get all deeds in connection with same entered in Deeds Register, and submit to Solicitor; (2) enter full particulars in Mortgage Register; (3) give mortgagors notice to pay all interest in future to Public Trustee; (4) register order to administer against mortgages; (5) if there are fire risks in force get policies transferred to Public Trustee, and keep same alive; (6) notify mortgagors fourteen days before interest falls due and policy expires, and request them to pay the interest and premium at due dates; (7) give the fire insurance offices notice that if the mortgagors do not pay premiums on due dates the Public Trustee will be responsible for same, and on no account to let the policy lapse.

Generally—When an intestate leaves children, being minors, and it becomes necessary to pay for the maintenance of any or all of them, if the estate does not come within the provisions of section 19 of "The Administration Act, 1879," application is made to Court for an order authorising payment of a fixed sum per week for one or more of the children, as the case may be. When such order is granted, I calculate the shares of all entitled to participate, and open an account for each in a sub. ledger, crediting the various accounts with the respective shares, and from time to time debit each share with the amount paid in respect of that share; and I am held responsible that such shares or any of them are not overdrawn. I have also to prepare all statements of accounts, conduct all correspondence in connection with this branch, attend to and give information to any of the public who may require same, and in respect of Wellington estates perform such outside duties as are required and are performed by agents in the other districts, and which in many cases take up a considerable amount of time. In connection with the foregoing it must be understood that (with the exception of matters of detail) all papers during the administration of estates are minuted by me, when necessary, for the information of and directions from the Public Trustee. I have also to attend on him and the Solicitor when wanted for information or otherwise. My salary is £210 per annum.

To assist me in the aforesaid duties I have Mr. R. A. Pyke, who, under my supervision, opens estates in Assets and Claims books, enters claims therein, examines claims, makes out maintenance claims, and generally gives me such assistance as he can afford. His salary is £150 per annum. And Master H. Oswin (cadet), who enters up the cash-books, posts the ledgers, makes out all requisitions for payments, looks after and checks receipted vouchers, copies correspondence, and any other matters of routine which I may require of him. His salary is £80 per annum.

With respect to the number of hours worked by each, I have taken the attendance-book for the last two years to the 31st December last, and find recorded for myself outside the official time, which is from 9 to 5 on five days a week, and 9 to 1 on Saturdays, 338 hours, or an average of three hours and a quarter per week for that period; but that does not represent the full time, as I have worked many hours both at home and in the office which I did not record. Mr. Pyke for the same period worked 108 hours, and Master Oswin 139 hours.

I am guaranteed for the sum of £800, and Mr. Pyke for the sum of £600, under "The Government Officers' Guarantee Act, 1870."

With reference to simplifying the working of this branch, I consider that the present system of making an advance from another account ("Expenses Account Imprest Account" it is called) to meet administration charges before funds accrue in an estate is unnecessary, as it merely means more work. The simpler way would be to raise a debit balance in red ink, which would naturally be wiped out with the first receipts, and there would not be any danger of overlooking an advance, as is now the case.

The present system of paying claims is also, in my opinion, very cumbrous, the following being the mode of procedure: viz., a claim is preferred by a creditor, when, if in order, it is certified to as correct by the agent in charge, forwarded to this office, examined and initialled by me, sent to the Accountant for his signature, then to the Audit officer, when it is returned to me; if funds permit, I then certify for payment, and pass to Accountant, who initials and returns it, when it is put in requisition for payment. The Postmaster's name has then to be filled in as countersigning officer, the bank is advised of the branch on which the cheque is drawn, and the name and designation of the countersigning officer. The voucher is then sent to the Postmaster with instructions to countersign cheque on presentation, after taking the payee's receipt, the cheque being sent to claimant at the same time, with instructions to present to Postmaster for his signature; lastly, the agent is advised that the claim is paid. In my opinion, all cheques should be drawn on the Wellington bank, negotiable at par, and sent with the claims to the agent in charge, who would take care to get receipts, countersign, and send the cheques to the several claimants. This mode would necessitate all the banks being furnished with the several agents' signatures as countersigning officers.

Pre-audit, I consider, should also be abolished, as it often causes vexatious delays in making payments; and, if an office like the Public Trust Office cannot do its business without the tedious preliminary interference of the Audit Office, it should be closed. A post-audit is, of course, a necessity; but this could be accomplished in the ordinary manner followed in connection with all financial institutions, and the Public Trustee and his officers held responsible for the strict accuracy of all transactions.

If I may be permitted to express an opinion which my eight years' experience appears to excuse, I would say that the present agency system is not so perfect as it might be. The agents, in most cases being gentlemen with large businesses of their own to look after, do not devote the time and trouble to the business of this office which its urgency and importance requires. This produces much correspondence and loss of time which could and should be avoided.

There is one other direction in which I consider the working of my branch might be improved. I have already explained that the intestate records, as they come in, are handed to a colleague whose duty it is to enter up any assets and claims reported therein. This arrangement, while intended to relieve me of a portion of the work, does not release me from the responsibility for the whole of the work of my branch being satisfactorily performed as regards accuracy and despatch. It is therefore easy to conceive that serious inconvenience and delay may be occasioned by circumstances which, by affecting the execution of my colleague's portion of the work, may retard my own. Without intending any reflection upon the ability or industry of my associate, I nevertheless think that more satisfactory results would be obtained by giving me another senior cadet (who would be entirely under my direction as to his work) in place of my present associate, who, while enjoying a practically independent position, involves me in direct responsibility for the due performance of his duties, which responsibility I cannot in justice to myself undertake.

In making these observations I desire merely to indicate the direction in which I venture to think some rearrangement of the *personnel* of my branch is needed, and I make the foregoing suggestions in obedience to the direction contained in the order calling for the report.

I have, &c.,

The Chairman, Royal Commission, Public Trust Office. THOS. S. RONALDSON.

No. 7.

MEMORANDUM from MR. F. J. WILSON to the PUBLIC TRUSTEE.

To answer the comprehensive letter No. 25 of the Public Trust Office Commission is somewhat difficult.

The office statutes are out of date, and I have often urged on the Public Trustee the necessity for legislation, but without success. In 1888 and 1889 or 1889–90, I drafted by request patchy amending Bills, but they never reached Parliament. There is in existence a codifying Bill, which is also really out of date now.

The Public Trustee's duties are, in my opinion, far too large to be exercised by one man with undivided responsibility. It was the impossibility of properly exercising them which, I believe, must have led to my appointment, because I am not "solicitor," but the worker-out and suggester of whatever is submitted to me in addition to the legal work I perform.

There are two ways of doing this. One is to put the office of Public Trustee into commission like the railways; the other is to have deputies or assistants with nearly co-ordinate powers. In either case the Chief Clerk and Solicitor could be merged, and thus little increased expense caused. My last draft Bill went on this alternative. It must not be forgotten the appointment of Public Trustee is one of exceptional character.

The audit system is a difficulty. Audit assumes to sit in independent judgment upon every account. Thus, after a claim has been sifted and allowed by an office agent, and further so by this office, Audit will be dissatisfied, and reopen it, until men who have been put to proof twice are put to a third proof, perhaps months after, causing them to swear not a little and abuse the office. No private institution would be thus hampered. The arbitrary rule of Audit that £10 should be a maximum expense for funerals causes great trouble. Why a rule of Audit unknown to the public should thus harass and injure this office is a curious question. Generally, I believe Audit causes more or less of unnecessary friction.

Under the present law, if the Public Trustee require to be absent from Wellington, the office is partially paralysed until his return, for there is no provision for a deputy or substitute, and I have had on occasion to assume such a position at my own risk.

Office Act of 1872: Section 24 is unworkable in practice as to its first half, and so much of it is altogether unnecessary. Section 27, if rigidly required, would act as a serious block. The office needs all its own titles and securities at its fingers at a moment's call. The section is unnecessary.

I think it monstrous that an officer only receiving £800 a year, and with the whole responsibility of several hundred trusts, wills, and administrations, besides other multifarious duties, should be exposed to the caprice (excuse the word) of his Minister, whether, on a default arising possibly out of unforeseen circumstances, he is liable by statute to be rendered personally liable for the monetary loss resulting.

As to the money clauses of this Act, I am not conversant with their working, because I am not in the office, though on its staff.

As to this Act generally, the office would be the better if it were not treated as an integral Government department, but as, say, the railways are treated.

Office Act of 1873: Section 4 applies only to personal estates: it wants remodelling to fit in with the Administration Acts of the colony. I cannot see the necessity for confining applications to administer to the Wellington office of the Supreme Court alone.

Section 7: First clause is practically repealed by section 15 of No. 49, 1879.

Section 8, as amended by section 4 of No. 62, 1885, is vague. It should be put beyond question whether the £100 limit is law. It is so treated, but it is by no means certain. It is, too, a curious contradiction that, whilst this power at most is to £100, a life assurance company may pay a policy up to £200 without administration, and possibly without the Stamp Office being cognisant and receiving succession duty.

Section 9 is obsolete by reason of section 15 of No. 49, 1879.

Section 14: Publication in a newspaper is not made. If done its value would be doubtful.

Section 17: A distribution order is oppressive on the funds, and unnecessary.

Section 20 : There should be a power of sale given to the Public Trustee after years, with all incidental rights necessary to the giving a valid title. Resulting funds to be dealt with as on administration. Owner to be entitled to same and to no further remedy. This whole section is badly framed. It is not possible to know where any person whose address is presently unknown may actually be.

Section 26 is unworkable, and should be repealed. It cannot even now be used.

Part II. of this Act was long since repealed.

Section 49 is of little value as framed.

Permissive legislation is needed for the investment of minors' and others' shares necessarily retained. At present they are subject to an iron rule of adding £4 per cent. compound interest, but I cannot see why they should not be better invested. Even fixed deposits would give 4½ per cent. But without legislation it would not be prudent.

Office Act of 1876 : Section 4, 2nd clause, is somewhat arbitrary as framed. I do not know of any instance of its being so found, however.

Section 6 conflicts with section 19 of No. 49, 1879.

Section 7, if continued, should allow of such shares as are under fifteen being applied. At present the accident of one child being over fifteen prevents this section operating as to the particular estate.

Section 8 speaks of a Judge's order, which is conflicting language. Such an order is not sought, so far as I remember.

Section 10 is of little value, because the Public Trustee cannot enter where another has previously done so, though without a shadow of right.

Section 11 : The previous consent of the Board should be deleted.

I have a note there are valuable provisions in "The Imperial Trustee Act, 1888," which might be adopted.

There is wanted provision for enabling Public Trustee leases of absentees' lands to be registered when land is under Land Transfer Act.

Moneys paid into Treasury under Part III., "Trustee Act, 1883," are by the Public Revenues Acts forthwith transferred by the Treasury to this office. Why not so alter these provisions that the Public Trustee could receive direct what is now received indirect? It would have the same result, and save circuity.

Wages in all deceased estates might be made preferential—agreeing with "Administration Act, 1888."

Where a debt has been admitted, further formal proof, as in bankruptcy, should not be required under "The Administration Act, 1888."

Imperial Statute 23 and 24 Vict., c. 145, s. 26, is wanted as part of the machinery of the office.

Provision is needed, as drafted by me in last Bill, for a nominal plaintiff or defendant, where one may be needed, upon the clashing of office duties in divers estates.

"The Companies Act, 1882," requires amendment in this : that the Public Trustee be registrable as proprietor under his corporate title, anything in that Act to the contrary. All scrips are now of necessity in the name of R. C. Hamerton. This, on death or resignation, &c., will be awkward, and is contrary to the whole spirit of the office law, though no other course is now open.

The procedure of section 75, "Trustee Act, 1883," might be incorporated, omitting necessity for Court sanction.

The bond mentioned in section 5 of 22 and 23 Chas. II., c. 10, is never taken. If it could be, in the bulk of cases it would be of no value. This office should be relieved from this risk.

The office is worked, so far as I can judge, on the lines of officialdom, as a Government department. From the nature of its work it wants greater elasticity, and this can only be obtained by suitable modifications of statute law. F. J. Wilson.

9th April, 1891.

No. 8.

Mr. C. J. Alexander to the Chairman, Royal Commission on the Public Trust Office.

Sir,— Public Trust Office, Wellington, 10th April, 1891.

In compliance with the resolution made by the Royal Commission, "That the Accountant and each clerk in charge of the various departments in the office be required to prepare for the information of the Royal Commission a personal report respecting the working of their respective departments, detailing the duties carried out by them, the number of officers in each department and their duties, the average number of hours worked by each during the week, the salaries received, if guaranteed, the amount of such guarantee, and in what respects, if any, the administration of their departments can be simplified and improved," I have the honour to state that my official designation is a Ledger-keeper, and that I am the clerk in charge of the A to L branch of the wills and Trusts in the Public Trust Office. My duties consist of the management of the branch under the direct instruction, so far as administration is concerned, of the Public Trustee.

As regards wills : As soon as a death is reported of a person leaving a will in which the Public Trustee is appointed executor, the papers are examined and passed on for the Public Trustee to minute for the Solicitor, who prepares same for the Board's acceptance. If accepted, all preliminaries are arranged by me, such as having the will engrossed on probate form, obtaining certificate of death, &c., and returning everything in order for the Public Trustee's affidavit. When probate is granted an abstract of the will is made in the Assets and Claims book, and all assets are entered therein so far as known. Action is then taken to recover all moneys in banks, &c. ; book-debts are called in, and full information, where deficient, asked for ; beneficiaries are communicated with, and steps taken generally to get a full knowledge of the estate. As soon as claims are

received they are entered in the proper book and passed to the Accountant, who signs his name across the face of each, after which they go to the Audit officer. If the estate warrants it claims are paid as soon as funds are in hands. All communications in connection with any estate under my charge come to me after being recorded, and are minuted as the case may require for the information of the Public Trustee, who makes such directing minutes as he considers necessary. In all matters of detail, such as giving information to persons interested, &c., the necessary correspondence is prepared and sent in with the records to the Public Trustee for his approval and signature.

As soon as an estate is realised (so far as the will allows), and all debts are paid, the position has to be placed before the Public Trustee, and he is asked if the estate may be distributed, or, if the residue is to be held in trust, necessary investments are temporarily made in Government securities and submitted to the Public Trustee for investment on mortgage (if such is authorised), and incomes remitted in such ways as the will sanctions. Where there is realty, the deeds of same having been obtained are examined, entered in the Deeds Register, and forwarded to the Solicitor for inspection, after which they are handed to the officer having custody of deeds for placing in the safe. Steps are taken to have the Public Trustee's title registered, if under the Land Transfer Act, by having transmission prepared and forwarded to the proper officer, together with necessary deeds, fees, &c., and if under the Deeds Registration Act, by having the plans drawn on the probate, and sent with proper fees. When buildings are on any land care has to be taken that they are insured, and careful supervision has to be continually exercised, and all matters requiring attention brought under the notice of the Public Trustee.

Estates transferred from other executors to the Public Trustee under order of Court are dealt with in an almost similar manner, the executors being required to furnish full accounts of their dealings, and these accounts are carefully examined before the Board is asked to accept the administration.

Trust estates, whether under will, deed, or Act, are dealt with as each particular case requires, all necessary action being taken to insure of moneys being invested as soon as available, incomes remitted, and matters of importance brought before the Public Trustee for his information and direction.

All rents are entered in the terrier as received, and once a month, or oftener if necessary, notices of arrears are sent to agents and others.

In this branch, there being a large amount of money held on trust, the investments are heavy, and the work in connection with the mortgages and insurances require great care and takes up a considerable amount of time. Weekly notices of interest and insurance premiums falling due are prepared and sent out, and special notices of all arrears are sent out as occasion requires, and anything requiring the attention of the Public Trustee placed before him.

I have to attend the Public Trustee and Solicitor to give information from time to time as required, besides all persons at the counter desiring information as to any estate or trust in my charge. Property-tax returns, stamp accounts, under the Deceased Persons' Estates Duties Act, and statements of accounts have to be prepared at proper times, and care taken that tax, duty, rates, &c., are paid when due. Necessary proofs have to be obtained for life assurance companies, and claim made for policy-money in cases where policies were in force.

Vouchers have to be prepared for the periodical payment of income to the numerous beneficiaries, and after being examined and audited, are recommended by me for payment, and I am held personally responsible by the Public Trustee for the proper and punctual payment of all such moneys. On the return of vouchers after being receipted, they are examined to see that receipts are in order, and are then handed to the cadet in charge of vouchers for sorting. Temporary advances are made to estates by journal entry from "Expenses Account Imprest Account," to cover the necessary administration charges, and a list of these is kept, and refunds made as funds accrue. A sub-ledger is kept and posted from the estate ledger, separate accounts being opened for the beneficiaries interested. The ledger is balanced quarterly.

In addition to the numerous matters to be attended to in connection with each estate inside the office (and in this branch no two are alike, each having to be dealt with according to the directions in the instrument creating it), all estates in Wellington have to be personally attended to, and frequently take up much time outside. People have to be interviewed, inquiries made, titles searched, claims inquired into, and the general duties of an agent performed.

The Journal-keeper, Mr. A. de Castro, is partially attached to this branch. His duties are, primarily, to enter up the journal from the vouchers and attend the counter. In connection with this branch he enters up the cash-book and posts the ledger, copies wills and other documents, and acts generally in any matters which I may require of him. The cadet attached to the M to Z branch of the wills and trusts also assists me to the extent of press-copying all correspondence, indexing the letter-books, and getting out such records as may be required. He also sorts the paid vouchers after the receipts have been examined by me.

In order to estimate the average number of hours worked in my branch during the week, I have taken the ordinary week's time as thirty-nine hours. Then, according to the attendance-books, I find that during the last two years Mr. De Castro worked 408 and I 378½ hours' overtime, giving an average, roughly, of about four hours per week, or a total average of forty-three hours per week for the last two years. I must, however, mention this does not show a true average, as many afternoons and evenings have been devoted to work both at home and in the office, and no record has been made in the attendance-book.

The salaries received in my branch are as follows: Arthur de Castro, £120 per annum; C. J. Alexander, £200 per annum. We are guaranteed under "The Government Officers' Guarantee Act, 1870," for £400 and £800 respectively.

With regard to the concluding portion of the resolution of the Royal Commission, I am unable to suggest any simplification of the present system, except in so far as affects the payment of moneys, and in this respect, were it possible, some change, I believe, would be beneficial in such an institution as this. The various stages through which a claim has to pass before the cheque

reaches the hand of the claimant cause considerable delay and consequent annoyance, and even when he does receive a cheque his annoyance does not cease, for he has then to go to the post-office, of which the Postmaster is made the countersigning officer, receipt the voucher, and get the cheque countersigned before he can obtain payment. This regulation is especially annoying to people in country districts, who may be compelled to travel long distances to the countersigning officer for the purpose of obtaining his signature. If some means were possible by which a claimant could be paid without the trouble often involved under the present regulations I am of opinion a considerable amount of dissatisfaction on the part of the public would be removed.

The system lately insisted on by the Audit Office of requiring all journal entries to go through "Requisition," and be passed by the Controller before entering in the ledger, gives considerable extra work, without any resulting benefit, besides causing, through the delay, entries to appear in the ledgers altogether out of date. This, and the roundabout method of paying claims, even after they have been passed by the Audit Office, is a serious drawback to the smooth and satisfactory working of the office. This office, I would respectfully submit, should not be carried on under the hard-and-fast rules relating to other departments of the Government service, it being an office directly connected with the public, and the system of payments should be as simple as that of a bank or other commercial institution.

From this report the Royal Commission will perceive that the duties imposed upon a "Ledger-keeper" are of a very responsible nature, and could not be satisfactorily performed by any one without special training in the work of the office. The title "Ledger-keeper," as will be seen, does not convey an idea of the duties, and is to a certain extent misleading.

I have, &c.,

The Chairman, Royal Commission on the Public Trust Office. C. J. Alexander.

No. 9.

Mr. Moginie to the Chairman, Royal Commission on Public Trust Office.

Sir,— 13th April, 1891.

In compliance with the resolution of the Commission, I have the honour to report that I am in charge of the large room of the Public Trust Office and the carrying-out of the work therein. It comprises the following branches: viz.,—

The Examiner (Mr. Warren): This officer examines vouchers prepared in the office for the payment of moneys out, also statements of account prepared for issue; takes the papers in reference to applications for loans; keeps the register of transactions in deficiency bills; and has custody of the deeds and fire policies of the office.

The Intestate Estates A to L, and the Intestate Estates M to Z: These two branches are in the charge of Mr. Ronaldson, who is assisted by a clerk and a cadet.

The Real Estates and Lunatics' Estates: These form one branch, in charge of Mr. Beyer. In addition Mr. Beyer keeps the pass-book of the Public Trustee's Disbursement Account, which is the account on which cheques for the disbursements of the office are drawn. He also keeps the individual accounts of the 5-per-cent. deductions from the salaries of the Civil servants under "The Civil Service Reform Act, 1886;" also the Check Ledger. Mr. Beyer has the assistance of a cadet for a portion of his time.

Wills and Trusts A to L: This branch is in charge of Mr. Alexander. Wills and Trusts M to L: This branch is in charge of Mr. Stephens. Messrs. Stephens and Alexander have the assistance of a clerk and a cadet. The clerk, besides assisting in the work of the Wills and Trusts, enters up the journal.

Miscellaneous: This branch is in charge of Mr. Buckland, and includes the accounts of Native reserves, West Coast Settlement Reserves, accounts under sections of Acts of Parliament, Public Trust Office Expenses Account, and others. Mr. Buckland keeps the Public Trustee's account pass-book, and has the assistance of a clerk and the major portion of the time of a cadet.

I have in the above only indicated the work of the branches under my charge, as it will be more particularly described in the reports of the officers in charge. The officers, their salaries, guarantees, and number of hours worked on an average per week, are stated hereunder:—

Officer.	Salary.	Guarantee.	Average Number of Hours.
	£	£	
Accountant	350	1,200	
Examiner	240	800	
Intestate Estates A to L and M to Z—			
Officer in charge	210	800	
Clerk	150	600	
Cadet	80	...	
Real and Lunatics' Estates—			
Officer in charge	160	600	
Wills and Trusts—			
A to L—Officer in charge	200	800	
M to Z—Officer in charge	200	800	
Clerk and journal-keeper	120	400	
Cadet	90	...	
Miscellaneons—			
Officer in charge	180	600	
Cadet (also Real and Lunatics branch)	80	...	
Clerk (per diem)	10s.		

The charge of the branches as above takes a large portion of my time. Officers consult me on matters in connection with their work. In addition I perform the following duties: Money received either over the counter or by letter goes to the officer in charge of the estate to which it belongs, who enters the particulars of the payment on the block of the receipt-book, afterwards handing the money to me with the number of the receipt; and I pay into bank daily. I make entry of the number of the receipt and corresponding cash in a rough book of cash received and paid to bank, which goes to the officer in charge of the Public Trustee's account pass-book to check off the entries.

The advice of money paid into the credit of the Public Trustee's account at any branch of the bank goes—in a similar way to cash—to the officer in charge of the estate to which it belongs, who enters the particulars thereof in the block of the acknowledgment-book. The receipt- and acknowledgment-books, in addition to the blocks, contain counterparts of the blocks, also the receipts or acknowledgments for issue to the payers. Once a day, or oftener as required, cadets fill in the counterparts, receipts and acknowledgments, from the particulars entered on the blocks. The receipt- and acknowledgment-books are then brought to me. I compare the counterparts, receipts, and acknowledgments with the blocks, sign the receipts and acknowledgments for issue, and tear out the counterparts, which are the vouchers from which the cash-books are entered, and hand them to the officer in charge of thePublic Trustee's account pass-book, along with the particulars of my lodgments into bank, who checks them off with the pass-book and distributes them to the various branches for entry in the cash-books. I thus pass all the vouchers for moneys received.

Savings-bank pass-books, life policies, debentures, share scrip, fixed-deposit receipts, and other valuable paper, being assets of an estate not required for immediate action, are handed to me, and remain in my custody until realised or otherwise disposed of; and I keep a record of them.

Securities representing investments of trust and office funds (excluding mortgages), and securities deposited in this office by life assurance companies, are kept in the Audit safe in the Government Buildings. These come to me, and I see to their deposit, and keep registers of them, making the necessary entries therein, and preparing the vouchers required when any deposit or withdrawal of any security is required, also for the obtaining from the Audit safe of coupons before their due date to effect collection of interest. The foregoing does not apply to any deficiency bill the office may purchase from the Treasury, as those are placed direct in Audit safe by the Treasury. I write most of the correspondence for the Public Trustee's signature in matters relating to the deposit of securities or the withdrawal of the same.

I keep the deposit of impressed stamped forms required for use in the office, and issue them as required. I keep adhesive stamps for the payment of all fees which require to be paid in stamps. Papers prepared for Supreme Court come to me, and I affix the stamps for the Court fees. Advances are made to me and are disbursed as required, an Imprest Account book being kept by me in connection therewith; and I also prepare the journal vouchers necessary to bring the transactions into the office ledgers. I keep an account showing the position of the sinking fund for the redemption of the debentures of the loan raised to build the Hospital at Auckland, and have custody of the debentures drawn and redeemed, and cut off for collection the coupons for interest on such drawn debentures. All vouchers for payments, of whatsoever kind, whether sent in by claimants or originating in the office, prior to going to Audit, come to me for scrutiny and signature. Claims ripe for payment: These, after being recommended for payment by the officers in charge of estates, come to me to be finally passed for payment. All journal vouchers made are scrutinised and signed by me. Correspondence relative to claims, queries on claims, calling in vouchers, &c., and a large portion of the memoranda advising payment of money, are signed by me. Statements of account to be rendered by the office come to me for inspection and signature before issue. I examine all agents' copy cash-books, and audit inspector's reports on Public Trust Office agent's accounts, to see if they have been fully checked off by officers, and that any discrepancies are explained. Compare the weekly, quarterly, and annual balance-sheets. Examine records to see that officers have made the requisite notes indicating that necessary entries have been made in the books. There are various minor matters of detail in connection with the above I also perform.

From the nature of my office, involving as it does constant interruptions on matters of business during the day, I find myself compelled to do a considerable amount of work after office-hours; but as Accountant I do not sign the attendance-book, no record of such overtime has been kept, and in consequence I am unable to state a weekly average of hours worked.

In compliance with that part of the resolution of the Royal Commission calling for suggestions, I have the honour to submit the following:—

It would be to the convenience of the office to have much greater strong-room and storage accommodation. At present the space is so inadequate that no convenient arrangement of the books, deeds, papers, and other things which the office has to preserve can be made. I think it would be advisable to put up a building to meet the requirements of the office.

In the passing of claims there is a waste of power. A claimant sends in his claim to an agent of the Public Trustee, who examines the same, and in most cases either personally or by proxy compares it with the claimant's books, and when he is satisfied certifies it as correct, and forwards it to the Public Trust Office. Here another examination takes place, the computations being gone over again and the claim otherwise scrutinised. On the Public Trust Office being satisfied, the claim is passed to Audit, where a third examination takes place. It seems to me that one of these examinations could with advantage be dispensed with, as being unnecessary, and involving a needless expenditure of time.

I think an alteration might be made in the manner of recording correspondence. The established practice is to attach on one file the whole correspondence of an estate. The result is that, when it is necessary to refer to the file on any subject, one must go through the whole of the papers to find what is wanted. I think it would be simpler to have the papers of an estate divided into as many files as there are subjects; thus there could be one file for correspondence in reference

to personalty, another about realty, another referring to claims, and so on. By this means the correspondence on any one subject would be concentrated, and could be referred to without the necessity of searching here and there through a thick file of papers on a variety of subjects. It would also be a convenience to have a covering-sheet to each file, exhibiting the progress made in dealing with its branch of the estate.

In keeping the accounts of unclaimed dividends and undivided surpluses in estates under the Bankruptcy Act, much needless work is required, as under section 183 of that Act it is necessary for the Public Trustee to open an account for each bankrupt estate, and credit it with the sum received from the Official Assignee. After holding the money thus for twelve months the account must be closed by transferring the sum to the Unclaimed Dividend Account under the same Act. The work of opening these individual accounts, and in the preparation of the journal vouchers, passing them through requisition and Audit, and posting the transfers, might be saved if the law was amended to enable the Public Trustee to dispense with the separate accounts, and carry the sums at once to the Unclaimed Dividend Account. This would not interfere with the discretionary power given by the Act to the Public Trustee to pay out any unclaimed dividend to the person entitled to it, within twelve months of the receipt of the money in the Public Trust Office. As a matter of fact very few claims are made on the office for unclaimed dividends. A reference to the details making up the balance of the Unclaimed Dividend Account supplied to the Commission will give an indication of the amount of work that would be saved by adopting the suggestion above.

Section 39 of "The Public Trust Office Act, 1872," provides that the Public Trustee shall not pay on account of any property any sum in excess of the amount standing to the credit of such property—in other words, must not overdraw an estate account. As in very many estates it is necessary to pay administration charges, &c., when there are not funds in hand, the above-quoted provision renders it necessary to make an advance to such an estate out of Expenses Account, to put it in funds before the expenditure can be charged. This process involves much work, preparing vouchers, passing them through requisition and Audit, and in posting, repeated again when the advance is refunded; with the result that accounts are complicated, and the estate account no longer exhibits the true position in its balance column. It would be much simpler if the law was amended enabling the Public Trustee to overdraw an account, with proper restrictions, and let the overdraft show in the estate account as evidence of fact. Not only would innumerable transfer-entries be saved, but the work of calculating the interest on the overdraft would be lessened.

The office gets a certain amount of blame from persons who are in receipt of incomes from it, through occasional irregularity in the payment of those incomes. It is almost useless to explain that income cannot be paid until it is received from mortgagors, who do not always pay on due date. This is not a satisfactory answer to the would-be recipient, who is disposed to think the office is to blame. Anything that would remove this source of grievance would save the office time and blame, and avoid disappointment to its clients. To effect this the office might guarantee trust funds, or the interest on their investment. Incomes could then be paid on due date, whether received or not. The office might be secured from loss by charging an additional commission for the guarantee, such extra commission to be carried to a guarantee fund to make good any loss.

By resolution of the Public Trust Office Board, trust funds awaiting investment on mortgage are temporarily invested in deficiency bills. The mode of effecting this is by selling to the estate a share in a deficiency bill held by the office as a general investment, and, when a mortgage is found for the money of the estate, to retransfer its portion of deficiency bill to the office again. Numerous transactions of this nature take place, involving considerable work in the preparation of vouchers, passing them through requisition and Audit, and in entering in the journal, and posting same in the different accounts, and registering the transactions in the Register of Deficiency Bills. This time and labour would be saved if, instead of making these temporary investments, the money was permitted to remain at credit of the estate accounts, and the office allowed the estate interest on its balance at the same rate as it would earn if temporarily invested as at present.

The practice since the establishment of the office has been to charge estates with commission quarterly on the last days of March, June, September, and December; and, as there is a good deal of work involved in these quarterly calculations, the ledgers are kept open until these charges are calculated, and vouchers passed and posted. I would suggest that the practice be altered, and commission charged daily. The officers in charge of estates, when entering on the blocks of receipt- and acknowledgment-books the particulars of money received, could show, as a deduction therefrom, the commission chargeable, and, by means of these vouchers, enabling the commission to be entered in a commission-column in the cash-book simultaneously with the entry of the money for the estate: this would ease the work at the end of the quarters.

It might be made the duty of one officer to prepare all requisitions for payment of moneys, nstead of dividing the work into three, as now.

The officers in charge of estates have been called Ledger-keepers. This is a title which, I think, should be altered, as it is not descriptive of the principal work performed by them, and has been misleading in its effect. The work of keeping the ledgers might be deputed to an officer, whose title would probably be that of Ledger-keeper.

Separate accounts for the various heads of receipts and expenditure in Expenses Account should be kept. An account should be kept showing the interest due, paid, and outstanding daily.

It would be very desirable to alter the form of ledgers, as those in use are not suited to the requirements of the office. In the individual ledgers the account of an estate should have columns for Investment Account and Current Account, this latter divided into capital and income. This would bring the Investment Account of a trust into its proper place, and, by dividing the Current Account into capital and income, show the transactions in respect of each, which at the present time has to be done in a sub. ledger. Unrealised assets should be brought into the accounts, to show the total value of property in the Public Trust Office.

The Check Ledger should have columns to suit the alterations in the individual ledgers, and

the number of accounts in this ledger should be reduced by further grouping to such a compass that they would come within the capacity of a cash-book.

The present system of having six cash-books—one for each branch in the office, and a general cash-book—should be abandoned, and one cash-book adopted, with columns to suit the accounts as reduced in the Check Ledger, the individual ledgers being posted from vouchers, and afterwards called over with the cash-book, the Check Ledger being posted periodically from the totals of columns in the cash-book.

The present form of journal to give place to one with columns corresponding to the accounts in the Check Ledger—the left-hand page for debit entries, and the right-hand page for credits. Journal entries would be posted in the individual ledgers from vouchers, and afterwards called over with the journal, and the Check Ledger being posted from the totals of columns periodically. Office commissions on transactions going through the journal could be taken in like manner as in the cash-book.

In addition to the tabulated balance-sheet, as published annually, one presented more after the usual manner might be added to the other accounts.

I append patterns of ledgers, cash-book, and journal on the model of my suggestions herein, and venture to think that they would prove to be suitable to the requirements of the office.

I have, &c.,
J. C. Moginie, Accountant.

The Chairman, Royal Commission on Public Trust Office.

No. 10.

Mr. E. F. Warren to the Chairman, Public Trust Office Royal Commission.

Sir,— Public Trust Office, Wellington, 16th April, 1891.

In obedience to an order of the Public Trust Office Royal Commission, I have now the honour to forward—and please find attached hereto—a personal report on my duties, &c., as an officer of this department.

I have, &c.,
Edward F. Warren.

The Chairman, Public Trust Office Royal Commission.

Report of E. F. Warren to an Order of the Public Trust Office Royal Commission, 13th April, 1891.

Official Designation.—Examiner.

Salary.—£240.

Duties.—Loans.—All applications for loans first come to me for action. They have to be examined, and if in proper form, and complete as to particulars, I forward them to the Property-tax Commissioner for the last assessment of the security offered. Upon their return I take whatever steps are necessary (under the Public Trustee's direction) to obtain a private valuation, plans, &c., and when the information is complete the papers are handed to the office Solicitor for placing before the Board. After being dealt with by the Board such applications come to me again, when I inform applicants of the Board's decision; and where loans are granted I write the necessary instructions to solicitors to prepare mortgage-deeds. Applications for loans are entered by me in a register kept for the purpose.

Deeds, Bonds, and Policies.—I am custodian of deeds, agents' bonds, and fire policies, numbering probably some six thousand. Upon receiving deeds from any officer, I give a receipt, and on issuing deeds I take a receipt for them. These deeds are kept in drawers under lock and key in the strong-room, and are arranged in numerical order. Correspondence relating to fire-insurance renewals, notices to insurers and insurance companies, and interest notices to mortgagors, are examined and signed by me.

Checking Accounts.—All statements of account prepared by the various officers either quarterly, half-yearly, or annually, and at intervals between, including the Native reserves and West Coast Settlement Reserves, are checked and initialled by me before being signed by the Accountant. The distribution of insolvent estates and the dividends are checked by me, also payments of maintenance, shares of next-of-kin, residues, &c.

Arrears of Rent Notices.—About the 10th of each month, notices of all arrears of rent up to the close of the previous month are forwarded to the agents, and such notices come to me to be examined before being sent out.

Investments in Deficiency Bills.—All investments in or withdrawals from deficiency bills are recorded in a book kept for the purpose, and the journalising of the various operations therein is performed by me. At the close of each half-year I compute the interest on such investments, and pass entries for same. My time is always fully employed.

General Observations.—Having some portion of the office correspondence to do, perhaps I may be permitted to make a few comments thereon. It has always been the rule in this office to employ a strictly official style in its correspondence, and, while this may be proper for all memoranda passing between one Government department and another, I certainly think (and I express this opinion with a due sense of my position as a subordinate officer) that this style is not the best for an office such as this to adopt in its correspondence with the public. In my humble opinion, the absence of those courteous forms in beginning and concluding letters which are always observed in the correspondence of business and professional men is frequently an unsuspected cause of offence, and consequently injurious to the office. On these grounds, therefore, it seems to me that a departure from the "official memorandum" form is desirable, as calculated to improve the relations of the office with the public from whom it derives its subsistence.

I have not sufficient accommodation for the deeds, the drawers being overcrowded, and the encroachment of additional shelving around the strong-room upon the space formerly reserved for

convenience of access to the drawers now renders it a difficult matter to get out deeds when required in a hurry (and they are generally wanted in a hurry); besides which, the said shelving throws deep shadows over half the drawers, rendering it impossible to see the numbers on the packages without a lighted candle. Owing to the crowded state of the strong-room, the floor is generally cumbered with tin boxes and old books, which have to be dragged out of the way before the lower deed-drawers can be drawn out at all. This causes a waste of time, and is a serious inconvenience to a busy man. The fact is that a much larger strong-room is required. Many thousands of receipted vouchers bound in guard-books ought to be kept in the strong-room for preservation in case of fire, but there is absolutely no room for them.

It would greatly facilitate the despatch of letters to have all the press-copying of the office done by one junior cadet, instead of by several (who combine this work with other duties), as at present. There is quite enough press-copying to keep one cadet fully employed; and by adopting this suggestion this portion of the work would be better done, and letters would be posted with the least possible delay after being written, instead of sometimes being kept waiting two or three hours, and thus missing mails.

With respect to the average number of hours worked, I understand that a general return of all the officers' time is being furnished to the Commissioners, which will supply the information so far as such time has been booked; but I am justified in stating that on many occasions I (and other officers) have omitted to record overtime actually worked, so that the recorded time will be less than the actual time by the aggregate of such omissions—an unknown quantity.

Approximately, the statements of account of all kinds examined in detail by me in the course of a year number some fifteen hundred. There are also numerous small details contingent on my work, such as checking sundry computations, occasionally copying a plan, &c. I have also acted hitherto as relieving officer during absence on leave of Sub-accountant, Intestate and Miscellaneous branch officers. Now that the Sub-accountant has been promoted to a district agency, it will, in ordinary course, devolve upon me to act similarly for the Accountant during his annual leave.

I have, &c.,

The Chairman, Public Trust Office, Royal Commission. E. F. Warren.

No. 11.

Mr. H. M. G. Buckland to the Chairman of the Royal Commission.

Sir,— Public Trust Office, Wellington, 17th April, 1891.

In compliance with the resolution passed on the 19th ultimo by the Commission, I have the honour to make the following personal report on the working of the miscellaneous department of the Public Trust Office under my charge, detailing the duties performed by myself and my assistants.

Every morning I make a copy of the transactions of the previous day from the bank pass-book into a duplicate book kept in the office. All the receipt- and acknowledgment-blocks for moneys paid into the bank, or advised as having been paid into the bank, are then passed forward to me by the Accountant; and I allocate such blocks to their amounts at credit of the pass-book kept in the office. These are then arranged, tabulated, and passed forward to each of the Ledger-keepers or officers in charge of the different departments of the office, and the class cash-books are written up therefrom daily. Any disbursements in the bank pass-book are also noted and entered in the cash-books every day. These class cash-books are then every week, in daily totals, transferred to the general cash-book, the balance of which, together with the amounts at credit in the bank pass-book, agrees with the amount at credit with the bank. A list is made every week of all amounts outstanding at credit in the bank book for which no advice has been received by the office. I then take steps to inquire of the different Ledger-keepers to see that all moneys that have been advised are passed. At the annual balance in December in each year, the total amount unadvised in the bank is transferred to Suspense Account through the cash-book, and is journalised thereout daily, as advice may be received, to the accounts to which such sums may belong. These journal-entries are passed by myself.

On receipt of a miscellaneous record from the record department, same is perused and initialled and any routine action that may be necessary is taken, such as making out acknowledgment-blocks for moneys advised as having been paid in to the credit of the Public Trustee's account. The record is then passed in to the Public Trustee, who minutes on the papers any further action he may wish taken, which is accordingly done, after which the papers are ready for filing.

All vouchers for the payment of claims on any of the miscellaneous accounts are examined by me, and, if in order, passed forward to the Accountant, who signs them, and passes them on for the purpose of being audited. After they have been duly audited, they once more come back to me, and I recommend them for payment by affixing my recommendation-stamp on each voucher. They then pass on to the Accountant, who finally approves of them for payment, and they are then ready to be put into requisition. Two requisitions are prepared every week, in which are included all vouchers that may have passed the final stage of being approved by the Accountant for payment. The requisition and relative bank order and schedules, together with the vouchers, are placed before the Public Trustee for his signature, after which the requisition and bank order are sent up to the Controller and Auditor-General for his signature; having procured which, the bank order and schedules are lodged with the Bank of New Zealand here, after which the relative cheques are despatched to the claimants, and the vouchers to the persons appointed to countersign such cheques, who are almost invariably the Postmasters at the places where the claimants reside. The vouchers

in due course are returned to this office, the discharge on them examined and initialled by myself, and they are then put away, to be periodically pasted away in guard-books for the purpose of reference. Any urgent claims are put into special requisition.

Vouchers for all loans are prepared in this department, and the cheques for same are forwarded by me, with all the necessary instructions, to the branch of the Bank of New Zealand at the centre where the applicant resides, to be exchanged for the security from the mortgagor.

The distribution of all rents received under the Native reserves and West Coast Settlements Reserves is also conducted in this department. Rent-returns are furnished weekly by the Reserves Trustee of the West Coast Settlement Reserves rents, and, after being written off by the officer having charge of the terrier, and blocks passed for the amounts, the amounts are entered in the Miscellaneous cash-book in detail, and thence posted into the ledger. Native reserve rent-returns are furnished by the different agents of the Public Trustee monthly, and are dealt with in a like manner. The West Coast Settlement Reserves rents are distributed among the grantees half-yearly—June and December in each year—so far as the ordinary lease-grants are concerned. The confirmed-lease grants are distributed as the Reserves Trustee may direct specially at any time. There are between eighty and ninety grant-accounts in which rents are received, and probably some three thousand grantees interested in various proportions. Pay-lists are prepared for each grant, and a sufficient amount of money is imprested to the Reserves Trustee to disburse among the grantees in the shares indicated on the pay-lists. The Native reserves rents are distributed in a different manner, by separate cheques being issued for each beneficiary. The difference in the mode of paying Native and West Coast Settlement Reserves beneficiaries is owing to the former being so scattered. There are some six hundred beneficiaries interested in the Native reserves, and the rents are distributed quarterly, and also specially as required.

All mortgages being general investments of this office are also under my care, and I have to see to the due collection of interest, sending out notices a fortnight before any interest becomes due. All fire insurances in connection with my department, whether under mortgages or leases, I am also responsible for. Notices of the expiry of policies are sent out in good time both to the assured and also to the insurance company—to the latter with a request that, in the event of a renewal premium not being paid, they will hold the Public Trustee covered, and look to him for the money. All insurances are in the name of the Public Trustee. Guarantee bonds of agents of the Public Trustee I also look after. The Auckland Hospital Reserves, the correspondence in connection with which I conducted under the direction of the Chief Clerk, have since that gentleman's absence been solely under my care. All correspondence relating to the numerous accounts in the ledgers of the department is carried on by me.

To assist me I have one cadet at £60 per annum, and a permanent extra clerk at 10s. per day. The cadet's duties are to write up the Miscellaneous cash-book, post same in the different ledgers, make out requisitions, and press-copy letters, &c. I may add here that he is also attached to the Realand Lunatics department. The duties of the permanent extra clerk are in connection with the West Coast Settlement Reserves work, although his services are constantly required for work outside this department. I omitted to mention that my cadet has also the preparation of the Native reserves vouchers quarterly. I may state very conscientiously that my time is more than fully occupied, as also is that of my assistants. My salary is £180 per annum, and the amount of my guarantee is £600.

As regards the simplification and improvement of the work in this department among others, I think the practice of posting in detail the names of every Native beneficiary in the Native Reserve Ledger is time wasted, as they are already detailed in the cash-book. The multiplicity of cash-books in use could with advantage be altered; but this could only be effected by a radical change in the system of keeping the books now in vogue. The process in passing vouchers for payment is also very cumbersome, and could be improved upon so as to obviate delays in the settlement of claims. A system of post-audit might materially assist in this direction. A great deal of time would also be saved if the opening of a separate account for every bankrupt estate could be avoided. There are always some hundreds of these small accounts open. The present mode of passing agents' claims for commission also does not work at all satisfactorily, an immense amount of time being expended in checking of same. This I think could be avoided by a Commission Account being kept in this office for each agent, and the claims being prepared here.

I remain, &c.,

R. J. Buckland,

Officer in Charge of the Miscellaneous Department.

The Chairman of the Royal Commission.

No. 12.

Mr. H. Beyer to the Chairman, Royal Commission, Public Trust Office.

Sir,— Public Trust Office, Wellington, 17th April, 1891.

In accordance with the resolution of the Commissioners I beg to report respecting my duties in this office as follows:—

I am termed the Ledger-keeper having charge of Real and Lunatic estates, but I have other duties which do not come under this head.

Respecting real estates, the course of action I have to take is as follows: As the title of the estate signifies, the only property is realty. When the Public Trustee obtains possession of such an estate, and a lease is granted, I have to prepare such lease on office form, and forward same to agent (when the property affected is out of Wellington) for completion by the lessee. The lease is then handed to the Solicitor to see that it is correctly completed, and, if in order, is entered by me

in the Deeds Register, and placed in safe by the clerk having custody of the deeds. The property having been duly entered in the terrier, the due collection of rent must be seen to. If any of the property is of insurable value, policy of insurance has to be effected, and premiums paid on due date. When a lease is about to expire, the record relating to the matter is to be placed before the Public Trustee, for instructions to call for tenders for a new lease, or to take other action. When rent is received, an acknowledgment is made out by myself, from which the cash-book is written up, and then duly posted in ledger. The number of real estates is not likely to increase to any considerable extent, except under section 10 of "The Public Trust Office Act, 1876." Claims for rates and repairs (when not payable by the lessee) are passed forward for payment when same have been examined. These constitute the only class of accounts against this variety of estate. After claims are passed forward they must go through various stages before being finally placed in requisition, and cheque sent to the claimant.

Regarding lunatics' estates, the action to be taken is as follows: When the estate is reported all assets are entered in the Assets and Claims book, if any realty belongs to the estate, and is let or afterwards leased by the Public Trustee. Action similar to that adopted respecting real estates must be taken, with the difference that the lease has to be engrossed in full, the office form not being applicable. Insurances must be entered in Policy Register, and premiums duly paid. Any recurring payments are noted in diary, so that vouchers may be prepared and payments made on due date. Receipts and acknowledgments have to be made out for moneys received, so that entries may be posted in ledger in due course. A medical certificate as to the probability of the patient's recovery, and affidavit of lunacy by the Medical Superintendent of the asylum, are supposed to accompany agent's report, but in the majority of cases this is not done, and they are obtained direct by the Public Trustee. On receipt of same, if there is little probability of recovery, the Public Trustee instructs the preparation of report for the Supreme Court, and after same has been settled by the Solicitor it is engrossed and lodged in Court (by Solicitor). When the order is granted the Solicitor draws up one copy, and one or two copies of same are made by me, as may be necessary. When there is realty three copies are required—one kept by the Court, one by this office, and the other, when realty is sold, is forwarded to the purchaser, to complete his title. Where no realty exists two copies only are required. When it is necessary to sell land, conditions of sale have to be prepared, and forwarded to agents with instructions to sell. Claims are received, and, after being entered in Assets and Claims book, and examined, passed forward for payment. Quarterly statements are forwarded to the Medical Superintendents of the various asylums, showing what funds are available for payment of maintenance, so that claims for same may be rendered for payment. The Public Trustee expects minutes to be placed on the records from time to time, giving such information that will show him the position of matters with as little trouble as possible. Correspondence respecting Real and Lunacy matters, engrossing affidavits, making copies of any letters or documents required, and furnishing statements of accounts, are done by myself. A balance of all real and lunatic estate accounts is taken out every quarter. Monthly statements of all rents in arrear are forwarded to the respective agents. The due payment of interest on any mortgage belonging to a lunatic's estate must be seen to, notices being sent to the mortgagors when interest falls due, and when property mortgaged is to be insured care must be taken to see that same is duly covered. My other duties outside of Real and Lunacy matters consist of posting cash and journal vouchers in the Check Ledger, taking out a weekly trial-balance from the same, and at the end of each year a balance-sheet showing the previous year's balances, and the transactions and balances of the current year respecting each account opened.

Posting in "Civil Service Reform Act, 1886," sub. ledgers the respective amounts deducted from the salaries of officers of various departments in the Civil Service who come under this Act. The amounts are posted from schedules supplied monthly by the Treasury Department.

Keeping the Public Trustee's Disbursement Account. Payments are made out of this account by cheque from amounts placed to credit from time to time in accordance with requisition on Public Trustee's account. A schedule of all cheques issued is kept, and a monthly balance of all outstanding cheques taken out.

The only assistance rendered to me in carrying out my duties is the placing in requisition of all claims and copying of memoranda in press copy-book by a cadet who belongs more exclusively to another branch.

My salary is £160 per annum, and I am guaranteed for £600.

I am unable to state accurately what my average working-hours have been a week. I have been over ten years in the office, and during that time have worked overtime to a considerable extent. I understand, however, that a memorandum is being prepared for the information of the Commissioners showing the weekly attendance of each officer.

In conclusion, I beg to state that I do not think any suggestion that I might make respecting the working of my branch would simplify and improve such work. I think, however, it is possible to effect an improvement in the agencies of the office, and work thereby considerably facilitated. Many of the agents do not devote sufficient attention to communications from this office, consequently they have to be reminded very frequently that they have failed to give the information required; whilst others fail to comply with the memorandum of instructions issued for their guidance.

I have, &c.,

The Chairman, Royal Commission, Public Trust Office, Wellington. H. Beyer.

No. 13.

Wellington, 29th May, 1891.

PUBLIC Trust Office Record, 91/408, covering the Commissioners' letter No. 3, dated 19th March, 1891, having been this day referred to me, I forward herewith my report relative to the duties of the Chief Clerk and assistants in the Record Branch, and such further information as is asked for in the letter above mentioned: —

Correspondence.—The duties of the Chief Clerk consist principally of the receipt of all correspondence addressed to the Public Trustee; opening and examining all letters and enclosures, making *précis* of the same, and minuting any remarks thereon necessary for the information of the Public Trustee. Replies having been prepared by the Ledger-keepers in charge of each particular estate affected thereby: examining and signing same, if addressed to any agent of the Public Trustee, or forwarding same to the Public Trustee for his signature if otherwise addressed. If the correspondence is of a general character (as, *e.g.*, asking for information about the method of placing a trust in the office, rate of charges, &c.), and not referring to any estate under administration: preparing reply to same for signature as above.

Advertising.—(1.) When an Order of Court directing the Public Trustee to administer has been obtained, or probate has been granted: preparing proper advertisements for the newspapers and the Government *Gazette*. The advertisements referred to include notices to creditors to forward their claims to the Public Trustee within a specified period—namely, within from four to six weeks after the order has been granted. The office hitherto has acted on the supposition that the Public Trustee is allowed by law a year before he can be compelled to pay debts. The year referred to is generally known as "the executor's year." I take it, however, that this "executor's year" refers only to the payment of legacies, and, in order to avoid the delay which frequently takes place in payment of debts, I would submit that the period above referred to should be considerably extended, say to four months, after which time any claim should be absolutely barred. This would give ample time to realise the assets, and to discover whether an estate were solvent or insolvent; and payment of claims or a dividend thereon should be made as soon as possible after the expiration of such period. If this were done, much bitterness of feeling might be avoided and correspondence saved. (2.) Preparing annual standing advertisements for newspapers, and issuing same throughout the colony or elsewhere, if so directed by the Public Trustee. (3.) Preparing matter for almanac issued annually from the office.

Monthly Returns.—Preparing monthly returns of estates "placed under the management of the Public Trustee" in accordance with the statute. Since the establishment of this office it has been held that the return required applies to intestacies only, and it has been prepared in accordance with instructions given to that effect; but I think that either the wording of the heading should be altered so as to show that intestate estates only are included, or the return should include all estates (whether testate or intestate) placed under the management of the Public Trustee during the month.

Life Policies.—The registration of all life policies sent for that purpose, and the immediate return of such policies, duly indorsed as registered in conformity with the provisions of "The Life Assurance Companies Act, 1873."

Wills.—The registration and safe custody of all wills sent for provisional acceptance or deposit. If sent open for provisional acceptance, such wills, if accepted, are sealed up, properly endorsed with the name of the testator and date of acceptance, and deposited in a box kept for that purpose, the testator and the agent forwarding the will being in each case informed that this has been done. Should the Board decide to postpone or refuse acceptance, the necessary correspondence or *Gazette* notice is prepared by me.

Rent Notices and Terriers.—About the 10th day of each month, notices to agents of arrears of rent are prepared. These are all compared by me with the terriers, and, if correct, are signed accordingly. The terrier of the Auckland Hospital Reserves rents is kept by me, and the agent periodically notified of arrears.

Property.—The charge of personal property, consisting of articles reserved from sale, is committed to me.

General Supervision.—As I exercise a general supervision over the office, there are minor matters occurring daily which I cannot specify, but which demand attention. In the absence of the Public Trustee I act for him in all matters, interviewing all persons who may be desirous of obtaining information or advice, signing all correspondence, and giving directions to the staff when required.

Assistance.—To assist me in carrying out my duties I have a Record Clerk—whose duty it is to record all letters either in a general record-book or in the Indices to Estates, kept for that purpose—and a cadet. The cadet receives each letter from the Record Clerk, properly numbered, and reference to former papers on the same subject noted thereon; he then attaches each to its proper file, and takes it to the officer in charge of the particular estate referred to for action. It is the duty of the Record Clerk and cadet to see that all records are kept in their proper places, so that any file can be referred to immediately. They have also charge of the sub-indices rendered necessary by the extensive operations of the office. The cadet is required to copy all letters written by me on general matters, and prepare same for postage. I believe our system of record to be simple, and at the same time perfect in all respects.

Hours of Attendance.—The hours occupied by the record branch are those ordered by Government—viz., from 9 a.m. to 5 p.m., *minus* one hour (from 1 to 2) allowed for lunch. On special occasions extra time is required, and willingly given.

Salaries.—My salary is £400 per annum, and I am guaranteed under the Officers' Guarantee Act for £1,600. The salary of the Record Clerk is 6s. per diem; he is only temporarily employed, not having received any fixed appointment. The salary and allowance for board and lodging of the cadet is £60 per annum.

There is one further suggestion I wish to offer—viz., that the balance of the Expenses Account, and all sums which have remained in the Public Trust Office for six years unclaimed, should, instead of being used for revenue purposes, be annually transferred to a Reserve Fund Account, out of which, if necessary, beneficiaries under various trusts should be paid the amounts accruing due to them on the day on which such moneys fall due, instead of being obliged to wait for the same, as frequently happens, on account of mortgagors not paying their interest punctually, or tenants their rent. Out of this fund any losses made by the office might also be made good, thereby insuring a true Government guarantee. CHARLES D. DE CASTRO.

REPORTS FROM DISTRICT AGENTS OF PUBLIC TRUST OFFICE.

No. 14.

MEMORANDUM from Mr. J. A. CLARK, Tauranga.

THIS agency is carried out by myself alone, no business being intrusted to subordinates. The duties are, to wind up intestate estates, collect rents, attend to clients and correspondence, and generally forward the business of the office. The remuneration is by commission, and quite inadequate for the duties performed, and no amount is guaranteed. In my opinion, small estates up to, say, £20 should be left entirely to the agent to wind up and settle, paying small claims at once, and rendering accounts and vouchers at the earliest opportunity. Agents should have more power to deal decisively with purely local matters, especially in such a district as this, as people who know the agent is not to be imposed upon, as he understands the whole ins and outs of what is going on, constantly communicate direct with the Head Office, and thus complicate matters and add considerably to the agent's trouble and anxiety. Such people should be referred back to the agent, and the Head Office should not interfere, as in small communities petty jealousy and local feeling colour everything. In other respects I have to express my opinion that all letters and matters referred from this agency to the Head Office have invariably received the most prompt and gratifying attention, the minutest details appearing to be thoroughly grasped and clearly and explicitly attended to.

30th March, 1891. J. A. CLARK, Agent.

No. 15.

Mr. A. A. SCAIFE to the SECRETARY, Public Trust Commission.

SIR,— Public Trust Office, Nelson Agency, 31st March, 1891.

I have the honour, in accordance with your instructions to the Public Trustee of the 19th instant, to comply with the request therein contained, and to report as follows:—

I act as agent of the Public Trust Office for the Nelson District, and am paid by commission, the amount of my remuneration being dependent on the amount of collections.

I am guaranteed by a policy issued by the Standard Insurance Company of New Zealand for £250, which, taking into consideration the amounts dealt with, may be considered ample, if not excessive.

I have to report that the office is popular in the Nelson District, and that several important trusts have been administered here, and wills representing the future administration of a considerable amount of property are now deposited with the office from this district, whilst I am aware of several persons who have made their wills appointing the Public Trustee as executor, but have not deposited them. I would point out that the payment of £1 1s. on wills deposited by the influence of agents ought to be paid at once, and not after testator's death, as the agent may not himself live to claim the payment for his efforts to secure business which must afterwards benefit the office.

In my opinion the commission paid to agents is not in most cases commensurate with the amount of work they have to perform, as they have to attend to the protection and realisation of the estates, whether the assets are large or small, whilst the item of correspondence alone occupies a very considerable amount of time. A practice prevails, or has, at any rate, been put into force in one case in my agency, whereby, owing to the Board voluntarily reducing the rate of commission paid by law, the agent's commission has been reduced, thus preventing him from making up by the increased commission for the numerous estates with nominal assets. I cannot believe that the office was created for the purpose of making a profit out of the agent's exertions merely to swell the Consolidated Fund, and think that agents should be placed on a better footing as regards remuneration than at present, as their portion of the work is more arduous and demands more time and business ability than the part of conservation and distribution undertaken by the office.

I find I have to contend with complaints from the public as to delays in settlement of claims, payments of moneys due, &c., which tend to give a general impression that the policy of the office is one of delay, and that many persons are deterred from making use of the office on that account. I take it that much of the delay is caused by the Audit Department, and that, for the rest, the staff requisite for prompt despatch of such matters is insufficient. Be the causes what they may, the fact remains that the public expect prompt payments, and comment freely when such are not forthcoming.

Much of the outcry and opposition against the office is, to my knowledge, raised by solicitors, or at their instigation, as they find the office, where appreciated by the public, absorbs business that would otherwise flow in their direction.

It would be well if agents could be kept better posted regarding the position of estates than they are at present, and that, especially in the more important ones, statements should be furnished

them quarterly, or, at most, half-yearly, so that they may be kept posted up in the dealings of the office, and can give full information to creditors, legatees, and other interested persons, thus saving much trouble.

As the agency of Native reserves is held by the Receiver of Land Revenue here, I have no report to make hereon.

I would point out that any alteration on the part of the office tending to popularise it with the inhabitants of the colony would have the effect of largely increasing business, and that the first step should be taken in the direction of the exercise of such promptitude as might be expected when dealing with any business firm or person under similar circumstances.

I have, &c.,
A. A. Scaife, Agent.

The Secretary, Public Trust Office Commission, Wellington.

No. 16.

Memorandum from the Greymouth Agency, Public Trust Office, to the Members of the Royal Commission on Public Trust Office.

Gentlemen,—

In reply to your request, I beg to report that I am the agent at Greymouth; that my remuneration is a commission allowed upon all moneys collected by me, according to a scale fixed by the office; that the amount of my commission for the year 1890 was under £5 in respect to estates, and the sum of £168 sterling for rents collected on the Native reserves, Greymouth; that the Public Trustee holds guarantee policies to the amount of £250 in the Standard Company, Fidelity Branch; that I have no suggestions to make in respect to any improvement in the administration of the Public Trust affairs. So far as I am able to judge, I think the present system very good.

I have, &c.,
31st March, 1891. Richard Nancarrow.

No. 17.

Memorandum from the Clyde Agency, Public Trust Office, to the Hon. the Royal Commissioners on the Public Trust Office, Wellington.

Honoured Sirs,—

In obedience with memorandum from the Public Trust Office Commission dated from Wellington 19th March, 1891, I have the honour to report that the duties of my office as agent of the Public Trustee at Clyde is—to make myself acquainted with the details of the estates of persons dying intestate in my district; to report thereon to the Public Trustee; to make up all accounts *pro* and *con.* from the books (if any) of the deceased; to collect all moneys, and pay same at earliest convenience into an account at the nearest branch of the Bank of New Zealand to the credit of the Public Trustee; and to generally administer (subject to the supervision of the Public Trustee) all intestate estates within my district; and, finally, to interest myself in making known the aims and objects of the department. My remuneration is by commission on amounts passing through my office, at specified rates. I am guaranteed in the Standard Insurance Office in the sum of £100.

My predecessor, Mr. J. Hickson, Inspector of Police, had at his command the police-officers under his command, and could utilise them in the collection of rents and accounts, and in other matters where a personal visit is necessary: I would respectfully suggest that the same assistance be accorded to agents (in the country districts especially) where the performance of such duties or the giving such assistance would not interfere with their proper duties. I am led to make this suggestion from the fact that I fear my work as agent of the Public Trustee compares badly with that of my predecessor, who I always understood was considered one of (if not) the best agent of the department.

I have, &c.,
31st March, 1891. Geo. Fache, Agent.

No. 18.

Memorandum from Mr. E. C. Horner, Patea Agent, to the Secretary, Royal Commission, Public Trust Office.

In compliance with the direction of the Public Trustee, I beg to forward for your information replies to the queries suggested in your memorandum, so far as they apply to agencies, but venture to state that the circular hardly seems applicable to agencies such as mine, and any information would be better obtained by direct questions to agents, or personal evidence before your Commission. All I can state in reply to your queries is, that the duties of my agency are carried out by myself, and consist of all duties relating to intestate, lunatic, and other estates, commission being paid according to scale, I having to find security for £100.

I would venture to point out that it might possibly be desirable to pay fixed salaries to agents, rather than working by commission. It would possibly save expense to the various estates, and be of advantage in many ways. At all events, there would, I think, be no harm in trying the experiment. The office would know exactly what it was required to pay, and an account could be opened debiting salaries and expenses, and crediting it with commission earned. This might be the means of lowering the somewhat necessarily excessive charges on estates in certain instances, which cannot well be avoided under the present system.

I think, too, that the Loan Department requires revision, inasmuch as by the regulations only half the value of land in any instance is allowed to be advanced. This restriction places the office in an unfair position in comparison with private money-lenders, and is prohibitory in its effects in this district.

I do not know that I can offer any further information or suggestions, but think generally that, if the charges were lowered and made plainer to the public generally, more business would result, and simplification of accounts follow.

As far as the mode of conducting the business is concerned, it is, in my opinion, worked in a manner reflecting great credit on the head of the department, every detail, however small, being dealt with as exhaustively as large transactions, and any want of promptitude and care on the part of agents is closely inquired into.

I shall be glad to answer any further queries the Commission may suggest.

1st April, 1891. E. C. Horner, Agent.

No. 19.

Memorandum from Mr. E. P. Watkis, Agent for Public Trustee, Auckland, to J. G. Grey, Esq., Secretary, Public Trust Office Commissioners, Wellington.

In accordance with instructions contained in a copy of resolution by the Public Trust Office Commissioners dated the 19th ultimo (received 31st idem), I beg to append the following details of work:—

Intestate Estates.—To transmit to the Public Trustee all available information and details in general report form, together with certificate or affidavit of death, as the case may require. To realise personalty if under £100 (there being no realty, and no relatives entitled and ready to administer; if over £100, or there be realty) to forward general report and affidavit of death; and having taken such steps as may seem necessary to protect the estate, to wait for instructions. To call in and investigate all claims, and forward same to Wellington. To collect rents of any realty.

Testate Estates.—When Public Trustee is appointed, to obtain and forward affidavit or certificate with general report containing all available particulars of estate; to take steps necessary for protection of estate when possible, and wait for instructions. It is impossible to further define the duties under this head, which would depend on the construction of the will. The estate may be wound up within the year, or the work may extend over many years. To investigate and forward all claims.

Trusts.—To furnish all particulars, and, on receipt of instructions, collect rents; keep all insurable premises duly covered from risk of fire; periodically inspect such buildings, and, when necessary, report thereon as to their condition and repairs needed; to obtain and forward in proper form all claims for rates, &c.

Lunatics' Estates.—To make full inquiry and report *re* same, and whether there be any relatives entitled and intending to apply to the Court to be appointed committee; to bank all moneys received from the police or Lunatic Asylum; to obtain and store patients' personal effects pending instructions as to disposal of same; to obtain tenants for any realty where Public Trustee is appointed committee, and collect rents for same; to forward on form all rate and other claims; to obtain and forward affidavit of lunacy and medical certificate to enable the Public Trustee to apply to the Court.

Convicts' Estates.—To bank all moneys received from the Chief Gaoler, and forward any jewellery, &c.; at death to forward usual certificate and general report; and, where necessary, realise.

Books kept.—To keep a proper cash-book, ledger, estates terrier, hospital reserves terrier, Native reserves terrier, and record-book of all correspondence received, giving a *précis* of contents, and showing how each is disposed of, and the steps taken in connection therewith; to forward at the end of each month a copy of the cash-book for that period, together with rent return forms for each estate comprising realty, showing amounts received and corresponding bank-receipts.

Hospital Reserves.—To collect all rents; to examine and report where necessary as to condition of premises, and advise as to steps to be taken; to keep up insurances; to forward rent returns with bank-receipts at the end of each month.

Native Reserves.—To collect all rents, and generally act as in hospital reserves.

Mortgages.—To collect the interest; to see that the insurances are kept up; and generally act as an agent.

Miscellaneous.—To attend sales of realty; to attend at Land Registry Office to search titles to realty, and report thereon; to attend drawing of debentures (hospital reserves).

Salary.—None. Payment is entirely by commission, out of which I have to pay a clerk's salary, gas, and office-cleaning.

Office-hours.—Mondays to Fridays, inclusive, from 9 a.m. to 4 p.m.; Saturdays, from 9 a.m. to 12.30.

Guarantee.—Amount of guarantee, £250; Victoria Insurance Company; premium, £3.

Suggestions re *Administration of Agency.*—I beg respectfully to offer the following remarks as to the simplifying and improving the work of this agency: (1.) That when instructing the agent to sell realty all title deeds relating thereto should accompany the conditions of sale. (2.) That all orders of Court relating to land to be sold should be forwarded for registration prior to the sale direct to the Registrar, and the agent advised thereof. The practice hitherto has been irregular, and solicitors preparing conveyances or transfers on behalf of purchasers complain of being delayed. (3.) That in intestate and lunatics' estates, agents be authorised to hand over in the former case all private papers and articles of no money value to nearest relative; and in the latter case, to hand over to the discharged patient, or his wife, any articles received from the asylum belonging to the said patient, without previous reference to Wellington. (4.) That the agent should have discretionary power in cases of tenders to lease or rent, without reference. (5.) That the agent should have authority to hand over all effects received from the police to the relatives in cases where the office is not administering, without reference. (6.) That the agent should have authority to distrain

or sue for arrears of rent, or sue for interest on mortgages when he considers there is urgency, without reference. (7.) That the agent should have authority to notify a tenant to quit, and enforce such notice, without reference.

Remarks re *Matters operating prejudicially to the Progress of the Agency.*—I would call the attention of the Commissioners to the following matters: (1.) That the connection of the office with "The Rating Act, 1882," is injurious to the former to a very considerable extent. The Act provides that all moneys received by the Registrar from sales under the Act should be paid, less judgment costs and fees, into the Public Trust Office. The original owner of the land, to recover the balance, however small, has to obtain an order of Court at considerable expense. This is a great hardship in many cases, and the office bears the odium, for in the country districts the Public Trustee is chiefly known in connection with this matter, which is sufficient to create a feeling of mistrust, and undoubtedly prejudices the minds of many. (2.) To improve the business of the agency it is, in my opinion, essential that the antagonism of the solicitors generally should, if possible, be removed, by convincing them that it is to their interest to work with instead of against the office. If a solicitor brings an estate into the office, according to the rules, he is entitled to have all the legal work in connection therewith, excepting the application to the Court for probate, administration, and order to sell, which under the Act has to be made by the Public Trustee in Wellington. In small estates the solicitor usually gets nothing but a perusal fee or other trifling sum, whereas if, after submitting all particulars of the estate to, and obtaining the consent of, the Public Trustee, he were allowed to have the entire legal matters in hand, his bill of costs being subject to a fixed scale of charges or taxation, he would gain directly and indirectly by being associated with the office. These remarks apply to wills and trusts as well as intestate estates. (3.) The office and its advantages require to be more thoroughly known in the country districts, and this can only be obtained by appointing canvassers or lecturers; or more extensively advertising, after the plan adopted by the Government Insurance. Every railway-station, post-office, and other public places of meeting should be supplied with a permanent tablet or notice-board, setting forth the various subjects undertaken by the Public Trustee, and the immense advantage of State security. Country clergy of all denominations, medical men, Justices, and schoolmasters, if so invited, could render great assistance. The agent of a centre like Auckland cannot leave his office during working-hours to canvass for new business without giving rise to complaints, and, if he could, such action would further incite the solicitors to oppose touting.

I trust the Commissioners will not regard these remarks as out of place. I omitted to mention that I have no other business, and that my whole time is taken up with the agency work, which is far more comprehensive than those who are unacquainted with such matters would expect.

2nd April, 1891. E. P. Watkis.

No. 20.

Memorandum from the Gisborne Agency, Public Trust Office, to J. Grattan Grey, Esq., Secretary to Royal Commission, Wellington.

In response to a memorandum from the Public Trustee, enclosing resolution of your Commission, bearing date the 19th March, I have the honour to report as follows:—

1. The duties of my agency comprise—(*a*) Collection of interest on moneys lent in this district; (*b*) attending to all matters of insurance in connection with same; (*c*) collection of sundry rents; (*d*) the administration of intestate estates; and (*e*) all other matters in connection with the Public Trust Office.

2. The whole of the duties are performed by myself.

3. My office is open from 10 a.m. to 4 p.m. daily, during which time I am in attendance, except when in the country about business of the office.

4. Amount of guarantee, £500; bond in Public Trust Office. During past two years twelve intestate estates have been dealt with; £8,115 1s. 9d. has passed through cash-book. I am not in receipt of salary. The commission, fixed by Order in Council, received during the two years amounted to £263 14s. This included all amounts for travelling and other expenses incidental to intestate estates, and out of which I have to provide office-accommodation. The only suggestion I have to make would be a slight addition to the attached notice. Many clients live long distances in the country, and forward their interest through post, and often leave cheques with the agent weeks before their interest becomes due, to be by him paid into the bank. They would like the authority of the office (by the addition of the words "or to the local agent") for such payments.

I have, &c.,

2nd April, 1891. Thomas Chrisp.

Payment of this can be made to the credit of the Public Trustee's Account at Wellington through the branch of the Bank of New Zealand nearest to you, or can be remitted by Post-Office order, draft, or cheque; if the latter, exchange must be added. If paid into bank a receipt should be taken and transmitted to this office, *or to the local agent.*

No. 21.

Memorandum from the Dunedin Agency, Public Trust Office, to the Secretary, Public Trust Office Commission, Wellington.

Sir,—

Replying to your circular letter of the 19th ultimo, I have the honour to state that, as my position is that of an agent and not a salaried officer, a number of the inquiries made are inapplicable.

In this capacity my remuneration is by commission only, and I would respectfully suggest that some more uniform method of charging commission might be adopted. At present the rates range

from ⅝ per cent. to 5 per cent., and the method of calculation is so peculiar that, notwithstanding every care taken in my office to insure correctness, I have in no single instance been able to send a statement to Head Office that was not subjected to alteration.

I would also suggest that some discretionary power should be given to agents in dealing with estates, subject to the limits being clearly defined. At present, even in cases where prompt action is absolutely necessary, reference to the Head Office is required, and it is often a question whether the expense of a telegram will be allowed. I have never been reproved for incurring expense of this character, but have at times refrained from using the wire when it would certainly have been of advantage to do so, lest I should be exceeding my powers. The same remarks will apply to visiting properties. In many instances it would be an advantage to make a personal inspection, but the necessity of obtaining permission from head-quarters prevents the visit being made in time to be of any service.

I have, &c.,

2nd April, 1891. E. Smith, Agent.

No. 22.

Memorandum from the New Plymouth Agency, Public Trust Office, to the Public Trust Office Royal Commissioners, Wellington.

Gentlemen,—

Having received from the Public Trustee a memorandum, dated the 25th ultimo, requesting that certain information should be furnished by me with reference to the operations of this agency, I now have the honour to report as follows:—

Since the date of my appointment to the New Plymouth agency (9th January, 1889) duties have been performed by me in connection with the management of twenty-one intestate and testate estates, one convict, four lunatic, and two trust estates, such duties embracing in many cases the furnishing of general and final reports; the examination of all claims preferred against such estates; the collection of all moneys due; and also realisation of property (real and personal); the collection of rents and interest on loans; furnishing the usual reports in connection with applications made for loans; the inspection of properties; seeing to the renewal of insurances on buildings; furnishing information to the public as to the various operations of the office; general correspondence with the Head Office, Wellington, and in certain cases with relatives in the United Kingdom of persons who have died in this district.

Since the above-mentioned date the sum of £1,596 17s. 5d. has been collected by me from various sources, and remitted to Wellington. The average time per week occupied by me in the discharge of the above-mentioned duties is about nine hours, and by my clerk about three hours.

The remuneration received has been on the commission scale only, and, in order to show its utter inadequacy, I append hereunder particulars of the number of letters, reports, &c., written, and amounts of commission earned and received in each of the nine quarterly periods affected. It will be observed that the remuneration for the two years and a quarter is equal to an average of £14 3s. 5d. per annum, or something under 5s. 6d. per week:—

Period.	Number of Letters, &c., written.	Commission earned and received.
		£ s. d.
Six months to 30th June, 1889	80	5 15 1
Three months to 30th September, 1889	99	7 9 5
Three months to 31st December, 1889	114	7 3 6
Totals for 1889	293	20 8 0
Three months to 31st March, 1890	48	1 0 4
Three months to 30th June, 1890	37	3 5 10
Three months to 30th September, 1890	42	2 2 1
Three months to 31st December, 1890	55	3 18 4
Totals for 1890	182	10 6 7
Three months to 31st March, 1891	35	1 10 11*
Grand totals	510	31 17 11

* Earned only.

It will be noticed that the remuneration during last year was little more than half of what it amounted to in 1889, when it happened that a larger number of properties than usual were realised. In order to show that the business of the agency has largely increased during the last two years, I append, for the purpose of comparison, a statement similar to the above, showing what was done by my predecessor, C. Rennell, Esq., J.P., during the two years immediately preceding the commencement of my term of office. Thirteen intestate and testate estates, five lunatic and one trust estate, were dealt with; while the amounts collected and remitted to Wellington totalled £404 4s.

Period.	Number of Letters, &c., written.	Commission earned and received.
		£ s. d.
Six months to 30th June, 1887	85	8 17 6
Three months to 30th September, 1887	55	7 14 4
Three months to 31st December, 1887	29	0 2 7
Totals for 1887	169	16 14 5
Three months to 31st March, 1888	13	Nil.
Three months to 30th June, 1888	20	Nil.
Three months to 30th September, 1888	15	0 4 9
Three months to 31st December, 1888	53	0 11 3
Totals for 1888	101	0 16 0*
Grand totals	270	17 10 5

* Earned during 1888, but not received by agent until the following year.

I must apologize for trespassing so much upon the time of the Commission by going so fully into subjects connected with this item (remuneration), but consider it one of much importance. It is generally admitted that "the labourer is worthy of his hire," and, although the matter may be a difficult one to regulate, I feel convinced that, until some more satisfactory scheme is devised to meet the case of such agencies as this, the department will continually be inconvenienced by repeated changes in its agency representatives. An agent (unless of an exceptionally benevolent disposition) will naturally employ his time in some other more lucrative channel, and will in all probability be succeeded by an individual who has all his experience to gain.

I may mention that my predecessor was almost entirely induced to resign for the above-quoted reason, as may be seen by perusal of his letters to the Public Trustee dated respectively the 11th and 29th July, 1887; 28th December, 1888; and 5th January, 1889; and, much as I shall regret the step, it is quite likely I shall have to follow his example at no distant date unless further inducement is extended.

Under these circumstances, I would respectfully urge you to consider the advisability of recommending that a guaranteed salary be granted to each agent, according to the relative importance of his agency. In my own case I should consider £50 per annum a reasonable amount of remuneration at the present time.

In conclusion, I may honestly say that I have hitherto discharged my duties with as much cheerfulness and painstaking as if I had been well paid, and trust to continue doing so as long as I am allowed to fill the position and can see my way to retain it.

I have, &c.,

3rd April, 1891. W. J. Shaw, Agent.

No. 23.

Mr. R. E. Cuthbertson to the Secretary, Royal Commission on Public Trust Office, Wellington.

Sir,— Invercargill, 3rd April, 1891.

In accordance with instructions received from the Public Trustee, I have the honour now to make the report on the working of this agency, required for the information of the Commission.

1. *Duties of Agents.*—These are as set forth in the printed instructions issued from Head Office, supplemented by circulars sent out from time to time as occasion may arise, and of which you have no doubt been already supplied with copies.

2. *Number of Officers in this Agency.*—Only one—that is myself—assisted, of course, by my office staff in some of the more formal routine work; but the great bulk of the examination of claims, correspondence, and inquiries into the position of estates that come into the office must be done by myself personally, from the nature of the case, requiring, as it does, considerable business knowledge, tact, and experience.

3. *Hours worked per Week.*—This entirely depends on the circumstances of the moment; but the very fact of the duties of an agent being intermittent, and the remuneration being dependent on the proceeds of the estates put through his hands, is one of the most unsatisfactory points in his position, seeing that he must at all times hold himself in readiness to perform any work required of him, and this necessarily prevents him from taking up other and more permanent work. This would be comparatively a trifling matter in the case of many agencies; but the agent of such a department as this ought to be a first-class man, in whom not only the department but the public ought to have confidence, and, such being the case, it goes without saying that his services and his time are of more than ordinary value.

4. *Remuneration.*—This is on a fixed scale, so much per cent. commission on all amounts passing through the agent's hands, and which appear in his cash-book; but if the income or any part thereof in the case of an estate which has been or is in the agent's hands happens to be paid to the Public Trustee direct, then the agent is, or ought to be, credited with commission on such amount, though it may not appear in his cash-book. I shall refer to this question of remuneration later.

5. *Guarantee.*—On receiving my appointment I had to find two sureties, who were, if I remember correctly, two of my brothers-in-law—viz., Mr. J. E. Denniston (now Judge Denniston), and Mr. G. L. Denniston, of Dunedin. I do not remember the exact amount of the guarantee, which was fixed by the Public Trustee. The date, I think, was October, 1883.

Re *Administration of the Office.*—This opens up quite a number of issues, which I shall endeavour to touch on as briefly as possible:—

It is alleged that dissatisfaction exists on the part of the public with the administration of the office. So far as this agency is concerned, I am not aware that there has been any dissatisfaction with the manner in which the details of the office-work have been carried on, but I am aware that some dissatisfaction exists in regard to the general principles on which the office is run. This dissatisfaction arises in most cases from ignorance or stupidity, generally in the case of claimants, who expect to be paid in full at once on sending in their claims, and who seem to be under the impression that any delay arises from neglect on the part of the agent. Sometimes it arises from the necessity of getting claimants to put their accounts in a clear and intelligible shape, and of insisting that all the items of the claim are particularised. In the large majority of cases the first words in a claim are these, "Account rendered, £——." In many cases no settlement has been made between the parties for years, and consequently a good deal of trouble is caused. Another source of annoyance is that in many cases the claim is for goods supplied or services rendered years before the decease of the individual against whose estate the claim is sent in. This very properly involves explanation, and very often long and annoying correspondence. Still another source of vexation is the rule of the Audit Department that the agent shall certify that he has examined the claimant's books. This is not always done, but where it has to be done I have almost always found the procedure keenly resented by the claimant; and, further, in country districts at a distance from the agency this service has to be performed by the police, and much irritation is thereby caused. In regard to this matter I would suggest that a great deal more should be left to the discretion of the agent. In my own case I never carry out these instructions unless I have reason to suspect fraud, or unless I am ordered by the Auditor to do so. Where I do not examine the claimant's books I of course amend the certificate accordingly.

In the case of this agency there is of course more delay in communicating with the Head Office than in the case of towns nearer to Wellington; but in cases that appear to me to be urgent I either telegraph or, more commonly, write a full explanation of the circumstances and ask for a telegraphic reply. Here I may be permitted to bear my testimony to the prompt and satisfactory way in which the Head Office replies to my inquiries.

Two suggestions occur to me in regard to the payment of claims: first, that the law should be amended so as to reduce the time during which claims may be lodged against an estate; and, second, that a small printed sheet of explanations and instructions be issued, so that, when necessary, agents might attach the same to the claim-form. Claimants would thus be advised that all claims must be rendered within a specified period; that no "Account rendered" will be allowed; that the payment will be made as soon as the Public Trustee is in a position to do so, which may not be for some time; that payment will be made by cheque sent direct to the claimant from the Head Office in Wellington, not through the local agent; &c. I regard this last clause as most important, because it not only relieves the agent from suspicion and creates more confidence in the administration of the office, but it will tend to save agents a vast amount of correspondence and no little annoyance from irritated and sometimes abusive claimants. I suggest the form of a small printed circular, to be attached to the claim-form, because claimants are more likely to read such than if the instructions were printed on the form itself.

A further source of unpopularity arises from a false impression that the charges are high, the bulk of the public being ignorant of the fact that private trustees are now entitled to charge 5 per cent. commission. It is also a popular error that if a man dies intestate the Government seizes for its own use one-half of his property; and in some cases it is believed that if an estate gets into the Public Trust Office something of the same sort will occur. That these delusions exist is within my own knowledge; and I have little doubt that they are encouraged by some of the agents of those institutions which compete with the Public Trust Office for this particular class of business, and who are probably just about as jealous of this department as life insurance companies are of the Government insurance scheme.

A still further source of dissatisfaction arises from the fact that beneficiaries often expect the Public Trustee to do illegal acts in order to gratify their wishes; and these people almost invariably talk wildly and make random charges against the office. It is a notorious fact that private trustees often do illegal things, usually from pressure brought to bear on them by beneficiaries; and one cannot drive it into people's heads that this office dare not do so. In truth, the fact that it dare not do so is one of the most valuable safeguards that this office offers to testators, and one that ought not lightly to be interfered with. I am free to admit, however, that occasional cases of hardship do occur, and that, if some simple process could be devised whereby the Public Trustee might readily and inexpensively obtain power to deal with such cases on their merits, I think it might be desirable to legislate carefully in this direction.

A good deal of trouble often arises from the third audit, made by the Auditor-General after a claim has passed the agent and the Head Office. Sometimes the requirements of the Auditor-General are, in my opinion, unreasonable. For instance, in the matter of funerals, he at one time intimated that he did not regard the charge for even one carriage for the use of the relatives and clergyman as legitimate. Personally I declined to accept this view, and I am pleased to add that the item has not since then been challenged in my experience. In another case a claim by a country cobbler for repairs to some old boots, amounting to only a few shillings, passed myself and the Public Trustee, but was returned, I think three times, by the Auditor-General for further particulars, which in the nature of the case were practically non-existent. I do not myself see that it is necessary for the Audit Office to pass a claim after the Public Trustee has done so; but possibly

I am not in a position to judge. In a commercial institution it would be regarded as an outrageous anomaly to submit accounts that had been passed by the board of directors to the auditor before payment could be made.

I have reason to suppose (although I have no proof of the supposition to offer) that the accounts of the Head Office are somewhat complicated, and that a first-class commercial book-keeper would be able to improve on the system. I do not think that a professional accountant would be so likely to do so. I may here mention, for instance, that when an agent remits a bank-deposit receipt he is not allowed to enter it in his cash-book, as it is not actually cash or equal thereto, and consequently there is no record of it in his books, save in the letter-copying book possibly.

Re *Insurances*.—These all fall due on the 24th or 30th June in each year. I would suggest that all insurances should fall due on the same day—say, on the 24th, as the 30th is often a busy day at any rate; also, that agents should be furnished with a list of all renewals, and instructed to see that receipts are issued on that day for all risks. At present the Head Office is supposed to look after the renewal of existing policies all over New Zealand.

Inspection of Properties.—I would suggest that agents should be instructed to visit these annually and report thereon, being suitably remunerated for their time and expenses. I think also that an officer from the head of the department might make periodical inspections of each agency, and also personally visit any agency at once on a valuable estate coming under the charge of the office, in order to assist and advise the agent if required, as would usually be the case. This would save much time, and possibly trouble.

Agents' Remuneration.—This is very inadequate, and out of all proportion to the work performed. The chief labour is connected with the investigation of claims; while payment is made on moneys collected. In most estates there are numerous claims and few assets. More especially in small intestate estates is the remuneration very inadequate. I think it was a serious injury to agents to have reduced their commission by one-half on life policies, bank-deposits, &c., especially in the case of small estates. Further, all the work of the office in an agent's district ought, I think, to be allowed to pass through such agent's hands. For instance, let me take the case of the sinking fund paid to the Public Trustee on account of the Bluff Harbour Board, amounting to £660 per annum. This sum is paid, partly by the Receiver of Land Revenue and partly by the Harbour Board itself, direct to the Public Trustee; consequently the agent gets no commission thereon, although when any business arises in connection with the sinking fund he has to transact it. I would respectfully submit that in this case the Harbour Board and the Receiver of Land Revenue should be instructed to pay the sinking fund through the local agent.

Finally, I may be permitted to state that no one who has not had the work to do can have any idea of the amount of time and work that has to be expended in fossicking out all the intricacies of an intestate estate, and of investigating and adjusting the claims of creditors, real or assumed.

I must apologize for the length of this communication, but the interest I take in the success of the office must be my excuse. I have only to add that since I got the agency here many people have made or altered their wills in favour of the Public Trustee; but most of them are contemporaries of myself, and the increase of work arising therefrom is still prospective.

I have, &c.,

ROBERT F. CUTHBERTSON,
Agent Public Trustee at Invercargill.

The Secretary, Royal Commission on Public Trust Office, Wellington.

No. 24.

MEMORANDUM from the AUCKLAND AGENCY, Public Trust Office, to J. G. GREY, Esq., Secretary, Public Trust Office Commission, Wellington.

RE AUCKLAND AGENCY.—I shall be obliged by your laying the attached testimonial, which is signed by most of the chief solicitors in Auckland, before the Commissioners, along with my report. I also wrote to five of the leading firms asking for any suggestions they might be inclined to make to facilitate business; but, as yet, one firm only, Messrs. Devore and Cooper, has answered. I attach their reply, and will forward the others when received, for the perusal of the Commissioners.

E. P. WATKIS,
Agent of the Public Trustee.

4th April, 1891.

DEAR SIR,— Auckland, 19th March, 1891.

We, the undersigned barristers and solicitors practising in Auckland, believing from public report and a paragraph by the Wellington correspondent of the *New Zealand Herald* which appeared in that paper of the 28th ultimo, that you are about to be superseded in your duties as agent of the Public Trustee, beg to offer you our sympathy and regret that your removal should be contemplated.

We take this opportunity of expressing our satisfaction with your prompt and business-like method of conducting the work of the office in relation to ourselves and your own duties. We have always found you courteous, obliging, and straightforward in all your dealings, and venture to hope that the Royal Commissioners may recommend that you be retained in your present position, and that power be given to you to deal with matters of minor importance without previous reference to the Public Trustee, which in many cases has caused much unnecessary delay and inconvenience, and, in our opinion, has been prejudicial to the working of the Public Trust Office.

We are, &c.,

WHITAKER AND RUSSELL,
And twenty-one others.

E. P. Watkis, Esq., Agent for Public Trustee, Auckland.

Messrs. Devore and Cooper to E. P. Watkis, Esq.

Fisher's Buildings, Queen Street, Auckland, 2nd April, 1891.

Re Public Trust Office Business.—In reply to your memorandum of this date, we suggest that more power and discretion should be given to the agencies. At present all instructions emanate from Wellington, causing delay, irritation, and expense; and there is, according to our experience, an absence of fairness and equity in conducting the business of the department which is calculated to induce the public to avoid future business with the department. We are prepared, if necessary, to substantiate these statements.

Yours truly,
Devore and Cooper.

Memorandum from the Auckland Agency, Public Trust Office, to the Secretary of the Royal Commission on the Public Trust Office.

Re Auckland Agency.

In my memorandum of 4th ultimo I mentioned that I had asked some of the leading firms of solicitors in this city to make suggestions with the view of facilitating business in connection with this office, and that one firm only up to that date had replied, which reply I then forwarded. One other firm—that of Messrs. Hill and Mahony—has since written. Attached please find their memorandum, which you will note has been kept back for some time. This was done pending the receipt of other replies; but the remaining firms do not apparently care to express their views at the present juncture.

E. P. Watkis,
Auckland Agency, 7th May, 1891. Agent of the Public Trustee.

Memorandum for Agent of Public Trustee, Auckland.

In answer to yours of 2nd ultimo *re* suggestions as to better admininistration of agency, it appears to us that there is too much reference to Wellington, and that the agent here is hardly ever allowed to act on his own responsibility. The agent here should, in our opinion, have fuller powers.

Yours, &c.,
36, Shortland Street, Auckland, 7th April, 1891. Hill and Mahony.

No. 25.

Memorandum from the Oamaru Agency, Public Trust Office, to the Secretary, Public Trust Office Commission, Wellington.

I have the honour to report in reply to your memorandum of the 19th ultimo, a copy of which has been transmitted to me by the Public Trustee.

My duties are those of an agent, and are somewhat irregular, as I am sometimes closely engaged for a few days, and then perhaps have no work in connection with the Public Trust for some days.

Since my appointment the executors in three estates in my district have renounced their executorship in favour of the Public Trustee, and the estates are now managed by me. I believe that in the future this class of business will largely increase, as I know there is a strong desire on the part of many persons to appoint the Public Trustee executor under will. The reasons assigned for this are twofold—first, that the person making the will, or his friends, are under no obligation, as they would be in the case of a private executor; second, and more important, that the estate has a State guarantee for the proper fulfilment of the trust.

I am guaranteed in a sum of £500.

As an agent I have no defined district, but I have secured the business for the Counties of Waitaki and Waihemo, with their interior boroughs, and a population of 16,192.

The receipts for last year amounted to £501 17s. 6d., the commission on which varies from 5 per cent. on the collection of rents to 2½ on lunatics' and testate estates.

The greatest difficulties, so far as I have been able to see, are, first, the length of time that elapses before claims can be paid—and this is a matter in which serious complaint has been frequently made; second, the difficulty in procuring proofs of kinship when the friends of the deceased have died in Britain or a foreign country: and a change in the law would, I believe, have a salutary effect in both these matters.

Andrew Thompson,
4th April, 1891. Agent of the Public Trustee.

No. 26.

Mr. W. F. Shaw, Agent of the Public Trustee, Wairoa, Hawke's Bay, to the Royal Commission on the Public Trust Office.

In response to circular from the Public Trustee, I have the honour to report as follows:—

My duties as agent of the Public Trustee are to collect and take charge of the e ects of any person dying intestate, reporting immediately to the Public Trustee, and in cases where there is no real property, and the total assets do not exceed the value of £50, at once realising all effects, paying in the proceeds to the Public Trustee's account at the nearest branch of the Bank of New Zealand; conducting sales or leases of real properties when so directed by the Public Trustee; collecting rents of properties leased (of which there are a number in this district); keeping the books of the agency (cash-book, estate terrier, and letter-book); filling up necessary forms, and sending monthly returns to Head Office; and generally attending to correspondence and personal inquiries at all times. I am the only one employed at this agency. It is difficult to estimate the number of

hours I work each week, as the duties vary from time to time; but it certainly does not exceed four hours weekly. I am paid by a commission on the amounts collected, which in this district are small, as the items in each estate are very insignificant: the amount received by me for the year ended 31st December last was only 15s. 7d., and for the preceding year was £1 1s. 8d. In a district such as this is payment by commission does not suit the agent, as of necessity a great deal of the work has to be done gratuitously, and in my own case it is only the possibility of a good estate falling in at any time that induces me to retain the agency.

I consider that the regulations issued from the Head Office are very good, and have been carefully framed, and that no case of maladministration ought to occur if the agent knows his business; but in some cases I think the agencies are too large, as I am of opinion that the agent should have an intimate local knowledge of all the properties that he may be called upon to deal with. This was particularly noticeable when this district formed part of the Napier agency. Then it was notorious that good estates in this district were sacrificed, and no dividends paid, where the proceeds were sufficient to pay all claims. Without being egotistical, I may assert that no case of this kind has obtained since the severance of the district.

W. F. Shaw,
6th April, 1891 Agent of the Public Trustee, Wairoa.

No. 27.

Memorandum from the Blenheim Agency, Public Trust Office, to the Public Trust Office Commissioners, Wellington.

Gentlemen,—

I have the honour to acknowledge the receipt of circular, through Mr. Hamerton, instructing me to report on the working of this agency. In reply thereto, I beg to say that I have only recently been appointed agent here, and therefore have not had the experience necessary to enable me to make any suggestions with regard to simplifying or improving the working of this agency.

With regard to the other information required, I have to say that I have given a guarantee policy for £200 to the department; and that the business done here, so far as I am aware, is conducted on the usual agency lines. There seems to be a probability of its improving, but it will take time to effect this.

I have, &c.,
6th April, 1891. E. Mead.

No. 28.

Memorandum from the Kaikoura Agency, Public Trust Office, to the Secretary, Royal Commission, Wellington.

Reply to Memorandum Queres.

This agency is worked by self; when absent, with the assistance of my book-keeper (son).

Dutys are—clerical, correspondence, private inquiries, collecting, with any and everything that may be required.

Hours employed per week: Cannot state further than that much more time is given than remuneration justifys. Since appointed agent, about August, 1887, I have wrote to Head Office about 180 letters outside of accounts, voucher forms, local correspondence, &c., the remuneration or commisson received for the period being under £10, I think.

Salary: Guaranteed, nill.

How simplyfy and improve adminstration: Cannot suggest further than drawing the department to remuneration received by this agency. If agent had to pay postages I doubt if Commisson would cover same.

15th April, 1891. J. Davidson, Agent.

No. 29.

Mr. Hamilton, Canterbury Agency, Public Trust Office, to the Commissioners, Public Trust Office.

Gentlemen,— 15th April, 1891.

In response to a resolution of your honourable Commission, and by direction of the Public Trustee, I have the honour to report generally on the work, &c., at the agency under my charge. I will premise my remarks by saying that up to a very recent date the office was represented in this district by two agents, one resident in Christchurch and the other in Timaru. It was deemed advisable to change the system, and about six weeks ago I was appointed district agent for the Provincial District of Canterbury, superseding the two gentlemen then representing the office. With my base of operations at Christchurch, I have not only to supervise, but to work the whole of the country lying between the Hurunui River in the north, the Waitaki River in the south, the ocean on the east, and the Southern Alps on the west, covering an area of 13,600 square miles, and containing a population of over 130,000. The district is a large and important one, and the business, with proper organization, could, I am sure, be greatly increased; but whether the present system will suffice without certain alterations of an important nature is, I think, open to grave doubt. I will now endeavour to furnish the information sought, and answer seriatim the questions propounded.

1. *Number of Officers at this Agency.*—Two—myself and a youth.

2. *Duties of Officers.*—I have the immediate local superintendence and active management of the business in the Provincial District of Canterbury, subject to the instructions of the Public Trustee. I have to collect interest, rents, debts, and other moneys due to the various classes of

estates; obtain all proofs necessary to the recovery of moneys secured under policies of life assurance; make all requisite searches against titles to realty; conduct all necessary sales of property; see to the insurance of all properties both in estates and under mortgages, and to the renewal of the respective policies as they fall due; correspond with a variety of persons both within and outside my district, to obtain information on all subjects; make inquiries for persons stated to have been missing for many years, for English, American, or other foreign relatives who are anxious to obtain tidings; make arrangements for boarding-out and apprenticing orphan children the estates of whose parents are being administered by the office; and, whilst attending to all the local wants of the public, also report in detail to the Public Trustee the action taken in the multifarious duties with which I am charged. From the above it will be seen that I have most important and varied functions to perform, requiring an intimate knowledge of business in all its varied ramifications. For further information I would refer you to the printed instructions to agents under date of 1st June, 1886.

The books kept at this agency are: record-books (similar system to Head Office), cash-book, Assets and Claims book, terrier, Mortgage Register, Insurance Register, Real-property Register, general diary showing all receipts and payments under their respective due dates, and press-letter copy-book. My duties are heavier and far more onerous than an ordinary agent's; as I have in my district a population of at least ten to one in comparison with any other agent, I have more detail work and more books to keep. Further, I have an imprest account, out of which (without pre-audit and without reference to Wellington) to pay preferential claims in estates in which there are assets sufficient to meet them. It is hoped this will obviate the irritation caused by past delays in payment of this class of claim. I have to travel and visit the different parts of my district and personally inquire into and direct business, as well as interview persons interested—widows, trustees, beneficiaries, claimants, auctioneers, and others. This brings me into personal contact with large numbers of people, and affords me opportunities of explaining the numerous advantages characteristic of the office.

The duties of my assistant, Mr. J. E. Allen, a youth eighteen years of age, who has passed the Senior Civil Service examination, but is not on the staff, are to record inward and copy outward correspondence, fill up notice-forms *re* interest, rents and insurances, and assist me generally. In my absence he attends to clients as well as he can, and receives and banks any money paid in.

3. *Average Number of Hours worked during the Week.*—Forty-four hours. The office-hours are from 9 a.m. to 5 p.m., with one hour for luncheon; and on Saturdays, from 9 a.m. to 1 p.m.

4. *Salaries received.*—My salary, per my letter of appointment, is £250 per annum, with an allowance of ¾ per cent. on all receipts upon which percentage is charged by the office. In addition to this I receive a fee of £1 1s. for every new trust introduced by my exertions, and £1 1s. for every will forwarded for provisional acceptance. For travelling-expenses I am allowed 10s. per day when absent from home at night. The salary of my assistant, Mr. Allen, is 10s. per week.

5. *If Salary guaranteed, the Amount of such Guarantee.*—A verbal guarantee from the Public Trustee that my income is not to be less than £320 per annum.

6. *General Suggestions.*—The present system having been but recently initiated, I feel somewhat diffident in suggesting improvements, but am induced to give expression to my views, finding similar ones are entertained by leading commercial men throughout my district. Speaking plainly, but with all deference, I fear that unless the present system is extended, and I am allowed to have sub-agents, it will break down. Mix and popularise myself as much as I can in Christchurch I cannot do the same in the other large towns (except possibly after the lapse of some years), as my visits to them, of necessity, are what I may term flying ones, consequently the office gets out of touch with the bulk of the people. True the police are supposed to look after the interests of the office outside of Christchurch; but the experience of the office, so far as I know, goes to show that to expect much at their hands is to rely on a broken reed. Then, again, what influence have they? The public, I am sure, would much rather not have the police about them, and, to my mind, they are more likely to repel than to induce business. It would, I am sure, be more advantageous to the office, and I therefore respectfully suggest, that this district be divided into four, with sub-agents at Timaru, Ashburton, and Rangiora. It is not proposed that these sub-agents should do any detail work; I would do all that in Christchurch. Their chief duty would be to exercise their local influence and induce business. Being on the spot, they could be locally interviewed, answer inquiries, receive and certify claims in estates in their sub-district, act as valuators, and advise me generally. If the commission system is to be continued it would be as well if I were allowed an additional ½ per cent. commission, and empowered to appoint my own sub-agents, for whom, of course, I would be responsible. I would continue to periodically, or as circumstances required, visit the sub-districts, advise with and keep my sub-agents up to the mark, and would have the advantage of local introductions, which would get me, and through me the office, more widely known.

In suggesting local improvements, it is almost impossible to avoid traversing to some extent the general policy of the department. It is well known that the majority of the legal profession are opposed to the office; the reason is not far to seek, and the remedy, I believe, comparatively simple. I am of opinion that, if local solicitors were employed to obtain probate or administration, pass stamp accounts, and do all necessary legal work in connection with estates introduced by them, the business of the office would increase by veritable leaps and bounds. It stands to reason that under existing circumstances they will not induce clients to make the Public Trustee executor, as by so doing they would, as it were, to use a common phrase, be cutting their own throats, for they know that on testator's death their connection with the estate would cease. Then, again, with mortgages: more of this class of business, I believe, might be secured if the solicitors introducing the same were allowed to prepare the mortgage deeds, subject to the title being passed by the local office solicitor, the fee for which I am led to believe they would willingly pay.

Intestate estates is a class of business which I think might be greatly increased. Out of the

hundreds—not to say thousands—who annually die intestate a very small proportion indeed are administered to; and I venture to say that great loss is thus sustained alike by beneficiaries and this office. If it would not be considered unseemly, a good check might be instituted on all such estates through the Registrar of Deaths, by requiring information bearing thereon to be furnished on or within a reasonable time of the registration of a death. A scheme could, I am sure, be easily devised by which this office would obtain all necessary information relating to persons dying intestate, and the public and the office alike benefitted thereby.

I should fail in my duty were I not to acquaint you with the feeling existing in the district towards this office, and the opinion very largely entertained as to its constitution and management. The feeling towards the office as an institution is decidedly favourable. Its usefulness and necessity is admitted on all sides; in fact, there seems to be a desire to extend the functions of the Public Trustee in many ways—one being to empower him to act as agent or attorney for persons who wish to be relieved of the management of their properties, without vesting the property in him. In reference to the above, by way of a feeler, I suggested that surely there were enough commission agents ready and willing to undertake such duties, and asked whether it would not be considered as an interference with private enterprise. I was much amused at the reply in one case, which was that, "No doubt, in large towns especially, agents could be found, but trustworthy agents are often not known to the persons who want agents;" and if the fact that trustworthy agents may be available is an argument against allowing the Public Trustee to act as such a similar argument against his acting as a trustee of wills or settlements could be set up. Doubtless it would be an interference with private enterprise, but so is the whole office of the Public Trustee, as trusteeships are now undertaken largely as a matter of business, companies having been established to undertake the business of trustees, executors, and agents.

The chief causes for the dissatisfaction which undoubtedly exists with the Public Trust Office are that its management is entirely central, and that the Public Trustee is advised merely by a Board of Wellington Civil servants. The prevailing opinion seems to be that the constitution of the office should be as follows: In Wellington, the Public Trustee and a Board of three directors, not to be Civil servants or members of either branch of the Legislature. In each of the three other provincial centres there should be a Deputy Public Trustee, who also should be advised by a local Board. The Deputies to act independently of Head Office, with the advice and approval of their Boards, even to the extent of executing deeds and paying moneys; but, nevertheless, always subject to the general directions of the Public Trustee.

Then, again, as to the charges, it is thought that the charges are inequitable, in many cases the Public Trustee being overpaid, while in others he is not paid nearly enough for his trouble. It is thought that the four Boards should be allowed some discretion as to the charges to be made in particular cases, and that the scale of charges should be elastic, and capable of adjustment as circumstances required.

In conclusion, I would apologize for my apparent discourtesy in not having reported sooner; but through absence from town, having been visiting round my district, and the pressure of work on my return, I have been unable to do so. I trust I shall be excused for writing thus fully, and perhaps somewhat plainly, and would ask you to believe that I have been guided by an eye single to the prosperity of the office to which I have the honour to belong, and for the advancement of which I shall ever loyally strive.

I have, &c.,

J. J. M. Hamilton,

The Public Trust Office Commissioners, Wellington. District Agent.

No. 30.

Mr. Albert Barns to the Secretary, Royal Commission on Public Trust Office, Wellington.

Sir,— Wanganui, 20th April, 1891.

In compliance with a request received from the Public Trustee, I beg to report on the Wanganui Agency, as follows: The branch of the Public Trust Office here is merely an agency. The duties performed by me are simply collecting rents and interests on mortgage, upon which I get a commission, and it usually amounts to about £30 per annum. Occasionally an intestate dies (nearly always poor, destitute ones; the well-to-do ones do not die, somehow); in these cases I collect moneys left by them, if any. I may say that I have induced a good number of people to make their wills in favour of the Public Trustee as executor, and do and always have used my best endeavours to further the interests of the office.

I have, &c.,

The Secretary, Royal Commission on Public Trust Office, Wellington. Albert Barns.

No. 31.

Memorandum from the Queenstown Agency, Public Trust Office, to the President of the Royal Commission, Wellington.

I was appointed agent of the Public Trustee at Queenstown in January, 1890, and commenced my duties as from the 1st February, 1890. I have no regular office-hours, but do the work myself as required; and I am not paid a salary, but get a commission, as per gazetted scale, which I find does not come to very much in the year. I take charge of all estates and wind them up in the usual way, paying all moneys into the bank as received, reporting without delay to the Head Office. I have given a guarantee of £100 to the department; and I do not see, with my limited experience, how the present system can be altered or improved upon for a country district.

Wesley Turton,

21st April, 1890. Agent of the Public Trustee, Queenstown.

No. 32.

Mr. H. W. Wade to J. G. Grey, Esq., Secretary, Public Trust Office Commission, Wellington.

Sir,—

I have the honour, by instructions from the Public Trustee, to reply to your memorandum of the 19th ultimo (addressed to R. C. Hamerton, Esq.) as follows:—

1. I may state that I act simply as agent for the Trust Office, receiving as payment a commission according to scale (the scale is doubtless in your possession) on the various realised assets of the intestate estates in this district; and also that I receive rentals for the Native reserves, which are let to various tenants, on which rentals I receive £5 per cent. for collecting.

2. The business in this district is so small, as evidenced by the fact that the total commissions received by me during the year ended the 31st December, 1890, amounted to £48 11s. 5d. This amount included several valuations of Native leases that had fallen in, and attendance at the Compensation Court *re* proclamation of rivers.

3. The instructions to agents are so clear that I cannot see my way to offer any suggestion as to their improvement.

I have, &c.,
H. W. Wade,
Agent for Public Trustee.

J. G. Grey, Esq., Secretary, Public Trust Office Commission, Wellington.

No. 33.

Memorandum replying to Circular of Public Trust Office Commission.

My duties are: Defining the interest of each grantee in the West Coast Settlement Reserves; general charge and management (under the Public Trustee) of said reserves; collection, &c., of rent; disbursement to grantees. My salary is at present £300, but on appointment I was promised in writing £350, which promise has never been carried out. I have no clerk at New Plymouth, but in some few cases of special work I have employed a temporary hand—not, however, to any extent; I believe £20 would cover all. I have a gentleman, however, in Hawera, Mr. Trimble, who gets £50, paid by Public Trustee to Justice Department, I believe, towards his salary, to act as my clerk there. His duties are, keeping ledger and cash-book, and taking rents at Hawera. My duties are of such a nature that I cannot keep regular office-hours except Saturdays, 10 to 4. My guarantee in the Civil Service I am unable to give.

W. Rennell,
Reserves Trustee.

New Plymouth, 28th March, 1891.

No. 34.

Report by Frederick John Wilson on his Duties in Public Trust Office.

My appointment, as gazetted, is to be "a solicitor in the Public Trust Office." I received no warrant of appointment. I receive £500 per annum, less £5 per cent. I am not now guaranteed. It is very difficult to define my duties. They are different in practice to what they are as written. I am not really solicitor, but am more properly a sort of general assistant to do what may be asked by way of advice and helping forward generally, being next to and under Public Trustee only. I am in the office (in a separate room), but know nothing of the working of the office except so far as I casually pick it up or am informed on inquiry, and am not supposed to interfere. I have taken upon me sundry details without express authority, which, if they proved wrong, would possibly lay me open to reprimand as unauthorised; but all is done with a view of assisting in the work. I have authority to sign "for the Public Trustee," but do not do so except he be out of the office, and then only on request of officers, or in Native correspondence. On occasions of Public Trustee's absence, I assume charge of Native branch of office.

My strict legal duties are: To prepare all applications for Supreme Court under wills, administration, &c.; also all *ex parte* petitions for directions, maintenance, sales of land, &c. No documents are lodged in Supreme Court without my first seeing they are correct. I prepare all Court orders; attend chambers when necessary; inspect all deeds on receipt in office; settle all conditions of sale, except when an office solicitor at a distance has to be instructed, from some exceptional cause; also all leases drafted in office; also all reports in lunacies; peruse and approve all draft deeds forwarded for such purpose; prepare any ordinary power of attorney, authority, guarantee, &c., consider and order on all summonses received; instruct defences; attend on request of Public Trustee to answer any question arising in conference by him with any third person; attend solicitors and others direct when they seek me; answer all law questions referred to me by Public Trustee.

My next duties are those called secretary to the office Board. Nothing is as a rule placed before the Board until I have satisfied myself of its history, rightfulness, &c. I *précis* the history of all deeds to be executed, and certify to having perused same, and advise execution. This often requires research. I abstract all trust deeds, wills, &c., placed before the Board for consent to acceptance, and express my opinion thereon, which, however, I do only when there is something specially to call attention to. If faulty, I use my discretion in returning same for amendment.

As to the Native Board, I have only one duty—to certify to deeds for execution.

As to general work of office, the Public Trustee, when he sees occasion, consults with me as to best procedure on matters having some difficulty at the time. He refers many matters to me, because, as I assume, he has not time to think them out. I have to study the file of papers, obtain information from the clerk in charge, consider and suggest action to be taken. If Public Trustee be absent I have incidentally to act for him but only when necessity requires, and not as interfering in office routine. The clerks frequently consult me on points in their work difficult to them.

As to miscellaneous work, I have drafted sundry regulations, Orders in Council, and Bills. There are many other things difficult to detail arising occasionally to call for attention. I have no one detailed under me except that for readings I call for Henry Oswin. The whole staff is subject to my call and direction, if given. I frequently, instead of minuting papers, answer correspondence, &c., for the purpose of saving work. There is no express authority for my so doing. I work during office-hours, and am fully occupied. I do not work overtime. From my imperfect knowledge, I am always on the strain for fear of inadvertently doing or advising that which might prove injurious.

It is difficult to suggest alterations in a matter purely personal. I am of opinion I should be of greater value if in some way I were more a part of the staff, but in this preliminary stage I hesitate to define. Though in the office, I am not of it. Matters when they assume a legal turn are not as a rule turned over to my charge, and I only occasionally know the outcome. Inside the office I have no knowledge of New Zealand matters. I see no newspapers, share reports, official communications—only the *Gazette*, a fortnight or so after it is printed, and the *Mercantile Gazette*. There are no lithographs of survey districts, towns (except directory plans), or provincial districts for reference. There is not a law-book, and I had to use my own as far as I had them. I frequently have to go to the library for want of a few leading text-books. The statutes up to 1885 that I use are my private property. I am not able to keep up local knowledge of any kind, and, as a consequence, I have to guess at probabilities about properties. The office statutes want codifying and enlarging. Whatever letters are written by me, portions at least of the office memorandum form require all replies to be to the Public Trustee, so that I am not advised.

20th March, 1891. F. J. Wilson.

No. 35.

REGULATIONS AND SCALE OF CHARGES IN FORCE IN THE PUBLIC TRUST OFFICE.

1. The Public Trust Office shall be situate at the seat of Government, in such premises as the Colonial Treasurer from time to time directs. The premises used and occupied at the date these regulations come into force shall continue to be the Public Trust Office without and until further direction.

2. The office shall be open for public business daily from 9 a.m. to 1 p.m., and from 2 p.m. to 5 p.m., except on Saturdays, when it shall close at 1 p.m., and it shall not be open at all on Sundays, Good Friday, and Christmas Day, nor on such other days or times as shall be duly declared or appointed by Government to be general public holidays.

3. The Board of the Public Trust Office (hereinafter referred to as "the Board") shall meet for the despatch of business at the Public Trust Office on Tuesday in each week, at 2.30 p.m., and at such other times as it shall be called together by the Public Trustee, or by adjournment of a previous meeting.

4. The Colonial Treasurer shall be Chairman of the Board, and, if he shall not be present at any meeting, the members present shall elect one of their number to be Chairman.

5. The Chairman at each meeting shall have an original, but not a casting, vote on all questions coming before the Board, and where the members present are equally divided on any question, it shall be deemed to be lost.

6. There shall be a seal of the Public Trust Office, which shall be of a circular form, of the diameter of two inches, having the Royal arms in the centre, and around the same the words, "Public Trust Office, New Zealand," in Roman letters, one-eighth of an inch in length.

7. The seal at present in use shall be deemed to be the seal recognised by these regulations, and a new seal may be made, with the consent of the Colonial Treasurer, as occasion shall require.

8. The said seal shall be kept at the Public Trust Office, and in the custody of the Public Trustee; but shall be kept under lock, and shall only be opened by and in the presence of two members of the Board (of whom the Public Trustee shall be one), and each such member shall keep a key of the lock of such seal.

9. Full minutes of all proceedings of the Board shall be recorded in minute-books, which shall be kept under the direction of the Board, and shall, either at the meeting when the business is done, or at the next succeeding meeting, be confirmed by the Board, and, when confirmed, shall be signed by the Chairman at such meeting, and shall be receivable as *primâ facie* evidence of the various matters set forth in such minutes.

10. The minutes of meetings of the Board held under the provisions of "The Native Reserves Act, 1882," shall be kept in both the English and Maori languages, and the latter shall be certified by a competent interpreter to be a true translation of the former, and all such minutes, and all proceedings of the Board connected therewith, shall be interpreted by the same or some other competent interpreter to the Native members of the Board present at such meeting.

11. When it is desired to place property in the Public Trust Office under the 17th section of "The Public Trust Office Act, 1872," by deed, will, or other instrument, written application shall

be made to the Public Trustee, stating the nature of the property proposed to be dealt with, and describing shortly the trusts and powers declared and conferred respecting such property.

12. When the trusts and powers respecting any property cannot be conveniently expressed in a written application a draft of the proposed deed, will, or other trust instrument shall accompany the same, and shall be submitted to the Board, who shall consider such draft, and may make or suggest alterations therein or additions thereto; but the Board shall not formally accept the trusts set forth until the due execution or completion of such deed, will, or other trust instrument.

13. If the Board is of opinion that the property intended to be placed in the office, and the trusts and powers proposed to be vested in and conferred on the Public Trustee, are such as can be administered by him in accordance with law, the Board may accept such property upon the trusts and powers agreed to by it; but in the case of a will, the trusts thereof shall only be accepted in the manner prescribed by "The Public Trust Office Act, 1872."

14. The Board may at any time accept the trusts of any property, if satisfied that the law has been complied with, without preliminary consideration of a draft deed, will, or other instrument.

15. It shall be the duty of the Public Trustee to cause all notices as to the acceptance or rejection of the trust proposed to be vested in the Public Trustee by any deed, will, or other instrument to be given or published as the law requires.

16. When it is proposed to lend any money on security of real estate the Board shall not agree to such loan until a valuation of the security made by a valuer or valuers appointed or approved by the Public Trustee has been obtained.

No such security shall be taken except on first mortgage of land held in fee-simple in possession, and no moneys shall be lent which shall exceed one-half of the value of the property to be mortgaged.

17. Nothing in the last-preceding regulation shall interfere with or control any powers of investment given to the Public Trustee under any deed, will, or other trust instrument which may expressly direct or authorise investments of a different nature or value than those mentioned in the said regulation.

18. Wherever the Public Trustee is entitled to any charge under the scale hereinafter set forth he may deduct the same from any funds then in his hands or under his control and belonging to the estate or person by which or by whom such fee or charge is payable.

19. The Public Trustee shall from time to time, at convenient intervals, not exceeding six calendar months at any one time, render accounts showing the position and state of every property held under will or other express trust in the Public Trust Office to every person who is entitled thereto or interested therein, and all such accounts shall be so rendered free of all charge: Provided that if any person shall require extra copies of such accounts, or a copy thereof at any other time than the fixed period for rendering the same, such person shall pay the charge prescribed in respect thereof: Provided also that the Public Trustee shall have the sole discretion as to who is or are the proper person or persons to whom such accounts shall be rendered.

20. In special cases the Public Trustee may agree to reduce any charge authorised by or under the scale of charges hereinafter set forth, but the agreement to reduce shall be made upon the estate being placed in the office, and must be approved by the Board.

SCHEDULE OF CHARGES.

The following fees and sums of money shall be charged as the cost of management of property and estates placed in the Public Trust Office, or under the control of the Public Trustee, and upon all moneys received in the said office:—

(*a.*) Being the gross proceeds of any testate estate, or of any trust estate realised by the Public Trustee,—

On the first £1,000	£5 per cent.
On the next £3,000	£4 per cent.
On the next £6,000	£3 per cent.
On all over £10,000	£2 per cent.

(*b.*) Being the gross proceeds of any intestate estate realised by the Public Trustee,—

On the first £250	£7 per cent.
Above £250	£5 per cent.

N.B.—There shall be excepted from and out of the charges under the letters (*a*) and (*b*) all sums realised by the Public Trustee in any testate, intestate, or trust estate, which shall consist of any balance at credit of any current account with any bank, deposits in any savings-bank, the amount of any fixed deposit receipt, and whether in a bank or in or with any company or society, or moneys received under any policy effected on a life or lives, and on these four classes of proceeds there shall be charged a percentage of one-half the above-mentioned rates.

(*c.*) Being the gross rents, profits, income, or proceeds of or from any real property administered for the benefit of the absent heir or owner under section 20 of "The Public Trust Office Act Amendment Act, 1873," or taken possession of under section 10 of "The Public Trust Office Act, 1876" ... £5 per cent.

(*d.*) Being the gross income, profit, and produce of moneys, properties, or estates vested in the Public Trustee by or under statute or regulations, or by will, deed, or other trust instrument not otherwise specially charged ... £5 per cent.

(*e.*) Being the gross proceeds of any lunatic's estate managed under the provisions of "The Lunatics Act, 1882" ... ... £5 per cent.

(*f.*) Being the gross produce of rents or income received from and under the administration of any lands, pursuant to the provisions of "The Native Reserves Act, 1882," or its amendments ... ... £5 per cent.

(*g.*) To be deducted from or charged against the value of movable or immovable property bequeathed, devised, or taken over in kind by the person entitled thereto; such value to be ascertained by a competent valuer to be appointed by the Public Trustee; such charge to be paid by the person to whom the property is bequeathed or devised, unless a contrary intention is declared in the trust instrument,—

On the first £1,000 of such value ... ... £2½ per cent.
On the next £3,000 ... ... £2 per cent.
On the next £6,000 ... ... £1½ per cent.
On all over £10,000 ... ... £1 per cent.

(*h.*) On all sums lodged in the Public Trust Office under or in pursuance of the provisions of any Act, rule, or law in that behalf at the time of lodging the same: Provided that all sums lodged in the Public Trust Office, or coming under the control of the Public Trustee, which arise out of the provisions of, or come within the meaning of, wages and effects of deceased seamen in "The Shipping and Seamen's Act, 1877," shall be exempted from the charge hereby imposed: Provided also that in any case where, in the opinion of the Public Trustee, it would be inequitable that the charge hereby made should be paid on lodging the money, the same may be postponed until such money is paid out of the Public Trust Office, when the said charge shall be deducted from such money and all accumulations thereof (if any) ... ... £1 per cent.

(*i.*) For any application to the Court relating to any property in the Public Trust Office (other than for grant of probate or administration), where the Public Trustee or the office Solicitor moves in person £2

Provided that, in any matter of minor importance, or in a small estate, this fee may be reduced to any sum not less than £1

(*j.*) For the preparation of the necessary instruments and application to a Judge in Chambers for an order of administration or grant of probate when made by the Public Trustee in person or by the office Solicitor: 7s. 6d. per cent. on the gross realised value of the property, but so that in no estate shall the charge be less than £1, or exceed £10, and in case the estate shall not have been or be, in its nature, realisable, then the charge to be made shall be based on the value of the estate upon which duty is paid or payable under the Acts relating to duty on estates of deceased persons.

(*k.*) For preparing and passing stamp accounts under "Deceased Persons' Estates Duties Act, 1881," and any amendment thereof, and lodging duty: 2s. 6d. per cent., based on the value of the estate upon which duty is paid or payable under the Acts relating to duty on estates of deceased persons, but so that in no estate shall the charge be less than 5s., or exceed £5.

(*l.*) For preparing property-tax returns under any Act in force relating to property-tax and paying tax,—

Where value of property under £500 ... ... 2s. 6d.
Where value exceeds £500, then 2s. 6d. for every £500 of value; but not in any case to exceed, in all £2

(*m.*) For investment of money, on every single investment ... ... 10s. per cent.

(*n.*) For advances to estates without realised funds administered by or placed in the Public Trust Office, exclusive of interest, where the Board deems it desirable to make an advance ... ... £1¼ per cent.

(*o.*) For every lease prepared by the Public Trustee and executed in favour of any lessee, exclusive of stamp duty and registration fee, to be paid by the lessee ... ... £1.

(*p.*) For the Public Trustee's consent to, or execution of, any assignment, or other disposition of any leasehold, not being an assignment consequent upon a sale by the Public Trustee ... ... 10s.

(*q.*) For the execution by the Public Trustee of any conveyance, transfer, assignment, or other document necessary for completing the title to any property or interest therein, in favour of any person equitably entitled thereto, but the legal estate in which vests in the Public Trustee under the Lunatics Act, or under any other Act, and no proceeds of sale pass through the Public Trustee's account: 10s. per cent. on the value of the property as assessed by the Commissioner of Property-tax on the last preceding assessment thereof up to £500, and for every additional £100 or fractional part thereof 5s. per cent. on such value; but so that in no estate shall the charge be less than £1 or exceed £5.

(*r.*) For receiving and recording a will under which the Public Trustee is appointed executor ... ... Nil.

(*s.*) For receiving and recording a will under which the Public Trustee is not appointed executor ... ... 10s.

(*t.*) Upon leasing or letting land or houses, if leased for twelve months or upwards, on one year's rent ... ... £5 per cent.

If let for less than a year, as may be arranged.

(*u.*) For conditions of sale of any realty, if on the printed form ... ... 10s.
(*v.*) Preparing report under section 322, "Lunatics Act, 1882" ... ... £1.
(*w.*) Preparing transmission under "The Land Transfer Act, 1885," if on the printed form, or registering order of administration or will against any estate or interest registered as a title in any Deeds Register Office ... 10s.
(*x.*) For release by each next-of-kin, if on printed form ... ... 5s.
(*y.*) Receipt under section 50 of "The Property Law Consolidation Act, 1883," or section 100 of "The Land Transfer Act, 1885" ... ... 7s. 6d.
(*z.*) For making any copy of any document, 6d. per folio, but no charge less than 1s.

In addition to the above-mentioned charges, estates will be liable for all expenses to which the office may be put in postage, telegrams, legal assistance or legal proceedings, fees payable in any Court or public department, surveys, the collection of rents, auctioneers' charges, and any other services or expenses whatever which, in the opinion of the Public Trustee, may be necessary or expedient to be provided or incurred in the management of such estates.

R. C. HAMERTON, Public Trustee.

Public Trust Office, Wellington, 1st October, 1890.

COMPLAINTS RECEIVED BY THE COMMISSIONERS DURING THE PROGRESS OF THEIR INQUIRY, AND REFERRED TO THE PUBLIC TRUSTEE FOR EXPLANATION.

No. 36.

Messrs. JACKSON and RUSSELL to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Auckland, 26th March, 1891.

We are instructed by our client, Mrs. Richmond, to forward to the Commissioners appointed to inquire into the management of the Public Trust Office a copy of a letter addressed by us to the Public Trustee on her behalf, and to request that the matters therein referred to may be investigated by the Commissioners.

I have, &c.,

The Secretary, Public Trust Commission. JACKSON AND RUSSELL.

Auckland, 21st March, 1891.

SIR,— *John Wright, deceased.*

We are instructed by our client, Mrs. Richmond, of Auckland, to apply to you for some explanation of the manner in which the estate of the above-named deceased has been administered in your office. Deceased, who was our client's brother, died suddenly at Auckland on the 19th December, 1890. After the inquest, our client was allowed to take the body and bury it, which she did at her own expense. Upon her applying to the police who had possession of the effects of the deceased, informing them deceased was her brother, she was told she could not have the effects, but that they would be handed over to the Public Trustee. We presume this was done under the provisions of section 8 of "The Public Trust Office Act, 1873," but what authority that section gives to the Public Trustee to seize on the goods of a deceased person when there are persons entitled and, in New Zealand, ready to take a grant of letters of administration, without the consent of such persons, we are at a loss to understand. That section may be very useful in the case of a deceased person having no relatives in New Zealand, but in the present case, where a person qualified to take out letters of administration was present, it is manifestly unfair, and in this case has led to gross injustice.

The effects of deceased were taken possession of on the 23rd December. They comprised clothing, a box, game-bag, magnifying-glass, garden-tools, a single- and a double-barrelled gun (one of which was undergoing repair), and a watch and chain; a purse containing over £2, of which no account is given, was in the box. Our client was informed these things would be taken to an auction-mart, the box opened in the presence of a Public Trust officer, and that they would be duly advertised for sale. The officer sent was the office-boy of your agent here, invested apparently with full power to open and rummage therein indiscriminately, with or without the assistance of the auctioneer's men. We think, that at all events, our client might have had an opportunity of seeing the box, &c., opened, and of knowing what was in it before the contents were sold. We do not wish to cast aspersions on the honesty of any one employed in the matter, but you will easily see what opportunities for abuse are opened up by such a careless and unbusiness-like proceeding.

To pass on to the sale. Our client, as we have stated, was informed that the sale would be advertised, and she so informed several friends of deceased who wished to attend the sale. Imagine her surprise, therefore, when she learned that the sale took place on the following day, the 24th December. An advertisement there certainly was, but no one would have recognised that it applied to the effects of deceased, for it referred also to another sale, and Wright's name was not even mentioned. Why there was this violent hurry we again cannot understand. There was certainly nothing that could possibly be damaged by waiting. One result of this expedition is that an article in the box which did not belong to deceased was sold without giving the owner (who had lent it to deceased) time to claim it.

Then, as to the prices realised, a perusal of the account will show that the things were simply sacrificed. This especially is the case with the guns. They are both known to two gunsmiths in town, who state that the lowest values they could put on them are £9 and £16 respectively for the single-barrelled and double-barrelled. The same applies to the other articles. The box, for

instance, contained a tape-measure, almost new, not the property of deceased, that cost 12s. It may be said that at an auction prices are uncertain, there are no bidders, &c.; but had the sale been properly advertised several friends of deceased would have attended, for the guns were known to be good, and a much better price would, without doubt, have been obtained. Again, there was no need for a forced sale, and a reserve should have been placed on the guns.

The watch was not sold on this occasion, but was the subject of a greater abuse. Our client, desiring to have her brother's watch, made an offer for it to your agent here of £5, but was informed that was too little, and that the watch would be valued. The valuation was £7 10s., of which our client was informed. She repeated her offer of £5, which was refused, and the watch advertised for sale, a reserve being put on of £5. Why only £5 we again cannot understand. Our client then asked that, should the watch be passed in at the sale under the reserve, she might be allowed the opportunity of buying it. The sale on this occasion was duly advertised, and for the first time the estate of J. Wright was mentioned, and when the watch had been passed several present asked when the guns were to be sold, and were astonished to hear of the former sale. The watch was passed in at £4, and our client naturally expected to hear that her offer would then be accepted, but she was informed, when she inquired, that the watch had subsequently been sold privately for £5. So that the valuation was disregarded, and the expenses of the sale incurred to realise only the same sum, or practically less than the same sum, deducting the sale-expenses, tnat she had over and over again offered before. When our client complained of the manner in which she had been treated, she was told to apply to the Public Trustee. She then consulted us in the matter, and we now, on her behalf, lay the matter before you. We consider that the estate has been squandered, and that some restitution should be made to our client, and the others entitled to a share of the estate. Our client has a just claim against the estate for board and on account of burial-expenses, and though her claim was sent in in December she has not yet been fully paid; indeed, it is a question if the estate, instead of leaving a few pounds to divide as it should have done, will pay debts and the Trust Office costs. So strongly does our client feel in this matter that she has instructed us to forward a copy of this letter to the Commission now sitting to inquire into the management of the Public Trust Office.

We have, &c.,

The Public Trustee, Wellington.

JACKSON AND RUSSELL.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

John Wright, deceased.

The Secretary, Royal Commissioners, Public Trust Office, Wellington.

WITH reference to your letter of the 31st ultimo, asking for an explanation relative to a letter received from Messrs. Jackson and Russell, of Auckland, complaining, on behalf of a client, of the administration of this estate, I now enclose a letter from my Auckland agent, Mr. Watkis, with his version of the occurrences, which differ widely from those reported by Messrs. Jackson and Russell.

I also enclose the estate-file which contain the directions given by me, and which are referred to in Mr. Watkis's report. Kindly return the file.

Wellington, 11th April, 1891.

R. C. HAMERTON, Public Trustee.

MEMORANDUM from E. P. WATKIS, Agent for Public Trustee, Auckland.

Re *Estate of John Wright, deceased.*

The Public Trustee.

WITH reference to Messrs. Jackson and Russell's letter forwarded for explanation, I beg most emphatically to state that it is, from first to last, a tissue of misstatements.

The following are the facts, which can be substantiated: On the 22nd December last I received from Inspector Broham the usual copy inquest report, and list of effects at the police-station, with the request that I would direct as to their disposal. On the 23rd idem I wrote to Messrs. Cochrane instructing them to take over the effects from the police. On the 24th idem I wrote to Mrs. Richmond, and she came to the office, and, after I had explained the matter, she consented to your completing the administration, and signed the certificate of death. It having been reported that deceased left a few effects in a room he rented off Grafton Road, I instructed Messrs. Cochrane to obtain delivery of the things from Mrs. Richmond, who had the key; she accompanied Cochrane's head storeman, and with her own hands opened and rummaged the box, and handed to him the purse containing £2 12s., and signed the attached memorandum of the amount in the presence of W. Palmer, the express-driver, who was waiting to convey the things to the mart. She, of her own free will, handed the effects over without the slightest pressure, and they were not "seized;" she only expressed a wish, which she afterwards repeated to me, that the watch should not be sold, as it had been promised to her daughter. The money, £2 12s., was duly banked, and you were advised thereof. I subsequently sent the office-boy, a youth of seventeen, to Messrs. Cochrane for the money, any private letters or papers, and the watch and chain handed to them by the police. The boy never saw the box, nor did he go to the room where such effects held in my behalf are always stored under lock and key, and for the safety of which the storeman is solely responsible to his employers. Messrs. Jackson and Russell's account of the transaction is utterly untrue, and probably due to the vivid imagination of some clerk. Mrs. Richmond came down and stated what she had done, and asked if I had received the money and watch; she also told me there was a gun belonging to deceased in some gunsmith's hands, but could not give his name. She then made no protest or complaint, but hoped the watch would not be sold, as it should be her daughter's property. I explained that it would not be sold if the other effects realised sufficient to pay her claim for refund of funeral-expenses and rent paid by her. Messrs. Jackson and Russell assert that the effects were sold on the 24th December, and that great haste

was used, to the injury of the estate. If you refer to the account-sales you will see that the sale was held on the 21st January. The things were not separately advertised as belonging to John Wright, deceased, the estate being too small to bear unnecessary expenses, but were advertised as effects of intestate estate, guns, &c. I had to send round and find where the gun was, and by mere chance found there was another—a breech-loading single barrel—in the hands of another tradesman for repairs. The auctioneers, by my instructions, paid 10s. 6d. on the breach-loading double barrel, charged for repairs, and 2s. 6d. on the other. Please note Messrs. Cochrane's remarks *re* value of both. It is absurd to talk of reserves on ordinary second-hand guns, which are sold almost every day. The best gun (breech-loading double barrel) was valued by the gunsmith at about £4 10s., being a small bore. If a reserve had been put on it, it would probably be in hand now. Mrs. Richmond, when I asked her to make an offer for the watch, positively refused to give more than £4 at first, but subsequently offered £5. I obtained your permission to have it valued, and offer it to her at the price fixed. I had it valued by a jeweller (Howden), who put it at £7 10s., but said it was not worth anything like that sum to one in the trade. I offered it to Mrs. Richmond at £7 10s. without result. I then, by your instructions, wrote to her on the 5th March that it was to be sold by auction, and named the day. She attended the sale, but though the watch was withdrawn at £4 she made no bid or attempt to buy. After the sale the watch was sold by Cochranes for the reserve, £5. Messrs. Jackson and Russell ask why that price was fixed as the reserve. I had what I consider three good reasons for so doing—namely (1), that it was Mrs. Richmond's highest offer, and I thought she should have a fair chance of getting it; (2), the jeweller had stated it was not worth £7 10s. for trade purposes, though it might bring it at auction; (3), Mr. Dacre (Messrs. Cochrane), at my request, estimated it at about £5.

I can confidently say the estate was not "squandered," and that she is not entitled to any "restitution." She has a just claim for funeral-expenses and rent, which I forwarded in January. I shall be very glad to have further inquiry made.

Auckland, 6th April, 1891. E. P. Watkis.

Estate of Wright, deceased.

Sir,— Auckland, 6th April, 1891.

With regard to your letter *re* the effects in this estate, we beg to inform you that most of the clothing (1 box) was handed over to our storeman by Mrs. Richmond; they were overhauled in her presence, and nothing of value found, being a very poor lot. The guns are not worth the prices mentioned. We sell a bran new single-barrel breech-loader for £3; the outside value of the other was £4 10s., as it was a small bore and not saleable.

They were not mentioned in the advertisement as Wright's property. Mrs. Richmond was present at the sale of the watch. Your reserve was £5; not reaching this it was passed. One of the bidders then asked the reserve price; on being told, he said he would take it. No one asked when the guns would be sold.

Yours faithfully,

The Agent for the Public Trustee, Auckland. Samuel Cochrane and Son.

No. 37.

Mr. James Vogan to the Chairman, Royal Commission, Public Trust Office.

Sir,— Tauranga, Bay of Plenty, 6th April, 1891.

I desire to call the attention of the Royal Commission to a case in which I am interested, which I believe to be but a sample of many another calling for reform.

The allotment on which I live is my own by purchase (No. 133, Section 2, Town of Tauranga). I cleared it of fern and briar, fenced and planted it, and built my house upon it. The adjoining lot (No. 134) is in the hands of the Public Trustee, to whom I pay an annual rent for it, but who has, so he informs me, no power of either selling or letting for a lengthened period. I am thus prevented improving and building upon it, and the street and to a certain extent the town suffers.

The owner—one Alfred Campbell, a military settler—was murdered during the Maori war. Proof of his death, and all particulars, are in the Public Trustee's hands; but no claim has ever been made, nor is anything known of the next of kin.

In common with others, I shall be very glad to hear of an alteration in the law giving the Public Trustee power of sale in such cases, or, say, after certain years of his having had undisputed possession.

I have, &c.,

James Vogan.

The Secretary, Royal Commission, Public Trust Office, Wellington.

Memorandum for the Royal Commissioners, Public Trust Office.

The Secretary, Royal Commissioners, Public Trust Office, Wellington.

With reference to the letter of Mr. James Vogan, dated 6th instant, in which he virtually calls the attention of the Royal Commissioners to the absence of the power of sale in the Public Trustee of lands managed by the office, and belonging to unknown heirs of deceased persons, known to the office as "real estates," I cordially commend said letter to the consideration of the Commissioners, and trust that they may deem it proper to recommend an alteration in the law in the direction indicated.

Wellington, 17th April, 1891. R. C. Hamerton, Public Trustee.

No. 38.

Mr. J. Quin to the Chairman, Royal Commission, Public Trust Office.

Gentlemen,— Wellington, 8th April, 1891.

This is a just account for work done, which Mr. Hamerton refuses to pay. He paid £6 on the 26th January, leaving unpaid the under-mentioned balance. With your kind permission I prefer to see you in person, as I have other matters to bring before your notice concerning M. A. Brady's estate. My address in the meantime is Kaiwara Post-office.

I have, &c.,
James Quin.

The Public Trustee, Dr. to James Quin.

Re *Estate of late Mary Ann Brady.*

	£	s.	d.
To One large dresser, to order	6	0	0
Coal-house and closet	6	0	0
Door from yard leading into passage	1	0	0
Three washing-tubs fitted up in wash-house	1	10	0
Draining-board in scullery...	0	10	0
Shelves supported with brackets in scullery	0	10	0
Cupboard in kitchen	1	0	0
Altering mantlepiece in dining-room	0	12	0
Putting on mortise-furniture	0	10	0
Rehanging wardrobe-doors	0	5	0
Shifting fence and erecting same elsewhere	1	0	0
Shifting swing-posts and putting in struts	0	7	6
Paste-board with rim	0	5	0
Rubbing-down with glass-paper and polishing piano	1	10	0
	20	19	6
Paid to my solicitor on 26th January	6	0	0
Balance due	£14	19	6

Memorandum for the Royal Commissioners, Public Trust Office.

Mary Ann Brady, deceased.

The Secretary, Royal Commission, Public Trust Office, Wellington.

Mr. Quin's complaint is that I have paid him only £6 out of £20 19s. 6d., and refused to pay the balance.

Mr. Quin rendered an account of £20 19s. 6d. against this estate, which I declined to pay, as I considered that I had a set-off for board and lodging; and suggested that he should sue me in order that the matter might be definitely decided.

Mr. Jellicoe, on behalf of Mr. Quin, called upon me and offered to settle the claim if I would pay £6, which was done; and Mr. Quin's receipt is in the office.

Mr. Ronaldson, of this office, can afford full information as to Mr. Quin's conduct as regards this estate.

If the Commissioners decide to hear Mr. Quin, I would ask that they send for Mrs. McKenna, of Scarborough Terrace, and Mrs. William Feeney, Glenbervie Terrace, two sisters of deceased, who will be able to give sufficient testimony respecting Mr. Quin to enable the Commissioners to arrive at a just estimate of his complaint.

20th April, 1891. R. C. Hamerton.

No. 39.

Mr. Michael McHugh to the Chairman, Royal Commission, Public Trust Office.

Sir,— Wairoa, Napier, 7th April, 1891.

I am the brother of Kate McHugh, of Meanee, Napier, who died on the 23rd July, 1888. The property belonging to her was never transferred to me after her death. I beg to ask you if you will kindly send me an order to certify that the same comes to me, as I want to negotiate a loan on same. By request of Public Trustee, Napier. I have, &c.,

To Trust Commissioners. Michael McHugh.

Memorandum for the Royal Commissioners, Public Trust Office.

10th April, 1891.

Kate McHugh, deceased. With reference to the letter of Michael McHugh, which you have referred to me for my report, I have to inform you that the claims against this estate necessitated the sale of the realty. The writer (Michael) was communicated with, and had the opportunity afforded him of purchase, of which he did not avail himself.

The net residue in my hands amounts to £27 11s. 8d., and will be remitted to the said Michael McHugh about the 29th December next, on which date he attains his majority.

R. C. Hamerton, Public Trustee.

The Chairman, Royal Commissioners, Public Trust Office, Wellington.

No. 40.

Mr. Lloyd Jones to the Chairman, Royal Commission, Public Trust Office.

Sir,— Wanganui, 8th April, 1891.

I beg respectfully to ask your attention to a complaint which I have to make against the Public Trustee, as executor of the will of the late Frank Walpole Evans, of Hunterville, hotel-keeper. I was formerly a member of the firm of Watt and Jones, storekeepers, of Marton and Hunterville. That firm has been dissolved, and I am now the liquidator and legal representative of it. On or about the 15th March, 1888, F. W. Evans died, leaving the Public Trustee executor of his will. At the date of his death Evans had liabilities of some £300 to £400, irrespective of his liabilities to Staples and Co., of Wellington, Messrs. Hammond Brothers, of Marton, his landlord, and the Bank of New Zealand, Wanganui, who were all more or less secured, as will appear further on. Staples and Co. held a bill of sale over certain furniture and stock, a mortgage of the lease, and an assignment of the life-policies. These latter were subject to a first claim by the Bank of New Zealand, Wanganui, and became the subject of a lawsuit between the Bank, Staples and Co., and the Public Trustee. The result was that the bank got paid its claim out of the policies, and Staples and Co. got the balance. I do not know the respective figures, but you can no doubt ascertain them from the Public Trustee. A day or two before Evans's death, and while he was unconscious, Staples and Co. took possession of the hotel and all its contents under their bill of sale, and served a notice on W. E. Morewood, as Evans's clerk, claiming £780. They took possession of the bar, and sold the stock of liquor, &c., although that could not have been covered by the bill of sale. Messrs. Hammond, as owners of the house, then served a notice on Staples and Co.'s representative, claiming £150 as rent due. On the 17th March, 1888, Watt and Jones wrote the Public Trustee calling his attention to the state of affairs, and pointing out that there was a large quantity of stock and furniture in the house which was not covered by the bill of sale, and which should be protected for the benefit of the estate. We also called the Trustee's attention to the Hammond's claim for rent, which Mr. Morewood had informed us was not a genuine one. A copy of this letter is forwarded herewith, marked A. The Public Trustee acknowledged this letter. Mr. J. H. Hankins, agent for the Public Trustee, Mr. W. E. Morewood, and Mr. R. J. Smith, of Hunterville, went through the house together, and made a list of the goods not covered by bill of sale, and assessed the value at about £320. No steps were taken to protect these goods, nor were they sold for the benefit of the estate. After some months' delay, as nothing appeared to be done with the estate, we applied to Mr. Hankins for information as to what had been done about the stock and furniture not covered by bill of sale. He replied briefly, "That the Public Trustee had recognised Messrs. Hammond's right to distrain for rent, and had allowed them to take all the goods not covered by bill of sale in satisfaction thereof." We wrote Mr. Hankins on the 24th October, 1888—copy herewith, marked B—strongly protesting against this arrangement, and urging him to make further inquiry into the matter. So far as I can ascertain, no further action was taken. Mr. Morewood explained both by letter and verbally to Mr. Hankins the whole position of the estate, and also called on the Public Trustee in Wellington, and explained matters fully to him. Mr. Morewood made overtures to Mr. Hankins for the purchase of the book-debts of the estate, but could not obtain from him a statement of what debts he would sell. Some months later Messrs. Borlase and Barnicoat, solicitors, on my behalf wrote the Public Trustee, remonstrating about his administration of the estate, and applying for a statement of account. Copies of Messrs. Borlase and Barnicoat's letters to the Public Trustee are forwarded herewith, marked C to J. The Trustee's replies are also sent, included in above marks. They were singularly irrelevant, and my solicitors failed to obtain any satisfaction or information from him. The only remedy appeared to be an action at law against the Public Trustee, and I was not in a position to afford the cost of that. My complaint against the Public Trustee may be stated under three headings:—

1. *Staples and Co.'s Claim.*—These people were allowed to take the whole assets of the estate, except the book-debts, although they only held a bill of sale over part of the goods. They recovered a large sum on Evans's life-policies, and had a mortgage over the lease. The lease had improved very much in value, as Evans had spent a large sum in buildings and improvements. The property was never put up for sale—Staples and Co. simply took possession of it. I have no means of ascertaining whether Staples and Co. ever gave a statement of accounts to the Public Trustee, but I would ask you to look into the matter and see whether the estate got credit (1) for the stock-in-trade which was sold by Staples and Co. prior to Mr. Hankins taking the inventory; (2) for the difference between the assessed value of stock and furniture not in the bill of sale, £320, and the amount paid Hammond for rent; (3) for the value of the lease; and (4) for the amount recovered from the life-policies. You will notice that in my letter to Mr. Hankins of the 24th October, 188 , I call his attention to Mr. Morewood's statement about Staples's account: that they held a large number of bills which had been signed in blank, and, some being renewals, I would ask you to ascertain whether proper steps were taken to scrutinise this account.

2. *Hammond's Claim for Rent.*—I submit that the Public Trustee sacrificed the available assets of the estate in satisfying this claim, which should not have been allowed; and that, even if allowed, he handed over £300 worth of assets to satisfy a claim of half that amount. As to the genuineness of Hammond's claim, the Public Trustee had ample warning in my firm's letter of the 17th March, 1888, and communications from Mr. Morewood, but, so far as I can ascertain, he admitted the claim without any inquiry whatever. I have seen in Evans's letter-book, which I sent to Mr. Hankins (and which should now be either in his or the Public Trustee's possession), a copy of an account which he rendered to Hammond, showing his expenditure on the house, which was to go as a set-off against the rent. Mr. Morewood states, and is prepared to swear, that before the account was made up he was present while Thomas Hammond and Evans went through the house, and agreed item by item on the particulars contained in this account. Included in the account are

debits against various members of the Hammond firm for board, &c. The total of the account is much more than the rent claimed; in fact, Mr. Morewood says that it was to stand as a set-off against the rent until the one balanced the other. In forwarding the account to Hammond, Evans wrote a covering letter, which is copied in the book referred to, in which he mentions a further claim against them for building a stable, of which he could not supply particulars at that date. Mr. Morewood says that this claim would amount to some £70 or £80, but it would be impossible now to prove what the building cost. In addition to the debits for board, &c., included in the account, there were further open balances against the members of the Hammond firm. Thomas Hammond has admitted to me that portions of this account are correct, namely, Evans's accounts against Thomas, William, and Herbert Hammond, amounting to about £40; the cost of erecting a store-room and wash-house, I think about £66; and the cost of fitting the house with electric bells, about £38. These three items alone amount to £144, and the open balances against the members of the firm would at least amount to another £6—making the £150 claimed for rent. Thus, according to Thomas Hammond's own showing, there could be no rent due, while I maintain that according to Evans's account, backed up by Mr. Morewood's statement, the Hammonds were owing Evans at least £150. I would point out that, if this arrangement did not exist beteen Evans and Hammond, it is highly improbable that the latter would have allowed so much rent to run unpaid. Mr. Morewood, as Evans's clerk, had no knowledge of any application ever being made for payment of rent. As stated already, Mr. Hankins wrote my firm that the Public Trustee had recognised Hammond's right to distrain for rent, and had allowed them to take all the goods not covered by bill of sale in satisfaction thereof. I would point out that this is a very improper and irregular way of satisfying a claim, but I think it can be proved that the statement is not in accordance with fact. The Hammonds never took any goods, but Thomas Hammond informed me that they were paid by Staples and Co., partly in cash, and partly by promissory-note.

3. *Book-debts.*—There was a considerable amount due to the estate, a portion at least of which could have been collected by Mr. Morewood had he been employed to do so: no attempt was ever made to collect one shilling. Later on, when Mr. Morewood proposed to buy the book-debts, he could get no information on a very material point. This was, whether the debts due to Evans by the Hammonds would be included in what he could buy. The position was this: that if the Hammonds had been paid their rent in full, then, at least, they must be owing the estate the amounts standing in the books against them, some £40 or £50. After several applications to Mr. Hankins, Mr. Morewood gave the matter up, and there it rests.

I would respectfully ask you to inquire into these transactions. I maintain that if the estate had been properly administered there would have been a fair dividend for the creditors. I do not know whether it would be possible to recover from Messrs. Hammond the money they have been wrongfully paid, but the book-debts against them ought, even now, to be recoverable. Mr. W. E. Morewood, whom I have mentioned throughout this letter, lives in Hunterville, and if called as a witness would bear out what I have alleged. I observe that in my letter to Mr. Hankins of the 24th October, 1888, I quote the debts due by the Hammonds as £90 or £100. That was evidently an error, but it does not affect the question. I do not know whether it is within the scope of your commission to recommend compensation for grievances, but if you find my complaints to be well founded I trust you will see your way to recommend some redress. I have, &c.,

LLOYD JONES.

The Chairman, Public Trust Office Commission, Wellington.

MESSRS. WATT and JONES to the PUBLIC TRUSTEE.

SIR,— Marton, 17th March, 1888.

We telegraphed you from Wanganui on the 15th instant, and are favoured with your reply *re* F. W. Evans, deceased. As we do not know who is your Palmerston agent, we think it advisable to draw your attention to a few matters in connection with the estate.

A few days before Mr. Evans died, but while he was practically unconscious, Messrs. Staples and Co., of Wellington, sent up and took possession of the premises under bill of sale. As Mr. Evans was unfit to attend to business they served a notice on Mr. Evans's clerk, Mr. W. E. Morewood, claiming some £780. We understand that they say that their claim is considerably larger than that, but that is the amount covered by the bill of sale. The point to which we wish to ask your immediate attention is, that there is a large amount of furniture and stores in the house which cannot be covered by the bill of sale, as they have been placed in the house since the bill of sale was executed. As creditors of the estate we trust you will pardon our expressing the hope that you will take measures to protect the balance of the property not covered by bill of sale. Messrs. Staples and Co. took possession of the bar, and commenced to sell the stock of liquor. We are advised that the present stock would not be covered by the bill of sale, so we hope you will make Staples and Co. account for the proceeds of what they sell. We may mention that the police are suing Staples and Co.'s representative for selling without a license.

Mr. Evans's rent transactions will require scrutiny. The owners of the premises are Messrs. Hammond. We understand from Mr. Morewood, the clerk, that Mr. Evans has not paid any rent for a long time, if ever, as he was spending a considerable sum on enlarging and improving the property, which was to go as a set-off against the rent. As soon as Staples and Co. took possession Messrs. Hammond claimed from them £150 as a year's rent (under the lease it should only have been £125). The night that Mr. Evans died Staples and Co. paid the £150 to the Hammonds. In the interest of the estate we think this transaction will require closely examining, as all the money Mr. Evans has spent on the property will fall into the hands of Staples and Co., unless the Hammonds will allow it as a set-off, as arranged with Mr. Evans. Mr. Morewood could give information on this point.

We do not know whether Mr. Evans supplied you with particulars; but, in case not, we may mention that we understand there are three in existence, amounting to £1,000, now held by the Bank of New Zealand, Wanganui, as security for an old debt of some £200 or £300.

There are some book-debts due to the estate; but, like all publicans' book-debts, we fear will not be much good. We would recommend you to employ Mr. Morewood to collect them, as if they are collectable at all he is the only person likely to be successful.

We trust you will pardon our trespassing on you at this length; but as you have no representative on the spot, and your Palmerston agency is fifty miles from Hunterville, we thought we had better let you know that the whole estate is in danger of being swallowed up by one creditor unless prompt action can be taken.

We have, &c.,

The Public Trustee, Wellington. WATT AND JONES.

Messrs. WATT and JONES to Mr. J. H. HANKINS, Palmerston North.

SIR,— Marton, 24th October, 1888.

We are in receipt of your favour of 23rd instant. We are rather surprised to hear of the arrangement made in favour of Messrs. Hammond, to the exclusion of the other creditors. We do not know whether we are right in addressing you on the subject, or whether we should write direct to the Public Trustee; but we really must protest emphatically against what appears to be a complete sacrifice of the creditors' interests. Mr. Morewood informs us that he supplied you with a list of stock-in-trade and furniture amounting to about £300, which was not covered by bill of sale to Staples. The Messrs. Hammond have accounts standing against them in Evans's books amounting to some £90 or £100: if the rent is to be paid out of the furniture, these book-debts ought to be recoverable. Mr. Morewood also says that he is in a position to prove that, by arrangement between Evans and Hammond, certain improvements and additions to the premises made by Evans were to stand as a set-off against the rent up to the end of the present year. We understand that the rent was £120 per annum, and, assuming that Evans had never paid any rent, there could only be about £100 due, as he occupied the house for about eighteen months. We are not aware whether so long a period is allowed as a preferential claim, but, assuming that it is so, it seems to us that Hammond is being largely overpaid in being allowed to quietly take about three hundred pounds' worth of stock and furniture, especially as a large portion of this asset was stock, which is always worth its cost. And then there is the further item of book-debts against Hammond, which ought to be seen to. We think that the transactions between Evans and Hammond should be looked into more closely, with a view of ascertaining whether Mr. Morewood's statement about the improvements being allowed as a set-off against rent is correct. Mr. Morewood also says that the accounts between Evans and Staples ought to be scrutinised, as, if they base their claim on bills, a considerable number of what they hold are renewals of old ones, not returned, and a number were signed in blank and filled up for any amounts Staples might choose. The only way to arrive at Evans's correct indebtedness is to make up an account of all goods supplied, crediting cash payments but ignoring the bill transactions.

We trust that the Public Trustee can see his way to protect the creditors to some extent.

Yours, &c.,

J. H. Hankins, Esq., Palmerston North. WATT AND JONES.

Messrs. BORLASE and BARNICOAT to the PUBLIC TRUSTEE, Wellington.

Wanganui, 21st February, 1889.

SIR,— *F. W. Evans, deceased.*

We have been consulted by Messrs. Watt and Jones, of Marton, creditors in this estate as to the course they should take with regard to their claim. It seems that on Mr. Evans's decease he had a leasehold hotel and a quantity of stock and furniture. Part of the stock and furniture was subject to a bill of sale to Messrs. Staples, of Wellington, but part, estimated to be worth about £317, was not included in the bill of sale.

The landlords (Messrs. Hammond) seem to have distrained for rent, but it appears that their rent was paid by certain improvements made by Mr. Evans, with their consent, the value of which was taken in lieu of rent. Messrs. Watt and Jones informed you of these facts by letter written to you on the 17th March, 1888. It also appears that the Messrs. Hammond owed further sums to Mr. Evans, much beyond their claim for rent, and that therefore not only was their rent paid, but thay were debtors to the estate. Messrs. Watt and Jones are now informed that you have admitted the Messrs. Hammond's right to distrain on the goods not included in the bill of sale, and that you have allowed them to take such goods for the amount due.

We are also informed that Messrs. Staples have never sold the goods subject to their bill of sale, as they should have done, and also that the book debts in the estate have never been sold.

Will you kindly inform us what arrangement has been come to with the Messrs. Hammond, and also why you have thought proper not to assert the position which Messrs. Watt and Jones informed you that you could take up as regards the Messrs. Hammond. Will you also please furnish us, on Messrs. Watt and Jones's behalf, with an account of the dealings with the estate. If you require it we will return it.

We hope that we are not asking you to take unnecessary trouble, but our clients are much concerned at finding that their anticipation of receivfng some dividend will probably not be realised.

Yours, &c.,

The Public Trustee, Wellington. BORLASE AND BARNICOAT.

SIR,— *Evans, deceased.* Wanganui, 6th March, 1890.

Will you kindly reply to our letter of the 21st February at your earliest convenience.

Yours, &c.,

The Public Trustee, Wellington. BORLASE AND BARNICOAT.

The PUBLIC TRUSTEE to Messrs. BORLASE and BARNICOAT.

SIRS,— *Evans, deceased.* Wellington, 8th March, 1889.

With reference to your letter of 21st ultimo, I am in communication with my agent at Palmerston North on the subject, and will address you further on receiving his report.

I have, &c.,

R. C. HAMERTON,

Messrs. Borlase and Barnicoat, Solicitors, Wanganui. Public Trustee.

Wellington, 23rd May, 1889.

SIRS,— Re *F. W. Evans, deceased.*

I have consulted my solicitors, Messrs. Buckley and Co., with reference to your letter of the 21st February, and they have looked into the question of my rights as executor of this estate against Messrs. Staples. I am advised by them that success in any action by me against Messrs. Staples in respect of the matters in dispute is extremely doubtful, and that, in the event of my proceeding with the action, Messrs. Staples and Co. will no doubt counterclaim against me for £664 0s. 3d. As I am without funds in the estate, I do not propose to proceed against Messrs. Staples, but if the creditors are desirous of proceeding in the matter I shall not have any objection to my name being used, provided that in the first a satisfactory indemnity against costs, and the counterclaim in the event of judgment being given thereon for Messrs. Staples, is first given me.

I have, &c.,

CHARLES D. DE CASTRO,

Messrs. Borlase and Barnicoat, Solicitors, &c., Wanganui. For the Public Trustee.

Messrs. BORLASE and BARNICOAT to the PUBLIC TRUSTEE.

SIR,— *Evans, deceased.* 15th June, 1889.

We have referred your letter of the 23rd May to our clients. They point out that you do not deal at all with the main questions referred to in our letter of the 21st February. For instance, the chief point referred to in our letter was the action of the Messrs. Hammond. Your letter ignores this question altogether, and only refers to the minor questions as to the action of Messrs. Staples in not selling.

Our letter referred to several other matters, and we also asked for an account. We would therefore request you to be so good as to write us again as soon as possible.

Yours, &c.,

The Public Trustee, Wellington. BORLASE AND BARNICOAT.

SIRS,— Re *Evans, deceased.* Wellington, 23rd July, 1889.

We are instructed by the Public Trustee to reply to your letter of the 15th June last.

In your letter of the 21st February you refer to certain matters in connection with Messrs. Hammond's claim which you appear to assume, and you furnish no data upon which the Public Trustee could reply to you in more definite terms than he has done.

It seems to us perfectly clear that Messrs. Hammond had a right to distrain on the goods not included in the bill of sale; and we cannot understand what question can arise as to that. No arrangement was made with Messrs. Hammond. As already informed you, the estate is insolvent, and our client cannot be advised to proceed with speculative claims against Messrs. Hammond and Messrs. Staples without such a substantial guarantee as is mentioned in the Public Trustee's letter of the 23rd May. We have, &c.,

BUCKLEY, STAFFORD, AND TREADWELL.

Messrs. Borlase and Barnicoat, Solicitors, Wanganui.

SIRS,— *Evans, deceased.* 17th August, 1889.

We should have acknowledged yours of the 23rd July before.

No doubt, as you say, Messrs. Hammond had a right to distrain on the goods not included in the bill of sale (and you might have added also on the goods in the bill of sale), if there was any rent due.

We have just gone through the correspondence between ourselves and the Public Trustee, and we cannot understand why we are still without any definite reply thereto, or information on the matters referred to in our letter of the 15th June. The Public Trustee was informed by Messrs. Watt and Jones, as long ago as March last, that no rent was due to the Hammonds, and the book-debts should be collected at once. We can only conclude from the letters received from the Public Trustee and from your letter that nothing whatever has been done to protect the estate.

It was the duty of the Public Trustee, at any rate, to investigate the matters brought under his notice by Messrs. Watt and Jones; and if he did investigate them, and came to the conclusion that there was nothing in them, we should, we think, have been informed of the results of his inquiries, and of his reasons for abandoning the estate to Messrs. Hammond and Staples.

Now that the estate has been lost, our clients do not feel disposed to give the guarantee asked for, although they would, we believe, undertake an action on behalf of the Public Trustee without giving a guarantee. Possibly the case may be one where advances would be made for expenses under section 9 of "The Public Trust Office Act, 1876."

If you do not think that you can do anything further than has already been done, please inform us whether you will accept service, on behalf of the Public Trustee, of a writ issued at the instance of Messrs. Watt and Jones, and other creditors. We have, &c.,

BORLASE AND BARNICOAT.

Messrs. Buckley, Stafford, and Treadwell, Wellington.

SIRS,— *Evans, deceased.* 26th August, 1889.

We are in receipt of your letter of the 17th instant with reference to this estate. In reply, we are instructed to say that the Public Trustee is not disposed to permit any action in his name without the indemnity already required; and, further, if Messrs. Watt and Jones consider they have any claim against the Public Trustee of the tenor mentioned in your letter, we are to say that he is prepared to resist it. Our instructions accordingly are to accept service of any writ you may issue in the connection. Yours, &c.,

BUCKLEY, STAFFORD, AND TREADWELL.

Messrs. Borlase and Barnicoat, Solicitors, Wanganui.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

T. W. Evans, deceased.

The Chairman, Royal Commissioners, Public Trust Office, Wellington.

WITH reference to Mr. Lloyd Jones's letter to the Commissioners dated 8th April, this matter has formed the subject of inquiry by the Commissioners. I need, therefore, only state that the impecuniosity of the estate has been a main source of difficulty in its administration.

It is alleged that Messrs. Staples and Co. were allowed to take the whole assets. This aspect of the case was submitted to my legal advisers, and their letter of the 23rd July, 1889, addressed to Messrs. Borlase and Barnicoat (complainant's solicitors), discloses that they could not advise me to proceed with speculative actions without substantial guarantee as to costs. This was not forthcoming.

With respect to the allegation that no attempt has been made to collect book-debts, amounting to a large sum, I subjoin copy of a memorandum dated the 22nd July, 1889, received from my agent at Palmerston North: "In reply to your memorandum No. 2804, I would say that in my first report in this estate I informed the office that I considered the book-debts almost worthless, and which I repeated in my memorandum of the 2nd May, 1888. Shortly after the estate came into the office I instructed Mr. Morewood to endeavour to collect the debts. He has many times personally informed me that they were utterly bad, with the exception of Hammond's debts, but these, as you are aware, are in dispute. On receipt of your memorandum above mentioned, I again communicated with Mr. Morewood to inquire what had been done, and awaited his answer (only just received) before writing you. Mr. Morewood informs me that he has been unable to collect any of the moneys, some of the debtors having left the vicinity, whilst others indebted for liquor sold over the bar of the hotel absolutely refuse to pay."

This, I submit, disposes of the allegation that no attempt was made to collect these debts. Any one acquainted with the nature of hotel book-debts generally, and the law on the subject, will not be greatly surprised at the failure to collect.

With regard to Hammond's claim for rent, the legal opinions obtained by me show clearly that he had the right of distraint, and that I could not have resisted him. It is not a fact that any moneys were paid to Mr. Hammond by the office either for rent or otherwise.

In respect of the policies (life) I strictly obeyed the order of the Supreme Court. I am unable to accept any responsibility so far as they are concerned.

I return the various papers which you forwarded to me in this matter.

3rd June, 1891. R. C. HAMERTON.

I have omitted to remark that early in the administration Messrs. Watt and Jones were informed that, as the Public Trustee stood in the place of the giver of the bill of sale, he could not successfully attack it, although creditors might possibly do so. This is important. No action was taken by creditors.—R. C. H.

No. 41.

Messrs. STOUT, MONDY, and SIM to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Dunedin, 8th April, 1891.

We desire to make some comments, and to offer a few suggestions, on the working of the Public Trust Office. In so doing, it is perhaps as well to state, *in limine*, that we have no intention of reflecting in any way on the management of the office. The office has by no means become popular in Otago, and we presume that the same may be said with regard to the whole of the provincial districts other than Wellington. This want of popularity is due to the system which at present obtains of appointing agents in the principal centres of population. These agents have absolutely no power granted to them, and merely serve as a medium of communication with the Public Trust Office. The remedy we would suggest is the appointment of Local Boards of Advice in each centre to confer with and advise the agent. At the same time, the agent and these Boards should be granted some larger powers than the agents at present possess. Were this done, it is possible that the business would so increase as to necessitate the agent doing no other business than that of the Public Trust Office. As the department is at present managed, the business is centralised in Wellington, and so long as this continues the office cannot grow in public favour. In this city we have two public companies undertaking the duties of trustees, administrators, &c., and it stands to reason that these companies will be selected as trustees, &c., in preference to the Public Trustee, where the office is only represented by an agent. The duties of trustees are so

thankless and so onerous that it is becoming more and more difficult to find suitable men to act; and we feel sure that it is only a question of time when most trusts will be undertaken by corporate bodies. It is very rare that any of our clients propose to appoint the Public Trustee as trustee under their wills or settlements, and their only inducement to do so is to enable them to obtain State security. While the office is conducted as it is at present, we cannot advise any of our clients to avail themselves of the services of the Public Trustee. We have stated above that the agents have no power granted them, but this remark in some measure applies also to the Public Trustee. For the sake of illustration, we will refer to a case in which we were concerned professionally, and which we have liberty to mention. In the case to which we allude, the Public Trustee had been appointed as trustee of the will of the late Adam Landels, a farmer, of Balclutha, who died leaving very considerable property, including two sheep-stations, and it was necessary, very shortly after Mr. Landel's death, to commence shearing the sheep on these stations. The Public Trustee had no power to advance any money for this purpose, notwithstanding the fact that there was a large estate to be realised, and that money would be coming in almost immediately. To avoid any difficulty, we arranged with our bankers to advance to Mrs. Landels sufficient money to pay shearers' wages, and guaranteed the payment of such advances. The Public Trustee, of course, refunded this money as early as possible to Mrs. Landels. It does, however, seem incredible that such a state of things should be possible. In the same estate, we could not fail to notice that no adequate provision was made for the management of the runs, &c., pending realisation, and that there was absolutely no supervision. Mr. Landels had a considerable sum invested on mortgage, but it was only on our suggestion that the agent inspected and reported on the securities. To put the matter generally, there was no proper machinery for the realisation of the estate, or for the management pending such realisation. We do not wish to reflect on the local agent in any way, and are pleased to have the opportunity of stating that in all matters in which we have had to confer with him we have always found him most willing and obliging. We had been acting as solicitors for Mr. Landels for many years prior to his death, and were, in consequence, appointed as solicitors to the estate, but were somewhat surprised to find that a large part of the legal business of the estate was transacted in the Public Trust Office in Wellington. We took exception to this, and, on remonstrating with the Public Trustee, were told that it was the practice of the department to undertake merely routine business. We think that it is quite a mistake for the department to interfere with the legal business, and so long as it continues to do so, so long will solicitors advise their clients to keep their affairs out of the Public Trust Office. The so-called "routine business" in most estates is the only business worth transacting. We think that the Solicitor to the Public Trust Office should act only in the capacity of adviser to the department.

Yours obediently,

STOUT, MONDY, AND SIM.

The Chairman, Public Trust Office Commission, Public Trust Office.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

THE first portion of Messrs. Stout, Mondy, and Sim's letter of the 8th instant points to the desirability of clothing both the Public Trustee and the local agents with greater powers than they at present possess, and, as the Commissioners have had my views herein placed before them, I need not enlarge further on the absolute necessity which exists for an alteration in the law in this respect. The latter portion relates to the practice of the office, whereby many small legal formal matters are attended to by the office at a minimum cost to the estate. I have consistently endeavoured to lessen the burden of all estates under my administration, but I admit that this endeavour, laudable in itself, may have the effect of causing some dissatisfaction to the legal profession, who naturally look for legitimate work arising out of the winding-up of estates. My experience is that work performed in the office is much more expeditiously managed than if done outside; and the question appears to be, whether expedition and nominal charges for this class of work shall give place to probably increased popularity of the office.

20th April, 1891. R. C. HAMERTON.

No. 42.

Mr. S. ANDREWS to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Auckland, 8th April, 1891.

In reply to your advertisement in the Auckland newspapers with reference to bringing matters of interest and importance before the Commission, I submit there is a very great want in Auckland of a gentleman, with good business habits and tact, who is willing to give his time and attention to the duties of his office ungrudgingly. The general feeling given to every one visiting the Public Trust Office is that they are the obliged parties, and that it is condescension on the part of the present manager to wait upon them; and I have heard people coming away express themselves very strongly that they would not trouble that office more than they could possibly avoid, as the agent was always standing on his dignity. It may be he cannot help it, not having been used to such service. He appears to be constitutionally unfitted to give civility and attention to the clients of the Government. At any rate, he is too idle and indifferent to either make or keep the business in which he is engaged, and unfitted for the position in which he is placed. This fact can be testified to by the majority of humble clients who do business with him. Such an officer that was sent to Auckland to take the office while E. P. Watkis was in England not only gave satisfaction to every one with whom he had transactions, but would soon increase the business of the Public Trust Office, and be a credit to the department. The contrast in the mode of business of the two officers was remarked by every one who had dealings with them.

Yours, &c.,

The Chairman, Public Trust Office Commission, Wellington. S. ANDREWS.

MEMORANDUM from the PUBLIC TRUST OFFICE to the SECRETARY, Royal Commissioners, Public Trust Office.

WITH reference to the complaint of Mr. S. Andrews with reference to the alleged want of civility and attention to the clients of the Public Trust Office on the part of the agent of this office at Auckland, the charge is serious, and, as it affects the conduct of business in that locality, it appears to me that further inquiry should be made, and that Mr. Watkis should have an opportunity of explanation. If the Commissioners will permit the letter to be made a record of my office I will take requisite action.

Wellington, 15th April, 1891. R. C. HAMERTON, Public Trustee.

No. 43.

Mr. W. F. Ross to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Wellington, 8th April, 1891.

In reference to the notice appearing in the local newspapers, I have the honour to lay the following facts before you, viz :—

In the month of November, 1884, the Public Trustee caused certain lands belonging to the estate of one William Adin Cockroft to be sold by public auction, through Messrs. T. K. Macdonald and Co., in the City of Wellington, subject to certain particulars and conditions of sale, which were read at the said sale. That at such sale I purchased a portion of the said land, and the same was conveyed to me by the Public Trustee. That the said land was paid for partly in cash and partly by a mortgage to the Public Trustee of the land purchased. That shortly after the said purchase legal proceedings were commenced between the Equitable Building and Investment Company (Limited) and myself, from which it clearly appeared that portion of the land sold to me by the Public Trustee did not at the time of the said sale belong to the estate of the said William Adin Cockroft, and I was consequently deprived of the same. That the land of which I was deprived as aforesaid, calculated at the rate at which I purchased the whole, is of the value of £132 14s. 2d. That I have made application to the Public Trustee for a refund to me of the said sum of £132 14s. 2d., but he declines to make the same. That I desire that you will make inquiry into the foregoing allegations. I have, &c.,

The Chairman, Royal Commission, Public Trust Office. W. F. Ross.

MEMORANDUM from the PUBLIC TRUST OFFICE to the SECRETARY, Royal Commissioners, Public Trust Office.

WILLIAM ADIN COCKROFT, deceased: With reference to Mr. W. F. Ross's complaint of the 8th April instant, the enclosed letter (copy) from Messrs. Buckley and Co. will show that Mr. Ross has no ground for complaint. As regards the disputed land, my interest only was sold. The conditions of sale were clear.

Wellington, 20th April, 1891. R. C. HAMERTON, Public Trustee.

Messrs. BUCKLEY, STAFFORD, AND BARTON to the PUBLIC TRUSTEE.

Memorandum for the Public Trustee.—A. Cockroft, deceased.

YOU have referred to us the memorandum from Mr. Travers to you of the 2nd instant on the sale by you to Mr. Ross of part of Section 513, Wellington, belonging to this estate. The facts are all within our own knowledge, and are, shortly, as follows: By the conditions of sale only your interest (if any) in the 2ft. 4in., to which your title was imperfect, was sold, and it was expressly provided by the conditions that the frontage of Lot 1, which was that bought by Ross, and which included not only the property to which there was a good title, but that in which you only claimed an interest, should be 18ft. 1in. Mr. Ross bought it at £91 per foot for the whole frontage. Mr. Ross was, we believe, present when the conditions of sale were read over, and he was perfectly well aware what he was doing at the time he bought. We do not think Mr. Ross has any equities against you, and we have no doubt the remark of Mr. Justice Richmond, quoted on Mr. Travers's memorandum, must have been made by him without a knowledge of the facts we have quoted. The matter can, of course, be referred to Mr. W. A. Cockroft at Home, in which case we would suggest you send him a copy of this memorandum, and of Mr. Travers's. We cannot advise you that you can make any concession without Mr. Cockroft's consent.

BUCKLEY, STAFFORD, AND BARTON

Wellington, 26th November, 1886. (per C. H. Treadwell).

No. 44.

Mr. J. MCGUIGAN to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Arahura, Westland, 9th April, 1891.

I am a settler, and lessee of Sections 36 and 37 on the Arahura Native Reserve, and would respectfully draw your attention to the very unsatisfactory position I am in with regard to my leasehold. At the request of Mr. Hamerton, I surrendered my lease, on the understanding that I was to get a new lease at a reduced rental, and that my land would be revalued, and the rent fixed by valuators, as provided by the Westland and Nelson Native Reserves Act. That has not been done. I would therefore ask you to either have my sections valued, or I am willing to pay 3s. per acre rent, on condition I get a twenty-one years' lease, with the usual conditions.

Hoping you will take my case into your consideration at your earliest convenience, as I now have no lease, and I have no heart to go to work, my appeal to the Native Trust Office being put off from time to time till I am sick of the matter, it being now about twelve months since I surrendered my lease. I am, &c.

The Chairman, Royal Commission, Public Trust Office. JOHN MCGUIGAN.

MEMORANDUM for the CHAIRMAN, Royal Commissioners, Public Trust Office.

WITH reference to McGuigan's letter of the 9th instant, the following is the position:—

Mr. A. Mackay, the late Commissioner of Native Reserves, leased to J. Morris Sections 36 and 37, Arahura Native Reserve, containing 41 acres and 24 perches, for twenty-one years from the 1st January, 1879, at a rental of £10 per annum for the first nine years and £20 per annum for the remainder of the term. In November, 1885, assignment of the lease from Morris to McGuigan was duly assented to. It must be assumed that McGuigan understood the nature of the contract upon which he was entering. The increased rental commenced from the 1st January, 1888, at £20 per annum, and correspondence took place on the subject of reduction. The Native Board determined to sue. The agent was so instructed, but reported that the tenant had no property of any value. The matter again occupied the attention of the Native Board on the 9th June, 1890, when it was resolved to accept surrender of the lease and to re-lease. Steps were taken to that end, and tenders advertised for, but a letter received from Mr. R. J. Seddon disclosed that McGuigan was under a misapprehension as to his improvements when he executed the surrender. I therefore brought the matter before the Native Board on the 4th August, 1890, when the Board decided to postpone further consideration until Mr. Mackay had been communicated with as to any promise he may have made as to reduction of rent. Mr. Mackay's reply was duly submitted to the Native Board on the 18th September, 1890, when it was resolved that the rentals for the first period of the term be collected, and not in accordance with the rent fixed for the subsequent term. This resolution was promptly communicated to my agent at Hokitika, with a request that he would advise me if McGuigan agreed thereto, to which I have not as yet received any reply, but two years' rent at the reduced rate has since been received.

It will be seen, then, that every effort has been made to meet Mr. McGuigan's wishes. His lease is still in force until January 1900, and his rental continues at £10 per annum, instead of being raised to £20, as provided by the lease. His remark that "I now have no lease" is literally true, because it is with me, awaiting his acceptance of the terms offered. As soon as such acceptance is notified, it will be returned to him with a notification that the surrender signed by him under a misapprehension has been annulled. I attach the file for the further information of the Commissioners.

7th April, 1891. R. C. HAMERTON.

No. 45.

Mr. A. GARDEN to the CHAIRMAN, Royal Commission, Public Trust Office.

GENTLEMEN,— Waitahuna, 9th April, 1891.

An invitation from you which appeared in the columns of the *Otago Daily Times* a few days since must be my excuse for troubling you with a few remarks in connection with the above subject, as I have been the means, unfortunately—I use the word advisedly—of inducing several persons, when having their wills drawn out, to appoint the Public Trustee their executor, as I was led to believe, from the department's advertisement, that estates would be administered cheaply and expeditiously. I am sorry to say that I have had ample proof that the department cannot lay claim to either of these special advantages, and I have made an effort to try and get the parties I have already referred to to substitute some other person instead of the Public Trustee as their executor.

In proof of excessive charges, I refer you to the case of Thomas Redpath, one of the unfortunates who followed my advice, who died, I think, during the past year, and whose estate was administered by the Public Trustee. Under ordinary circumstances, any respectable solicitor would have undertaken and completed all necessary work, including cash payments required, amounting to several pounds, for from twelve to fifteen guineas, whereas the amount charged by the department was, if I remember rightly, over £30, but was, on the application of the Rev. J. Skinner—who drew out the will, and induced Mr. Redpath to act on my suggestion already referred to—reduced to some £20 odd, the reverend gentleman making good to the widow the difference between what she would have had to pay to a solicitor and the sum charged by the department. The weak point in the department is, as far as I can learn, the charge of a commission of 5 per cent., or whatever it is, on the total value of the estate, an element that does not enter into the scale of charges made by a solicitor.

For your information, I enclose you a statement in connection with the estate of James Bradford deceased, intestate, from which it appears that it cost between 16 and 18 per cent. to realise it, the unfortunate creditors being the sufferers. In connection with this estate, I might mention that the department still holds £206, being the amount of Bradford's life insurance policy, but which the department cannot disburse in the payment of his debts, as it is precluded by section 33 of "The Life Insurance Policies Act, 1884," from dealing with the money, except with the consent of next-of-kin; and, as in this case, the next-of-kin are not known, the money will, in due time, be paid into the Consolidated Fund. Another grievance that unfortunate creditors in this and similarly situated estates have to complain of, but one that is not within your province to remedy, although I would, with all due respect, suggest that the dealing with policies such as referred to is a matter that might engage the attention of the Commissioners, and, if it could be shown that the Act as at present framed is defective, steps might be taken to have it amended; indeed, the

session before the last, Mr. O'Conor, I think it was, moved in the direction indicated, but, from some cause or other, the forms of the House, or something of the sort, prevented the matter being gone on with that session. In this case of Bradford's, he owed me £10, five of it being cash lent. I had no hesitation in letting him have what he required, knowing that his life was insured, and that, if it was his lot to pass away before me, I might reckon on his estate paying 20s. in the pound. Possibly the cash I lent him might have been used in paying his yearly premium; yet, at his death, through the section of the Act referred to, his creditors are unable to obtain their rights. It leaves an opening for the exercising of the greatest rascality on the part of the relatives of deceased persons whose lives may have been insured, in their refusing to allow the money to be used in paying their just debts.

I have wandered somewhat, but I ask you to excuse me, as I felt as if I had a grievance against the department in Bradford's case, whereas, in reality, I had none beyond the high percentage reducing the creditors' portion and the non-distributing of the policy-money, which it could not help. If I have said anything that requires explanation, and that the Commissioners should deem worthy of further inquiry, will be glad to afford any information at my disposal.

I have, &c.,

The Commissioners, Public Trust Department. ALEX. GARDEN.

P.S.—To explain the possession of statement enclosed, I may say that, being dissatisfied with the dividend declared, I wrote the Trustee in Dunedin, and he obtained it from Wellington.—A.G.

JAMES BRADFORD'S ESTATE. (From Alex. Garden, Waitahuna.)

STATEMENT showing Net Amount available for Payment of Ordinary Claims.

	£ s. d.	£ s. d.
Cr.		
By Proceeds of sale of furniture, &c.	28 15 0	
" " land	17 10 6	
		46 5 6
Dr.		
To Preferential claims paid	24 9 0	
Petitioning Court for order to sell the realty order in duplicate, &c.	3 12 0	
Proportion of costs of order to administer, advertising estate, stamp accounts, &c.	1 2 0	
Commission and postages	3 11 3	
		32 14 3
Total	...	£13 11 3
		Div. at 10s. in the Pound.
Ordinary claims—		
Alex. Garden	10 4 6	5 2 3
James Martin	0 15 0	0 7 6
David Watson	2 7 0	1 3 6
Samuel Henry	0 16 0	0 8 0
D. McTaggart	1 12 3	0 16 2
F. Ellis	1 12 9	0 16 5
T. McKenzie	6 14 8	3 7 4
C. Ward	0 15 6	0 7 9
M. Ryan	0 7 0	0 3 6
R. Waddell	1 17 8	0 18 10
Total	£27 2 4	£13 11 3

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Thomas Redpath, deceased, 90/2982; James Bradford, deceased, 90/2927.

THE letter of Mr. Alexander Garden has reference to these two estates, and his complaint relates exclusively to alleged excessive charges made by the office.

In Redpath's estate, the will bequeathed everything to the widow absolutely. The personalty (including £5 0s. 1d. in the bank, the only money received by the office) was valued at £70 0s. 1d., and the realty at £900; total, £970 0s. 1d. The charges comprised—Advertising, £1; certificate of death, 2s. 6d.; cost of probate, £6 19s. 9d.; registering transmission, 14s.; commission, 2½ per cent., £24 4s.; and postages, 10d.: total, £33 1s. 1d. Representation was made to me, and, after consultation with the members of the Board, I decided to reduce by one-half the 2½ per cent. charge on the value of the realty; hence the office commission eventually charged was 2½ per cent. on £5 0s. 1d., and 1¼ on £965, or a total of £12 3s. 3d. In making this deduction I committed a breach of the regulations affecting the scale of fees, my reason being that the work involved was so comparatively slight as to warrant my action in favour of the widow. I regret that your correspondent has not appreciated my efforts to lighten the burthen upon the estate.

As regards the estate of James Bradford, secondly mentioned, the net proceeds of the estate (exclusive of the life policy) were £46 5s. 6d. Claims treated as preferential absorbed £24 9s.; cost of Court orders (proportion), £4 14s.; commission and postages, £3 11s. 3d.: £32 14s. 3d.: leaving for distribution amongst creditors, £13 11s. 3d. The policy money, originally £206 7s., was reduced

by its proportion of law-costs, medical certificate of death, residuary duty, and commission by £23 17s. 11d., leaving available for next-of-kin £182 9s. 1d. This sum is protected from creditors by the operation of section 33 of "The Life Insurance Policies Act, 1884."

I have already brought before the Commissioners the state of the law, both as regards the protection of policies where no next-of-kin are known and as to the unnecessary costs involved in winding up small estates. A considerable part of the charges complained of might be altogether avoided if more power and discretion were allowed to the Public Trustee, and the requirement of Court orders within reasonable bounds altogether abolished.

18th April, 1891. R. C. Hamerton.

No. 46.

Mr. C. R. Gardner to the Chairman, Royal Commission, Public Trust Office.

Sir,— Masterton, 10th April, 1891.

Will you kindly inform me what authority had a person calling herself Miss Gardner to retain a piano owned by Mrs. Frances Gardner, deceased, who died in Wanganui about eight or nine years ago (intestate), as there are only two children of Mrs. Frances Gardner, and neither of them retained the piano.

I have, &c.,

The Chairman, Public Trust Commission. Charles Robert Gardner.

Memorandum for the Royal Commissioners, Public Trust Office.

With reference to the question asked by Mr. Charles Robert Gardner, of Masterton, viz.: "What authority had a person calling herself Miss Gardner to retain a piano owned by Mrs. Frances Gardner," the facts are as follow:—

Frances Gardner, widow, died at Wanganui on the 8th March, 1883, leaving three children—two girls and one boy—the dates of whose births were: Alice Leslie, born August, 1860 (?); Charles Robert, born 21st May, 1863; Frances Elizabeth, 6th June, 1864. Deceased married John Gardner 5th August, 1860. At the sale of furniture, which took place on 13th June, 1883, Alice purchased a piano, the item mentioned by your correspondent, for £18, which sum was directed to be charged against her share of the residue, she being over twenty-one years of age. On the 6th June, 1884, one-third of the residue was paid to Charles Robert, he having attained his majority in the previous month. On the 27th October, 1884, the youngest daughter, Frances, wrote a letter, in which she remarks (speaking of her elder sister): "I have learnt she has no claim to any money, being the illegitimate daughter of my mother, Frances Gardner, and not a child of my father, John Gardner. What I want to know is, Has she (Alice Leslie Gardner) received any money from you? if not (though my brother or myself will not trouble further if she has) should there not be more than £28 each for my brother and myself?" I then gave notice to Alice to establish her claim to a share of the residue before the 30th November, 1884, otherwise I should divide the fund between Charles Robert and Frances Elizabeth Gardner. Frances, writing from Christchurch on the 4th November, 1884, says, "In reply to your letter of 29th October, I beg to state my brother and myself were willing for Alice to purchase piano. . . ." Hence it will be seen that the piano was not "retained," but purchased by complainant's sister, apparently with his full knowledge and consent. I have not at any time received any complaint from the writer. I forward the papers in this estate for your perusal, which please return at your early convenience.

17th April, 1891. R. C. Hamerton.

No. 47.

Mrs. M. A. Burke to the Chairman, Royal Commission, Public Trust Office.

Gentlemen,— Kakaramea, 10th April, 1891.

I wish to draw your attention to the following complaints I have to make as regards the estate of my late husband, of which the Public Trustee assumed control of entirely against my wish. I attach the statements I have received from him, and to which I will now allude.

The copy statement marked "A" I do not consider a complete statement of receipts and expenditure from the date of sale of land. That the amounts paid away, such as £167 6s. 8d. to G. D. Hamerton, solicitor, and other solicitors; Butler, wages, £32 5s., and others, are exorbitant; and as I have not seen any of the accounts, or know where to apply to see them, I am at a loss to know how all this money was spent, or if the accounts were taxed, and, if so, by what Registrar. That an item appears in the statement of £29 7s. 5d. to M. Shove, but which cheque was returned to the Trustee, although no acknowledgment was received from him. There was a case pending at the time, and M. Shove, as one of the legatees, did not agree to the Public Trustee taking over the estate, therefore the cheque was returned. I would respectfully ask the Commissioners to inquire as to where this amount is, as I consider it ought to have been returned to the capital account, and I to receive the interest thereon. That there seems to be no fixed commission charges, as you will see on reference to the statement marked "B." The first item, of £8 11s. 10d. for rent, a charge of 5 per cent. is deducted. The second item of £14 8s. 4d., the agent at Patea charges 5 per cent., and the Public Trustee 5 per cent. The third item, £95 14s., the agent charges 5 per cent. and the Public Trustee 5 per cent.: showing a charge of 5 per cent. on the first and 10 per cent. on the others. As soon as the Hon. J. Ballance spoke of this estate in the House, and letters appeared in the Press, on receipt of next statement a refund of 2½ per cent. was made on two of the amounts, but still leaves the charges at 7½ per cent. and 5 per cent, and no refund was offered until the affair was brought before the public. That a portion of the estate is lying useless, although, according to the

will, it ought to have been disposed of with the rest, and the money invested, and interest thereon payable to me. That I received the enclosed letter stating that I was to receive interest in January, but on applying through a Minister of the Crown the reply was that the money was expended on paying property-tax, although I have received no statement from the Public Trustee. There was also interest due by Hayhurst on the 20th ultimo; but up to the present I have received no interest, and cannot understand why all this delay and inconvenience should be caused through an office that ought to be presided over by an efficient staff.

Trusting you will give my complaints, if worthy of it, your kind consideration, and should there be any further question you would like to ask I will be most happy to reply to, although financially I am not in a position to expend any money in having a solicitor to appear for me, or any other expenses. I have, &c.,

The Commissioners, Public Trust Office. Mary Anne Bourke.

Memorandum for the Royal Commissioners, Public Trust Office.

J. Burke, deceased.

With reference to Mrs. Burke's letter dated the 10th instant, I will remark upon her complaints clause by clause.

1. The copy statement is similar to that sent to all clients of this office, who are satisfied with the form in use.

2. The amounts paid away, viz., £167 6s. 8d. to G. D. Hamerton and other solicitors; Butler, wages, £32 5s., were ascertained to be correct before payment. All solicitors' bills are certified by a competent legal authority to be reasonable before being submitted for the scrutiny of the Audit Department. I am unable to part with original vouchers. I cannot therefore submit them for Mrs. Burke's perusal, but I shall be happy to produce them to any agent she may appoint to examine them here, or I will furnish copies to her at the regulation charge of 6d. per folio. These particular bills of costs were certified to by the Registrar of the Supreme Court at New Plymouth.

3. The item £29 7s. 6d., was a legacy properly remitted to M. Shove, who returned the amount, which was then invested on behalf of the legatee, and is now interest bearing. The legacy and interest will be paid to M. Shove when she applies for it. Mrs. Burke is clearly not entitled to interest on this sum.

4. The Commission charges are fixed: 5 per cent. is charged on all income other than rents, and upon this class of income an additional charge—by regulation—was made for local collection. It is now reduced to 2½ per cent. for local collection. Hence the commission is 5 per cent. on all income except rents, which are charged 7½ per cent.

5. No portion of the estate is lying useless. The will gives the house and 20 acres to the widow for life. When the surveyor was sent to lay off the farm for sale he reported that the contour of the country rendered it desirable that 30 acres should be reserved with the house. This was done and was fully explained to Mrs. Burke, who raised no objection. If she has no use for it, I will take steps to cut off 10 acres from that which was reserved for her benefit on receiving from her a request to that effect.

6. The interest which otherwise would have been payable to Mrs. Burke in January was used for payment of property-tax. Hayhurst's interest was not received until the 10th instant, on which day it was forwarded to Mrs. Burke, with statement of account. I am not permitted by law to pay interest to clients until it has first been received in the office.

I have also to state that a further receipt of interest came to hand on the 15th instant, which is now in course of being remitted with supplementary statement of account. Everything is being done in this estate with the earnest desire of benefiting the *cestuis que trust*, but the difficulties and obstruction have been very great.

17th April, 1891. R. C. Hamerton.

No. 48.

Mr. A. Lean to the Chairman, Royal Commission, Public Trust Office.

Sir,— Christchurch, 13th April, 1891.

Having held for some years the post of agent to the Public Trustee in Christchurch, it appears to me that, in face of the notice issued by the Commission inviting evidence as to the working of the office, silence on my part might be opon to misconstruction. I therefore do myself the honour to lay the following remarks before you, rather as a contribution than for any pretensions to great value, or even originality.

No one qualified to form an opinion will, I take it, deny to the present head of the department a conscientious desire to forward the interests of the office, or his abilities to do so. In 1884 Mr. Hamerton forcibly expressed to me his wish to "push the business." I thereupon made a canvass of the leading solicitors in this place. I regret to say I met not only with discouragement, but in many instances even hostility. I urged in vain that the estates need not be removed from their advice, a point of practice I have always insisted upon, and now incorporated in the prospectus issued by the office. The agency, therefore, was thrown back on itself. The inducements to an agent were purely prospective. A commission of 2½ per cent. on receipts was poor remuneration on small sums, and, with rare exceptions, the business dealt with small sums. A commission of 1¼ per cent. under the same circumstances becomes an absurdity.

The peculiar nature of the initiation, however, led me to believe in the certain expansion of the business to one of profit—this has ever appeared dawning, but in my time never broke—and it was not with unmixed regret that I made way for another.

There appears to me an inherent difficulty in the administration of the office of Public Trustee. In ordinary practice a trustee places himself in the hands of his lawyer, and uses on occasion a latitude in favour of the beneficiary, even if he sees clearly he is outside the letter of the deed, but, with the sanction of his adviser, he takes the responsibility, such as it may be. But one cannot expect a public officer to take responsibilities on himself; his aim, naturally, is security to himself as a strict administrator—the beneficiary is nowhere; and, as the beneficiaries are among the public, the result is evident. To this difficulty may be added another—the occasional embarrassments caused by the frequent references to the Head Office, and the difficulty of giving plain answers to plain questions.

The recent change from private agents to officials promoted from the Head Office has probably been made with a view to facilitate a central administration, and may possibly to some extent mitigate the evil. The appointment of salaried agents also disposes of the question of inadequate remuneration, or, at all events, should do so. Local salaried agents should be officials of position and tact, to whom discretion might be delegated, the head of department acting as inspector on lines similar to those of a bank. The department should identify itself with the commercial and professional element rather than with the official circle.

The present rigid form of correspondence by memorandum may be very concise and clear, but is not, I submit, preferable to that used by lawyers; and, I note recently, by the Official Assignee in Bankruptcy. The memorandum does not invite confidence, and the first impressions of inquirers are not to be neglected in forming a connection, and connection is only required to enable the Public Trust Office not only to be of most valuable service in its way, but, as the march of events sufficiently proves, the means of averting appalling disasters in the community—disasters which in themselves are striking advertisements of the benefits of the institution. I have, &c.,

The Chairman, Public Trust Office Commission. ALEX. LEAN.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to the letter signed by Alexander Lean, dated the 13th April last, and handed to me this day by Mr. Grey, I have read the contents thereof with great interest. The latter portion of his letter contains his opinions on various matters connected with the administration of the department, which deserve every consideration by the Royal Commissioners, but upon which, at this late stage of the inquiry, I do not deem it my duty to remark.

8th June, 1891. R. C. HAMERTON.

No. 49.

Mr. F. H. CRIPPEN to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Auckland, 13th April, 1891.

Seeing your advertisement in the Auckland *Evening Star* of the 7th instant, I have the honour to bring under your notice a few particulars referring to the Meurant trust.

As you will see by correspondence enclosed between the Public Trustee and myself, on the 17th January, 1881, the amount of £2,088 15s. 3d. was handed over by the original trustees, Messrs. Sheehan and Swanson, to the Public Trustee in Wellington for investment temporarily in deficiency bills; subsequently the money was invested on mortgage, and on the 13th November, 1884, I received a memorandum from the Public Trustee stating the mortgagor had failed to pay amount of interest due, but afterwards he (the Public Trustee) had been able to exact higher interest from him, and I received cheque for £25 16s. 5d., being twelve months' interest, which should have been paid half-yearly. I received a memorandum dated 11th June, 1887, in which the Public Trustee states that the mortgagor had become insolvent and unable to pay interest due, and for twelve months the children of the late Mrs. Meurant received no interest, and up to the present date there is twelve months due. On 7th May, 1888, I received a memorandum stating the money was reinvested in Government securities, and since then we have received the interest at the rate of only 5 per cent. on amount invested; but, instead of getting, as we hitherto did, over £25 per annum, we only receive under £17, and are charged with property-tax and other expenses.

By referring to the deed of trust, which I believe is deposited in Wellington, I think you will find the money can be invested in Auckland on first-class security, and I think such is mentioned in the deed; and, as it is a matter of very great importance not only to the children of my late wife Mrs. Crippen, *née* Meurant, but other members of the family, that we should not only get a higher rate of interest for the money invested and not be compelled to pay the property-tax, but that we are equitably and justly entitled to the twelve months' interest due from June, 1887, to May, 1888.

I would specially direct your attention to the different items of charges since the trust was taken over by the Public Trustee, and I believe such will establish a claim to some refund. I would also respectfully point out the importance of the money being invested at a higher rate of interest, as I think, where such little trouble follows the collection as now, the commission ought to be somewhat reduced. For the information of others interested, perhaps you would be kind enough to get us a full statement of receipts and expenditure transmitted. You might also kindly direct that all the enclosures be returned, as I like to have the records by me. My three children are now above eleven years, and the expense of maintenance, &c., are heavy. I am employed in a gum-store at irregular times, and any further increase in the half-yearly amounts would be a great boon to us. We feel very sore about the loss of the £150 interest, and I may add, at the request of others equally interested, that we should like to know if the allotment of the trust will be available for each grandchild of the late Mrs. Meurant on their reaching twenty-one years.

Any further information which you desire will be cheerfully rendered. Meantime let me once more bring under your notice, your favourable consideration, the fairness of having the property-tax already paid reconsidered, as I am of opinion that, looking at the number of children of the deceased

living at the time the Government took over the trust, a division would clearly show no property-tax should be paid: with Mrs. Crippen's death six beneficiaries, five and my children.

I believe I have detailed as clearly and as fully as I could the present and past position of the Meurant trust money, and I feel certain you will not consider me unreasonable in asking you to give the several matters your careful attention and favourable consideration; and I shall feel grateful for an early intimation of your conclusions in my own case. I have, &c.,

The Chairman, Public Trust Office Commission. Fred H. Crippen.

P.S.—Since writing this letter I have been advised by my solicitor that, in his opinion, the Public Trust should represent to the Government the unnecessary expenditure and loss of interest, &c., and, if necessary, to get a sum put on the estimates to discharge our just and equitable claim. —F. H. C.

Memorandum for the Royal Commission, Public Trust Office.

Meurant's Trust.

Mr. Crippen's letter of the 13th April deals with a matter which he brought before Parliament during the session of 1889. The following is a copy of my report to the Chairman of the Public Petitions Committee A to L, dated 18th July, 1889, which concisely explains the position. Petition No 133, F. H. Crippin:—

"This petition arises out of a loss of some interest on a mortgage under the following circumstances: The trust deed under which I am acting permits investment in mortgage of real security within the Provincial District of Auckland, or in Government securities. The principal sum—£2,088—was accordingly lent, with another sum of £1,912—£4,000—upon a property near Tauranga, valued at £6,500. The mortgagor made default in payment of interest, and the security was sold to an Auckland gentleman, who gave a mortgage over the property for the same amount. The purchaser became bankrupt, and the security was again auctioned, and the Public Trustee became the purchaser on behalf of the beneficiaries. But meanwhile there was a cessation of the payment of interest, and beneficiaries were naturally discontented thereat. I recommended the Minister in charge of my department to take over Meurant's interest in this mortgage as from the then following 1st January, which was done, and the original sum of £2,088 was thereupon invested in deficiency bills, where it still remains. Mr. Crippen now complains of the loss of the interest unpaid by the mortgagor. No blame can be imputed to the office, which lent on an ample margin at the time of the loan, nor can it be held responsible for subsequent depreciation of value. I respectfully submit that Mr. Crippen has suffered, in common with very many others, from causes quite beyond the control of any trustee, and that he has no remedy, either legal or equitable.—R. C. Hamerton, Public Trustee."

The Commissioners will notice that in a letter dated the 2nd May, 1888, during the cessation of the payment of interest above described, Mr. Crippen wrote, "I believe the deed requires that it [meaning, no doubt, the trust fund] should be invested in Government securities." Now, when the fund is so invested, he writes, "I think you will find the money can be invested in Auckland on first-class security."

With respect to his statement as to charges made, I would remark that they are in accordance with the regulation scale.

As regards the property-tax alleged to have been wrongly paid, I may point out that, under "The Property Assessment Act, 1879," one exemption only was allowed, and tax was paid accordingly; but by the Act of 1883 an exemption was allowed for each interest, consequently no further tax was paid.

Mr. Crippen's children will be entitled to their shares at twenty-one if sons, or on marriage—if daughters.

I attach statement of accounts. R. C. Hamerton.

23rd April, 1891.

No. 50.

Mr. Bradbury to the Chairman, Royal Commission, Public Trust Office.

Sir,— Woodville, 13th April, 1891.

After the death of Annis Freeman, of Woodville, I forwarded a claim to the Public Trustee for the sum of £2 12s., and on the 19th November, 1890, I received notice from the Public Trust Office stating that there were no funds out of which to pay my claim, the effects only realising funeral expenses. Now, sir, I should like to know how can that be, for I know that Mr. Hankin, solicitor for Freeman, paid over to the Public Trustee money received by him from Dillon—as damages allowed in assault case by the Resident Magistrate—£25, with expenses, £37 10s.; also, that his house and tools, which were sold at auction in Woodville, realised some pounds; and, further, that a report of the value of the estate of Annis Freeman, as published in the *Woodville Examiner*, stated that it realised £40.

Now, sir, I would like to know how such a sum was expended in the funeral of one who died in the hospital at Waipukurau, and, I believe, was buried at hospital-contract price. It does seem strange and most unjust that the funeral expenses should be allowed to swallow up every shilling of an estate so small, to the detriment of creditors. No doubt that Mr. Ross, auctioneer, and Mr. Sandel, hotelkeeper, both of Woodville, would be glad to hear more, and also join me in asking for an explanation. I have, &c.,

F. J. Bradbury.

P.S.—I have just heard that Mr. Hankin has claimed all paid in his hands. Freeman paid him £5 to appear before the Resident Magistrate for him; and I do not see why one creditor should be allowed to grab all, to the detriment of the other creditors.

The Chairman, Public Trust Commission.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Annis Freeman, deceased.

YOUR correspondent, F. J. Bradbury, is under a misapprehension of the facts of the case, which the attached correspondence will fully supply. It is not true that "Mr. Hankins, solicitor for Freeman, paid over to the Public Trustee . . . £25, with expenses, £37 10s." but it is true that £1 7s. 10d. was so paid over. The attached copies will show clearly the position. It may be remarked, in passing, that deceased was litigiously inclined, and, contrary to Mr. Hankins's advice, carried litigation against a man named Dillon to an extreme, which had the inevitable effect of very largely increasing his solicitor's bill of costs. On scrutinising this bill of costs, it was considered reasonable in amount, in view of the work performed; but Mr. Hankins received the money from Court before the death, so that it was not a question of the Public Trustee paying Hankins's claim. The Commissioners will perceive, by a reference to the records, that all has been done for the creditors that the circumstances warranted.

18th April, 1891. R. C. HAMERTON.

The PUBLIC TRUSTEE to Mr. A. SANDEL, Star Hotel, Palmerston Road, Woodville.

Re *A. Freeman, Deceased.*

IN reply to your letter of the 16th instant, in which you express your inability to understand what has become of the proceeds of the above estate, and make certain misstatements under a misapprehension of the facts of the case, I have to state the effects realised £3 4s. 6d.; watches, £2 9s. 11d.; balance of account from Mr. Hankins, £1 7s. 10d.: making a total sum realised of £7 2s. 3d. Against this amount place office charges, 14s.; Wilson and Cotterill's charges for legal work done, being preferential claim, £1 0s. 6d.; and hospital claim for funeral and maintenance, £5 7s. 9d.: total, £7 2s. 3d.

You will thus see that the preferential claims exhausted this small estate, leaving nothing for the ordinary claims, of which yours was one. As to the £40 alleged to have been paid into Court by Dillon, the facts are these: Dillon was sued by deceased for assault, and had to pay £47 2s. in costs, of which sum the legal expenses incurred by deceased amounted to £45 3s. 2d., the details of which are fully explained in accounts which Mr. Hankins, solicitor, has furnished. The balance of the £47 2s. (less exchange) is accounted for above. Your statement as to having waited "fifteen solid months for a reply" respecting your claim, is simply untrue. The claim was received on the 24th January, 1890, and on the 18th of the following month you wrote about it, your letter being replied to, with full explanation of the position, on the 27th, or nine days after its receipt.

20th December, 1890. R. C. HAMERTON.

The PUBLIC TRUSTEE to Messrs. GEORGE ROSS AND Co., Auctioneers, &c., Woodville.

A. Freeman, Deceased.

REPLYING to your letter of the 27th instant, I have to inform you that the amount received by Mr. Hankins from the Resident Magistrate's Court was £40 2s.. He also received £7 at various times from deceased on account of his costs, which costs amounted to £45 13s. 2d., so that after paying himself the amount of his costs he held a balance of £1 8s. 10d. for deceased, who did not call for same before his death. There is, therefore, no question of preference in respect of Mr. Hankins's costs, as they were settled before deceased died, and Mr. Hankins simply held the balance of £1 8s. 10d., which I subsequently collected as an asset of the estate, less 1s. exchange.

31st December, 1890. R. C. HAMERTON.

No. 51.

Mr. J. H. SMITH to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Auckland, 14th April, 1891.

I see by public notice you invite any one to bring before you any matter of importance regarding the Public Trust Office.

I consider it of vital importance in the interests of the office that the gentleman who holds the position of manager should be courteous and obliging, and also of good business habits. The present agent or manager has not any of those qualities, and is totally unfit for the position in which he is placed, and unable to advance its interests in any way.

Yours, &c.,

The Chairman, Public Trust Office Commissioners, Wellington. J. H. SMITH.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

The Secretary, Public Trust Office Commissioners.

WITH reference to the letter of Mr. J. H. Smith, dated Auckland, 14th April, 1891, I regret to find this second complaint against the Auckland agent in respect of his want of courtesy and good business habits. I can add nothing to my former memorandum upon the same subject. I think that Mr. Watkis should have an opportunity of explanation.

Wellington, 23rd April, 1891. R. C. HAMERTON, Public Trustee.

No. 52.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

J. Goldie, deceased. Lot 84, Owhiwa.

The Secretary, Royal Commissioners, Public Trust Office.

WITH reference to your letter of the 23rd ultimo, making inquiries as to the amount of rates, and what had been done in the matter by the agent at Auckland, the only information as to the amount of rates possessed by the office is that on the 2nd December, 1889, a demand for 5s. 3d. was received. To this must be added the cost of judgment which is reported to have issued. I enclose copy of a report received from my agent in Auckland, which discloses his action herein.

Wellington, 14th April, 1891. R. C. HAMERTON, Public Trustee.

MEMORANDUM from E. P. WATKIS, Agent for Public Trustee, Auckland, to the PUBLIC TRUSTEE.

The Public Trustee. Re *Estate of J. Goldie, deceased.*

REFERRING to your telegram of the 26th instant, received to-day, the first intimation I had of such an estate as the above was by your memorandum of the 21st October, 1889. On obtaining further particulars from you I searched the register, and found the title remained in deceased's name, and so advised you. I then wrote the clerk of the Whangarei County Council and the Road Board collector for the rateable and rental value of the land, and other particulars. The latter, in his reply, stated that judgment had been obtained against the land for rates, and that it was then in the hands of the Registrar, to whom I wrote, asking him to postpone sale pending your reply. On the 29th November, 1889, you wrote me that you had no funds, and could not stop the sale unless I could obtain a tenant. The Registrar, when consenting to postpone the sale, claimed that the judgment, &c., should be satisfied "out of the first year's rent." On the 3rd December, 1889, I wrote him: "The Public Trustee advises me that he has no funds in hand to credit of estate. As the amount obtainable under a seven-years' lease would be little more than nominal, it is clear that the amount of judgment and costs could not be satisfied in full, except after a long delay. Under these circumstances, there is no alternative but for you to sell." The Road Board collector, in his memorandum, said, "I may say that it [the land in question] is very broken, with good mixed bush; soil good, but not easily worked." You will thus see that, even if a tenant could have been found immediately, it would have been at a nominal rental, and the Registrar's conditions could not have been complied with. Lot 84, Owhiwa, contains 42 acres, for which no one would have paid more on a seven-years' lease than rates by way of rent in such an out-of-the-way district, without the right to cut timber, which you had not the power to give. Under a long lease—say, twenty-one years—many pieces of land would be worth taking up and improving, and thus saved from being sold under the Rating Act; but so long as you are restricted to granting only a seven-years' lease, but little can be done in the majority of such cases when the land is isolated and of little value. The land still stands in deceased's name on the register.

31st March, 1891.

No. 53.

Mr. H. JONES to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Westport, 15th April, 1891.

Referring to an advertisement which appeared in the Westport *Evening Star* of the 16th instant, *re* the working of the Public Trust Office, I beg to bring before your notice the case of John Jones (a brother of mine), who is an inmate of the Nelson Lunatic Asylum.

About the year 1857 or 1858 certain portions of land in the City of Nelson were purchased by him on behalf of the family (four), the deeds being made out in his name, when only a very small proportion of the purchase-money was paid, the balance remaining on mortgage. Very shortly afterwards my brother was taken suddenly ill, and lost his reason, and from that day to this has never been able to earn a shilling. He remained at home for many years at the family's expense, during which time the balance of the purchase-money was paid by myself and his parents, together with all rates, taxes, &c., leaving the property unencumbered, and bringing in a rental of from £50 to £60 per annum, when, by some means or other, he is placed in the Asylum, and in July, 1882, his estate is taken possession of by the Public Trustee; and from that day up to the 9th June, 1884, after paying his own maintenance and residue of rent to his parents, a credit balance is shown by the Public Trustee's account of £5 11s. 3d.

On the 31st March, 1884, this property was advertised for sale (without any notice to his relatives), and a portion of it sold, or, rather, sacrificed, for a sum of £500, at a cost of £19 1s. 4d. for commission. The other portion was withdrawn, and is now rented as a hop-garden for £10 per annum—three-quarters of an acre, within five minutes walk of the post-office in Nelson.

You will note that the proceeds of the sale—viz., £105 18s. 8d.—was not credited until the 9th June, 1884, and the balance—£375—on the 5th July, 1884, although the sale took place on the 31st March. How does this happen?

There are sundry items charged in the account which I consider require explanation—such as commission and postage, £32 18s. 10d.; legal charges, £4 12s. 10d.; travelling-expenses, £1 1s.; preparing property-tax returns, £1; interest and overdraft, 16s. 5d.; premium on overdraft, 5s. 8d. If this is the inducement held out by the Public Trust Office, God help those that fall into the Trustee's hands!

Now, sir, with all due respect, I contend that, apart from the facts set forth in the first portion of my letter, which I think, in equity and justice, should be taken note of, I consider that there was no necessity whatever for the sale of that property, as the rental was ample for my brother's

maintenance, and, in the hands of good management, could have been made to return a still larger revenue, leaving the property intact for the benefit of those concerned; instead of which the rent, principal and interest, is all eaten up in maintenance; and I am now told by the Public Trustee that the remaining piece of land will be dealt similarly with so soon as the balance of the present account (some £11) is exhausted.

In conclusion, sir, I contend that the whole of the revenue derived from that property should have been held in trust for the benefit of my brother, no matter what applications may have been made by outsiders. Of course, it may be argued that the Trustee is acting legally; but there is such a thing as justice to be considered also in a case of this kind.

I am only sorry that I am not in a position to attend Wellington during your sitting.

Yours, &c.,

The Chairman, Public Trust Commission, Wellington. HUGH JONES.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

John Jones, Lunatic.

THE statements contained in the letter of Mr. Hugh Jones, dated Westport, 15th April, 1891, are somewhat surprising, in view of the fact that, in a correspondence and administration extending over ten years, I learn now for the first time that—(1) the patient bought lands on behalf of the family; and (2) the balance of the purchase-money was paid by the writer (Hugh) and his parents.

The father of the patient, in a letter dated the 18th December, 1880, speaks of an instruction to a firm of solicitors by the patient to prepare a conveyance to him (the father), which, however, was not carried out, but he is silent as to any interest of the writer (Hugh).

The writer (Hugh) on the 19th May, 1882, addressed the Public Trustee, asking for particulars of the administration, stating as his reason that he was anxious to protect the property in the interest of himself (the patient) and parents. There was no hint of any interest in the property to which he laid claim. It may therefore, I think, be safely assumed that he is in error when he now, at this late date, for the first time, sets up a claim on the ground that his money in part purchased the property standing in the name of the patient.

The property referred to in the writer's letter was advertised for sale pursuant to an order of the Supreme Court, and was sold by auction on the 31st May, 1884, not March as stated. Account sales were rendered by Messrs. Sharp and Son on the 4th June, when £105 18s. 8d. was paid into the Bank of New Zealand, Nelson, and credited in the books of this office on the 9th idem. The £19 1s. 4d. was the auctioneers' commission at 2½ per cent. and advertising charges. The balance of purchase-money was paid in on the 4th July, after execution of the necessary conveyance. The charges made, and of which the writer complains, were strictly according to the authorised schedule.

As regards the opinion expressed that the property should not have been sold, I would point out that the order of Court provided that not exceeding £1 per week should be paid for the patient's maintenance, and 15s. per week as an allowance to his mother, his father being then deceased. Seeing that the rents did not average £48 per annum, obviously a sale was necessary to comply with the order of the Court, and there is no doubt that if the patient lives a few years longer the whole estate will be exhausted in the payment of the charges made by the Lunacy Department for maintenance of the patient. The mother (who died in June last) was of late years an inmate of the Renwick's Trust cottages, and received a small monthly allowance from that trust. I submit that the writer, Mr. Hugh Jones, has no ground of complaint whatever, and that under the circumstances it was an impossibility to preserve the property from sale.

22nd April, 1891. R. C. HAMERTON.

No. 54.

Mr. J. A. CAYGILL to the CHAIRMAN, Royal Commission, Public Trust Office.

Re *Hugh Wright, a Lunatic.*

GENTLEMEN,— Hereford Street, Christchurch, 17th April, 1891.

Miss Wright, the daughter of the above lunatic, has instructed me to write you in reference to the conduct of the Public Trustee in the management of this estate. I will write you more fully as to the general management of the estate later, but in the meantime I wish particularly to call your attention to the Trustee's treatment of my client. Miss Wright, under order of the Supreme Court, is entitled to receive £1 per week maintenance out of the estate. Shortly after the last order was made I wrote to the Trustee, informing him that, as Miss Wright was physically unable to earn her own living, and this was her only source of income, it was necessary that the payments should be made regularly, and not be allowed to get in arrear for indefinite periods—sometimes as much as twelve months—as had previously been the case. At the same time I said that, though under the order Miss Wright was entitled to have the payments made weekly, she had no wish to embarrass him or the estate, and would be willing to accept monthly payments. In nearly every case, however, Miss Wright has been compelled to go to the expense of engaging legal assistance before payments could be extracted from the Public Trustee or any reason obtained for the delay. It is now nearly three months since the last payment was made, and though I wrote on the 2nd instant pressing for payment, I have had no reply. Since my letter, Miss Wright's grandfather, who was living with her, has died, and though I have both seen the district agent here and wired the Public Trustee, urging the special need for the money under the circumstances, I can get no reply, neither money nor reason for the delay being forthcoming. Under the circumstances, my clients feels compelled to lay the matter before you, and trusts that you will make such inquiries as you deem just.

Yours, &c.,

The Commissioners, Public Trust Inquiry, Wellington. JOHN A. CAYGILL.

MEMORANDUM for the CHAIRMAN, Public Trust Office Royal Commission.

Re *Hugh Wright, a Lunatic.*

WITH reference to Mr. Caygill's complaint respecting the treatment of Miss F. E. Wright, the daughter of this patient, and the general management of this estate, I would first, in reference to Mr. Caygill's letter of the 17th ultimo, state that, whilst admitting that Mr. Caygill wrote me asking that regular payments should be made to Miss Wright, he omits to state that I informed him that remittances would be made as frequently as possible, but, as payments depended on the income of the estate being received on due dates, I could not promise regular remittances until all arrears had been paid. He also says that payments were allowed to get in arrear "for indefinite periods, sometimes as much as twelve months." This happened once, which I could not possibly avoid, the matter of payment of maintenance of the daughter and patient being *sub judice*, and had to await the order of the Court. Miss Wright had no more occasion to employ legal assistance to obtain payments due to her than any other beneficiary of this office. I am always willing to supply every information to beneficiaries direct without putting them to the expense of legal aid. Although three months elapsed before the last remittance was made to Miss Wright, this could not be avoided, as the balance at credit of the estate was not sufficient to provide for other necessary payments, as interest on mortgage, for which it is necessary to reserve. The enclosed statement shows all payments made to and on account of Miss Wright, showing a balance due to her on the 16th ultimo of £5.

With reference to Miss Wright's letter of the 22nd ultimo, I have to state that the father of the patient, James Wright, was appointed guardian and receiver of Hugh Wright's estate by order of the Supreme Court made at Christchurch on the 3rd November, 1874; but, owing to his non-compliance therewith, and having been adjudicated a bankrupt, the matter was brought under my notice by the Registrar of the Supreme Court, Christchurch, and an order was made on the 30th January, 1884, remitting the charge of the estate to the Public Trustee. How Miss Wright arrives at the figures, £654, debts paid by the estate, I am unable to say. (The estate when it came into my hands was encumbered with mortgages alone amounting to £869 11s. 6d.) No doubt the amount represents certain items picked out of the statements rendered from time to time. The general debts of the estate paid by this office amount to £1,049 8s. Instead of Miss Wright stating an estate of £9,000 was only required to pay costs of administration, discharge debts of £654, and provide maintenance of £130 per year, it would have been fairer if she had stated the income of the estate—£190 per annum—was required to meet maintenance and other sundry charges, property-tax, cost of administration, &c. Miss Wright then states that the estate has been reduced in value to £3,700, and gives some of the particulars achieving this result. I place the matter as follows: In August, 1887, proceedings were commenced by Samuel and James Wright, half-brothers of the patient, to obtain part of the patient's estate, consisting of Sections 7562, 6888, 7564/3, containing 200 acres, East Malvern, based on an agreement between themselves, the patient Hugh, and his brother Henry, that they should receive 50 acres each of this land when the mortgage of £300 over it was paid off. The result of the proceedings was that the Court directed this land to be divided, and that a survey should be made, 50 acres each (Lot 1) to be conveyed to Samuel and James, the remaining 100 acres (Lot 2) to be sold by public auction. Lot 1, conveyed to Samuel and James, had to be valued. The valuation was £290. Samuel and James had the right to purchase Lot 2. The difference in value of the two lots to be equalised. Samuel and James purchased Lot 2 for £350. The total thus realised for the Malvern land was £640. Of this, Samuel and James received in value in land £290; and under order of Court, the profits of same payable to them amounted to £246 19s.; costs of conducting sale of Lot 2, £28 5s. 8d., leaving a balance, which I received, £74 15s. 4d. The costs of this action had to be borne solely by the estate: they amounted to £779 1s. 11d. The Registrar was to report as to the mode of payment of same, and his report recommended that an amount should be raised on mortgage of £1,300 to meet legal and other charges. This was accordingly done, and the amount paid out of Court—viz., £779 1s. 11d.—as well as Miss Wright's maintenance then due, £187 9s. 1d., and the balance paid to me was £333 9s. Of this amount, there is due to Mr. Henry Wright, as his share of the Malvern land, £268 1s. 6d., leaving an ultimate balance of £65 7s. 6d. The costs of the action amounted to £779 1s. 11d. only, not £1,209. Miss Wright has increased the total by £430, but where she obtains her figures from I am unable to say. There has not been £1,600 paid in legal expenses since the management of the estate has been in my hands. The total legal costs paid out of the estate by me to date, including balance of an account incurred and not paid by the father when he had charge of the estate, £86 18s. 2d., and costs on account of his non-compliance with order of Court of 3rd November, 1874, £45 4s. 4d., amount to £1,107 7s. 10d.

Miss Wright then gives "samples" of the manner in which money is spent, and gives two instances. The first is merely conjecture on her part, as the item she connects it with relates to an entirely different matter. The fee of £2 2s. was paid for work valued at £56. This was arranged as follows: Fencing had to be erected, consequent on the sale of part of the land, estimated to cost £40, the tenants to allow towards cost of same the valuation of the stubbing, which they would not require to do, consequently, £16; and the owner of the adjoining property paid part of the cost of the fence, £16 5s; the cost of the fence to the estate being £7 15s. The second—viz., £3 for passage of Public Trust officer from Wellington *re* Supreme Court case—was incurred on account of the Crown Solicitor sending a telegram asking me to send down clerk having management of estate.

The next paragraph of Miss Wright's letter I have already referred to.

In reply to the next paragraph, I have only to state that the first communication from Miss Wright received by me, or rather on her behalf, came through a firm of solicitors. Four letters in all have been addressed to me by Miss Wright—one direct, and the others through my Christchurch agents; and she has applied four other times to my agents for remittances, who communicated the

applications to me. I have rendered all information to Miss Wright direct when she has applied to me. I may state that since June, 1885, Miss Wright has employed no less than six different firms of solicitors to write me on her behalf.

I have not made several applications to Court detrimental to Miss Wright's interests, as asserted; but, in the last application, I intended to obtain authority to pay only 12s. 6d. per week to her, and her solicitor applied that the amount should be increased to £1 per week, which I agreed to. The Court directed payment at the larger rate. The arrears of maintenance, amounting to £187 9s. 1d., could not be paid by me as the estate had not sufficient funds. The amount was paid by the Court out of the £1,300 raised on mortgage as before explained. The proposal by Miss Wright's solicitor was not before me for months; it was received through the Crown Solicitor, Christchurch, on the 26th June, 1890; and I informed him on the 30th of the same month that, if the propositions met with his approval also, I was willing to agree thereto. I am unable to account for any delay that may have taken place after that date. Remittances were not made to Miss Wright in accordance with order until a month after it was granted; but I did not receive the order itself until a fortnight after it was granted, which accounts for half the delay. I received two letters and two telegrams after the order was granted. The first letter, dated the 5th September, 1890 (a week after the date of the order), advised me that it had been obtained. The second letter, dated the 17th September, 1890, asked that money due be remitted; and the telegrams were dated respectively the 22nd and 23rd September, asking remittance. The cheques were posted on the 23rd September, twenty-five days after the order was obtained. Since the date of this last order, remittances have been made to Miss Wright as income accrued. The £20 paid to Miss Wright on the 18th instant represents an advance to her, there not being sufficient income to credit to meet other liabilities, rents not being paid on due dates.

The estate will not be further reduced in value while it is in my charge. The reduction has been occasioned as already stated through the action brought by the brothers of the patient.

4th May, 1891. R. C. HAMERTON.

No. 55.

Mr. H. HOWORTH to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Wellington, 17th April, 1891.

I have the honour to bring under your notice the matters referred to in the accompanying memorandum, and to request that they may be inquired into by the Commission. Should the Commissioners require me to render further service, by attendance or otherwise, I am at their command.

I have, &c.,

The Chairman of the Royal Commissioners. HENRY HOWORTH.

MEMORANDUM for the COMMISSIONERS, Public Trust Office.

1. BY the deed of purchase of Port Nicholson from the Native owners of the Wellington Block, entered into by Colonel Wakefield on behalf of the New Zealand Company, it was provided, "That a portion of the land ceded by them, equal to one-tenth part of the whole, will be reserved by the company, and held in trust by them, for the future benefit of the said chiefs, their families, and heirs for ever."

2. Upon the dissolution of the New Zealand Company the lands passed to the Provincial Government of Wellington, subject to the trusts of the said deed of purchase; and upon the abolition of the Provinces, the performance of all obligations of the Provincial Government devolved upon the General Government. (*Vide* "The Abolition of Provinces Act, 1875," section 11.)

3. By "The Native Reserves Act, 1882," section 10, all contracts made with the Governor and the Natives are to be carried out by the Public Trustee.

4. The trusts of the purchase deed have been partially, but not wholly, carried out, as appears by a return to an order of the Legislative Council, dated 5th October, 1866. (*a.*) As to the City of Wellington, the Natives were entitled to 110 acre sections, representing one-tenth of 1,100 acres, of which the city is comprised. Of these, there are vested in the Governor, 25 acres; under Colonel McCleverty's award, 48 acres; granted away for hospital and educational endowments, 12 acres and 14 acres respectively, 26 acres; unallotted, 11 acres: total tenths in the City of Wellington, 110 acres. (*b.*) As to the country lands, the area ceded by the purchase-deed is 44,100 acres—one-tenth, 4,410 acres; area awarded as per return, 31st January, 1844, and subsequently, 4,200 acres: deficiency, 210 acres. A test case—Regina *v.* Fitzherbert (Reported 2 New Zealand Court of Appeal Cases, p. 143)—decided that the Governor had power to make the grant in favour of the Wellington Hospital. The question of compensation formed no part of the case, and was not considered by the Court.

The Natives have been told that a sum of £55,000 was appropriated as compensation for or on account of the 12 acres taken for the Hospital reserves, and the Natives have no knowledge of any provision being made in respect of the lands taken for the school endowment or for the eleven unallotted sections—part of the Hospital reserves were sold by the mortgagees under the Wellington Loan Acts, 1874-75. Orders have been made from time to time by the Native Land Court entitling the Natives to shares in the New Zealand Company's tenths, but these orders remain unsatisfied, and the Natives have no means, except through the Public Trustee, of enforcing them. The Natives ask the Commissioners to inquire and ascertain—(1) What provision has been made for them in respect of the 12 acres in the City of Wellington taken for Hospital endowment? (2) what provision has been made for them in respect of the 14 acres in the City of Wellington taken for educational endowment? (3) what provision has been made for them in respect of the 11 acres unallotted in the City of Wellington, and the 210 acres in the Wellington Block? and in the alternative, if no proper provision has been made, (4) that the

Commissioners will make such recommendations in the matter as may be just and proper, in order that the persons beneficially entitled, pursuant to orders of Native Land Court, may obtain and receive what is justly due to them; and (5) having regard to the powers vested in the Public Trustee under "The Native Reserves Act, 1882," whether the same are sufficient to enable the Public Trustee to carry out the duties imposed upon him concerning these present claims.

HENRY HOWORTH.

The following documents accompany this memorandum (returnable on conclusion of the inquiry: (1) Printed copy deed of purchase of Port Nicholson; (2) return to an order of the Legislative Council, dated 5th October, 1866; (3) order of the Native Land Court in favour of Harata te Kiore.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to Mr. Howorth's communication, I would remark that the subject-matter of his letter has not at any time been officially brought under my notice, either by Mr. Howorth or otherwise, and that his letter, which bears date the 17th April, does not reach me for my remarks until to-day.

The questions which naturally present themselves are: (1) How comes it that so important a matter has been permitted to slumber since the passing of "The Native Reserves Act, 1882," a period of nearly nine years? and (2), if the Natives consider that they have any claim against the Public Trustee, why have they delayed taking action for such a length of time?

With reference to the three queries which the Natives wish the Commissioners to inquire into and ascertain, I submit they are questions for the consideration of the Government, and not for the Public Trustee. The duty of the Public Trustee is confined to the administration of land actually vested in him, which the lands as to which inquiry is made never have been.

8th June, 1891. R. C. HAMERTON.

No 56.

Mr. J. O'CONNOR to the CHAIRMAN, Royal Commissioners, Public Trust Office.

HONOURED SIR,— Papakaio, Otago.

I wish to bring under your notice a few words regarding my deceased brother, James O'Connor, who died in Auckland on the 23rd April, 1890. He lived in Westport, in the occupation of miner.

Immediately after his death I wrote to the Public Trustee, and got no answer. I wrote at different times, but received no reply. I have told the member for this district, who said I have been treated with contempt by Sergeant Ready, Public Trustee, Westport.

Yours, &c.,

The Chairman and Directors, Public Trust. JOHN O'CONNOR.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

The Secretary, Royal Commissioners, Public Trust Office.

JAMES O'CONNOR deceased: With reference to John O'Connor's letter (without date), there is some misunderstanding. I have not received any letter from your correspondent, nor is Sergeant Ready, of Westport, to blame. The estate has been realised, and there now stands to credit £4 6s. 2d., which is divisable amonst the next-of-kin upon due proof of kinship. So far as I am aware, there are three or more entitled to shares—Mr. John O'Connor, of Papakaio; Mrs. Ditchburn, of 16, Kneen Street, Melbourne; and Octavia, whose address is not known in this office. As soon as proofs are forthcoming, I will at once distribute the shares. R. C. HAMERTON.

Wellington, 17th April, 1891.

No. 57.

Mr. C. SERVANTES to the CHAIRMAN, Royal Commission, Public Trust Office.

DEAR SIR,— Waimangaroa, Westport, 20th April, 1891.

I have the sum of £66 13s. 4d. in the Public Trust Office, being part of the Ngatitoa Trust Account, which I inherit through my mother, who was a Native, and a member of the Ngatitoa Tribe, my father being a European. The amount is so small that the amount of interest that I receive for it is little or no use to me, and, as I have always been brought up and accustomed to European ways and habits from my infancy, I wish to know if I may be permitted to withdraw the amount from the control of the Public Trust Department. Small as the amount is, I have often opportunities to put it to a more profitable use.

Trusting that this will meet your kind consideration, I remain, &c.,

The Chairman, Public Trust Commission, Wellington. CHARLES SERVANTES.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

The Secretary, Public Trust Office Commission, Wellington.

WITH reference to the letter of Mr. Charles Servantes, dated Waimangaroa, Westport, 20th April, 1891, asking that a sum of £66 13s. 4d., part of the Ngatitoa Trust Fund, which the writer alleges he inherits through his mother, may be withdrawn from the control of this office in order that he may put it to more profitable use, I have to state that the trusts upon which this money is held

will not permit of the principal sum being paid over. The writer is only entitled to the income obtainable from a certain portion of the investment, and no provision exists whereby his request may be acceded to. R. C. HAMERTON Public Trustee.

Wellington, 22nd April, 1891.

No. 58.

Mr. J. SWANN to the CHAIRMAN, Royal Commission, Public Trust Office.

GENTLEMEN,— Raglan, 20th April, 1891.

I, John Swann, having had a business transaction with the agent of the Public Trustee, of Gisborne, and not having been rightly dealt with, therefore I put my grievance before you, gentlemen, for you to deal with in what way you may think fit. Having bought the book-debts belonging to the estate of the late Frank Pook, who was murdered on the East Coast some two years and five months ago, from the agent of the Public Trust, of Gisborne, for the sum of £70, and as I never received a deed of assignment of the debts from the Public Trustee of Wellington, and not being able to recover my own money, and to sue for the same either without the assignment, I was at a loss what to do, and, being a relative of the deceased, I came to the conclusion to let the matter rest; but lately, having seen by the newspapers that there was a Board of Inquiry appointed to see into the Public Trust business of Wellington, and not wishing to lose the opportunity, I write this, which may be of some use or value. But, if nothing comes of it, I should like very much to know why the assignment of debts was never sent to me; and another thing, the debts were sold to me far above their value, as there was only some £90 recoverable book-debts, and not knowing their value, and not having the experience either, I did not see that I was had till it was too late. The loss I put down through not receiving the assignment of debts is about £30. I shall be very glad of an answer to this, and if I have been dealt badly with I shall only be obliged to put the affair into a solicitor's hands. I remain, &c.,

The Public Trust Commissioners, Wellington. JOHN SWANN.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

The Secretary, Royal Commissioners, Public Trust Office.

WITH reference to Mr. John Swann's communication of 20th instant, complaining that, having purchased the book-debts in the estate of Frank Pook, deceased, he had not yet received a deed of assignment thereof, my reply is that I am, and always have been, ready to execute such deed as soon as it shall have been submitted to me for that purpose, and duly approved.

Wellington, 29th April, 1891. R. C. HAMERTON, Public Trustee.

No. 59.

Mr. R. T. WALSH to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Wellington, 20th April, 1891.

Seeing by an advertisement in the public print that you suggest that any person desirous of bringing any matter of interest before your Commission may communicate with you direct, I therefore beg to supply the following information:—

1. It is and has been the common report in Wellington that the estate of one Jacob Monteith, a druggist in Manners Street a few years ago, has been sacrificed by the Public Trustee, to the exclusion of his only sister (whom he, while in life, supported), and sold to one William Fitzgerald, a druggist (without means), for a few hundred pounds, whereas it was worth as many thousands, and that Fitzgerald paid for it in bills, while other chemists (myself included) would have paid cash and ten times the price. See into it: you are Royal Commissioners.

2. That J. J. M. Hamilton, *ex*-banker, and not being a Civil servant, was engaged by the Public Trustee, to the annoyance of the Government then in office; but the Trustee had them by "the wool"—he had Hamilton engaged for four years, after which time there was a change of Government, and the thing was half forgotten, when, behold! the other day he was appointed to an agency in the other Island. How do Civil servants look at this piece of cliquism?

3. The most glaring and rascally job connected with the Public Trust Department is that of the Chief Clerk, De Castro (the Rev. De Castro), who, it is alleged, has been robbing the dead ever since he got into office. How he has done it is, when jewellery or watches were sent to the auction-mart to be sold De Castro comes in privately and sees the auctioneer, and buys the watches or jewellery privately; but of course the auctioneer puts them up all the same, and, as a kindness for getting the sale, knocks them down quickly at the prearranged prices; and I can point out one or more auction-marts* in particular in which he tried or did this little hanky-panky, reverend thing. It is said now that all the jewellery in the possession of De Castro—his sons or daughters, or his wife—all belonged to dead people.

4. There is another case, in which Hamerton ruined a widow woman (about four miles outside of Patea) by selling her dead husband's farm for a trifle over the woman's head; but this was kept quiet, because Hamerton's brother has the Patea County *Press*—a small paper—and his other brother was the pettifogging lawyer who, it is alleged, did the dirty work.

These few hints may open your eyes, because you are now, if you knew it, on the verge of stirring up dirt and crime. Having to leave by steamer this evening for Sydney, my address there will be RICHARD T. WALSH, General Post Office, Sydney.

The Chairman of the Royal Commission, Public Trust Department.

* Auction firms referred to: George Thomas and Co., T. Kennedy Macdonald and Co., J. H. Bethune and Co., J. H. Wallace and Co., Dwan and Co., Laery and Campbell, R. Duncan and Co., and others.

MEMORANDUM for the PUBLIC TRUST OFFICE COMMISSIONERS.

WITH reference to the communication of Mr. Richard T. Walsh, in which he deals with four points, I will deal with them in their order.

1. *Jacob Monteith's Estate.*—In reply to the advertisement calling for tenders for the good-will of the lease, stock, and fixtures, two were received—one from Mr. Mee, who wanted stock and fittings only, for £520; the other from Mr. Fitzgerald, for £701 10s. I endeavoured to procure an increase of the amount offered to £750, but without avail. I consulted Mr. Bethune, who had prepared the stock-sheets, who was of opinion that a sale by auction would not produce so much. Your correspondent did not tender. Half the amount of the tender was paid in cash, the remainder at four months, which was duly met.

2. *Appointment of Mr. Hamilton.*—Mr. Hamilton was engaged upon the approval of the then Colonial Treasurer, and transferred to Christchurch with Ministerial sanction.

3. *Mr. De Castro.*—As this matter is being fully inquired into, I need not dilate hereon.

4. *Ruination of a Widow.*—As this widow is stated to live about four miles outside Patea, I assume Mrs. Burke is meant; if not, I should be glad to have the name. As this estate has so often come before you, I venture to think that Walsh's assertions will be regarded by you as not in accordance with facts.

27th April, 1891. R. C. HAMERTON.

No. 60.

Mr. P. QUINN to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Arahura, 23rd April, 1891.

My cause of complaint against the Public Trustee is that, notwithstanding the altered state of things in this part of New Zealand, he still persists in charging me the same expensive rental that I have been paying for many years past. I am tenant of the Native reserve, Arahura, of Sections 13, 14, 15, 16, 9, 12, 82, and 65. With regard to Nos. 13, 14, 15, and 16, the soil is simply beach land, quite unfit for cultivation, subject to floods, and periodically covered with drift-wood and mud, and is being gradually encroached on by the action of the sea. It is really not worth more than 2s. per acre. With regard to Nos. 9 and 12, there are about 3 acres not fit for cultivation, being covered with stones, and composed of gravel. No. 65 is cut through by the H. and G. Railway. It originally contained about 16½ acres, but for years past a large portion of it has been washed away by the river. The portion of this section on the eastern side of the railway has been taken over by the General Government, and is simply a water-dam, and all that remains of any use to me is about 2 acres on the western side. Yet the Public Trustee expects and insists upon my paying the full rental—viz., £4 per annum. No. 82 is the section whereon the hotel stands; but of late years business is in such an unsatisfactory state that it is scarcely worth paying a license for. The only reason I continue it is on account of the cattle sales, which take place fortnightly in place of weekly, as formerly. I have cattle-yards on Section 9, but they are of little benefit to me, as the two auctioneers who hold sales here have yards of their own.

The reason the rents were fixed so high was that Mr. Mackay, when the sections were laid out, thought the Arahura might possibly become a port, but that is a thing of the past. My land is infinitely inferior to other land on the reserve for which 2s. 6d. per acre is paid. I have for years past endeavoured to get the Public Trustee to do me justice, but in vain. The Hon. Mr. Seddon interested himself in my behalf, and, I think, was on the point of obtaining a satisfactory settlement when the elections intervened, and the matter remains unsettled. He wrote to me, advising me to communicate with you on the subject, and I do so with full confidence in your disposition to treat all with justice and fair-play.

All that I ask is that I should not be exceptionally treated, and that I should be placed on a footing with the other tenants. If it were permissible, I would most willingly leave the matter to the award of any two respectable men, and abide the result; and I feel confident that if Mr. Alexander Mackay could be questioned on the subject—and he knows more about the quality of the land on the reserve than any other gentleman connected with the Government—he would say that my rent should be reduced. To give you some idea of the value of land in this neighbourhood, I may state that Mr. H. L. Robinson, a few months back, sold a block of freehold land containing about 100 acres, and situated about half a mile from my sections, on the main road from Hokitika, for the sum of 6s. or 7s. per acre.

In conclusion, I beg to say that I lay my case before you with the fullest confidence that you will see justice done me, and not suffer me to be oppressed, and trusting my appeal may meet with your sympathy. I have, &c.,

The Hon. Mr. Larnach, Wellington. PATRICK QUINN.

P.S.—I am quite sure from the liberal views you expressed when on the Coast you will see justice done me.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to Mr. Quinn's letter of the 23rd ultimo, his holdings, being parts of the Arahura Native Reserve, are as follow:—

Sections 9 and 12, 20 acres 3 roods 6 perches; rent, £10 per annum. Sections 13, 14, 15, 16, 82, and 83, 16 acres 1 rood 33 perches; rent, £8 10s. per annum. Section 65, 16 acres and 16 perches; rent, £4 per annum.

The first-named sections were leased to John Ellis for twenty-one years from July, 1872, at £10 per annum. Ellis assigned to Quinn 1st December, 1883, and Quinn made his first application for reduction of rent on the 3rd May, 1885. Many similar applications have been made, but it has been held that there was no power to reduce. The lease expires on the 1st July, 1893.

As regards the second lease, whose term is twenty-one years from the 1st January, 1881, the area, according to the new survey, is—of Sections 13, 14, 15, 16, and 83, 14 acres 3 roods 24 perches, situate on the seaward side of the main road from Greymouth to Hokitika; and of Section 82, on the opposite side of the road, on which the Arahura Hotel is erected, 1 acre 2 roods 9 perches: in all, 16 acres 1 rood 33 perches.

The third lease comprises Section 65, which was originally leased to Mr. Quinn for £5 per annum, but, owing to river encroachments, a new lease was issued by Mr. A. Mackay to him for twenty-one years from the 1st July, 1881. This section then contained 16 acres and 16 perches, but under the new survey is marked as containing 5 acres 1 rood. It is asserted in the correspondence that only 1 acre remains. The method adopted by tenants when seeking relief from payment of rents where land has been washed away has been to furnish a plan by an authorised surveyor showing the loss of area, upon which the Board has already granted relief. This was mentioned in conversation to Mr. Seddon, but does not appear to have been communicated in writing to Mr. Quinn, who, however, would be aware of the course adopted by Mr. Harcourt, who lives in the neighbourhood. Correspondence also took place with the Public Works Department with respect to the taking-over of the acre alleged to be left to Section 65, who offered £10. The agent at Hokitika telegraphed that £12 10s. would be a fair value, but stated that Quinn would not give his right to it. He is, I am told, endeavouring to obtain the consent of the Native owners under Section 7 of "The Westland and Nelson Native Reserves Act, 1887," to a reduction of rent. The rent of Section 65, and of some of the seaward sections, is high, but there are no provisions whereby the Board can reduce the rent, unless previous action be taken by the lessee, which has not been done.

4th May, 1891. R. C. HAMERTON.

No. 61.

Mr. W. J. ELWIN to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Turiroa, Hawke's Bay, 23rd April, 1891.

As a matter of importance to me at least, I beg to draw your attention to the manner in which the estate of Macananama (deceased) has been administered. The Public Trustee under this estate is my tenant of a small section of land, the rent of which is due the 14th April and the 14th October in each year. The rent is never paid at the due date. The Public Trustee has not even the courtesy to answer my applications for it. This agent in the Wairoa tells me he has sublet the land to Mr. Thorpe; but I object to this man as a tenant. A proof that he is not reliable is that he never hands over the rent at the due date. I am told the Public Trustee gave him £100 to take the lease off his hands. Anything regarding this was done without reference to me. I presume all papers can be found in the Public Trust Office. If not, I could furnish copies of my letters to the Public Trustee, &c. The rent due the 14th instant is not paid at the present time.

I am, &c.,

The Chairman, Public Trust Office Commissioners. W. J. ELWIN.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

T. Macananama, deceased.

The Secretary, Royal Commissioners, Public Trust Office.

WITH reference to Mr. W. J. Elwin's letter of the 23rd April last, I find, on looking into the papers in this estate, that there are grounds for your correspondent's complaint that his communications have not received the attention which they ought to have done. An apology is due to Mr. Elwin, which I herewith tender. R. C. HAMERTON, Public Trustee.

Wellington, 2nd June, 1891.

No. 62.

[TRANSLATION.]

The Hon. H. K. TAIAROA to the CHAIRMAN, Royal Commission, Public Trust Office.

Dunedin, 24th April, 1891.

To the Commissioners appointed to inquire into the working of the Public Trust Office. Greeting.

WHEREAS it is right that I should bring before you the causes of the difference between me and the Public Trustee in connection with the reserve at Greymouth, and the rents for that reserve; and there are also other differences in connection with the reserves in the Westland District, on the west coast of the Middle Island.

I am of opinion that it would be most desirable to hasten the adjustment of the mismanagement and entanglements of the Public Trust Office, because some portions of the money arising out of my share, and out of the share of Hika Moeraki Taiaroa, are being appropriated by the Public Trust Office for the payment of medical attendance to the Natives of Arahura or elsewhere. We two, on our part, have not approved of nor consented to such appropriation being made. I am of opinion that if the Public Trust Office acts in this wrong manner with regard to us, it acts in a similar manner with regard to other persons. I have spoken repeatedly to Mr. Hamerton, but he does not consider those subjects. I petitioned the Council in the year 1888, and again in 1889, and that Committee reported that the rents derived from those leases should be disbursed in a satisfactory manner, and that the Government should consider some means of giving effect to the wish of the petitioner. I wrote a letter to Sir Harry Atkinson on the 7th October, 1889. Let those letters be read. The moneys that we apply for, and which have been wrongly appropriated by the Public Trustee, I now estimate as having reached £100, being moneys taken out of our two shares of the rents of the Mawhera Reserve.

Know you, also, that the Maoris set apart a piece of land at Ahaura, the proceeds of which were to be devoted to school purposes and medical attendance for the Maoris at Arahura. It would be well that the subject that your humble servant prays for should be carefully gone into.

From H. K. TAIAROA.

In my letter to Sir Harry Atkinson, dated 29th October, 1889, and in my letter to Mr. Hamerton of the 8th October, 1889, with respect to Ahaura, I asked that I might be supplied with a list of the Maoris on whose behalf the moneys were appropriated.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

REFERRING to Hon. H. K. Taiaroa's letter of the 24th ultimo, upon receipt of same from you I referred it to the office Solicitor. He, after considering and inspecting all the papers he could find on the matter, advised that, in his opinion, the appropriation should rather have been made out of the receipts of other rents, and suggested that Mr. Alexander Mackay should be communicated with. This I did, and he indorsed the Solicitor's views.

In support of my action in paying the salaries of medical practitioners out of the Greymouth account, I would explain that, when the charge of the Native reserves was handed over to me, I found this appropriation in existence, and continued it. The necessary adjustments will be made, and on the next distribution of Greymouth rents Mr. Taiaroa's complaint will be removed.

5th May, 1891. R. C. HAMERTON.

No. 63.

Mr. and Mrs. BATCHELOR to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— Terrace Cottage, 29th April, 1891.

Permit me to draw your attention to the increased rent I am called on to pay on the following sections of Native reserve:— No. 30, Arahura, Allotments 22 and 23: On these two sections the yearly rent of £3 15s. was to be paid for the first seven years; the term is up, and a rise of rent is demanded to £5 12s. 6d. Now, sir, in the present state of the tenant farmer, I say this increased rent is weighing too heavy, and, as other tenants on the reserve whose land lies alongside this land have had the increased rent taken off, I humbly trust, as Chairman of the Commission now sitting, you will see that I shall have the same fair-play as the other tenants on the reserve, and have this rise in the rent of the two sections named taken off. In fact, the rent at present is too much. The Section No. 24, which is right alongside, for which a new lease is being made out to me, is not as high as the present rent on 22 and 23; so that it is unreasonable to ask me to keep to the terms in the lease, which says the second seven years of the term the rent shall be increased.

The same applies to Section No. 26, which belongs to my wife. She purchased it from J. Westbrook, the original lessee. The rental on this section was £2 10s. per year; now it is risen to £5 per year; there has been a considerable portion of this destroyed by the Arahura River in flood-time, which is bad enough; but worse, the rent is to be double. This wants your aid as well as the other sections, and I hope you will so fix it that, in the face of my asking, along with others, for a reduction of rent generally, I shall be relieved from this extra rent which I am called on to pay. I have held the rent over until I get an answer, which I trust will be favourable to my request.

Believe me, &c.,

GEO. F. BATCHELOR and
CHARLOTTE BATCHELOR.

The Hon. W. J. M. Larnach, C.M.G.,
Chairman, Royal Commission, Public Trust Office.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to Mr. Batchelor's complaint, dated the 29th ultimo, with respect to alleged heavy rentals, I would state that complainant has not addressed me on the subject.

A lease of Sections 22 and 23, Arahura, was granted as from the 1st July, 1883, to C. H. Morgan—area, 36 acres 3 roods 6 perches; term, twenty-one years; rental, £3 15s. for the first seven years, £5 12s. 6d. for the next seven years, and £7 10s. for the residue of the term, or a fraction over 2s., 3s., and 4s. per acre per annum. This lease was assigned by Morgan to the complainant in September, 1887. The first period of seven years expired on the 30th June, 1890. The rent from the first July, 1890, is therefore chargeable on the next higher rental reserved by the lease, or a fraction over 3s. per acre. This cannot be considered an excessive rent; but in any case the tenant has bound himself to pay it, and I cannot perceive any remedy.

With reference to Section 26, this is a much older lease, issued by the late Commissioner of Native Reserves. The area is 23 acres 3 roods 23 perches; the term twenty-one years from the 1st January, 1876. It was assigned to Charlotte Batchelor in January, 1889; rental, £2 10s. per annum for fourteen years, and £5 for the residue of the term. The higher rent fell to be paid from the 1st January, 1890. As this was a lease issued by Mr. Mackay, it may be that section 10 of "The Native Reserves Act, 1882," applies, but as the tenant has not made any application for reduction there has not been an opportunity to move in the matter. It will be observed that the rent at the higher rate is 4s. 2d. per acre. For the past fourteen years only 2s. 1d. per acre has been paid.

5th May, 1891. R. C. HAMERTON.

No. 64.

Mr. C. W. HEATH to the CHAIRMAN, Royal Commission, Public Trust Office.

Re *Elizabeth Harkness, deceased.*

GENTLEMEN,— Lyttelton, 29th April, 1891.

On behalf of my wife, who was a daughter of the above, I would respectfully solicit your assistance in making inquiry as to how the estate was cleared up, as we have received no statement.

The house and land was sold, also furniture, jewellery, &c., and realised a very fair amount; but up to the present (over six years) we have heard no word from the Public Trustee as to the result. I would be pleased to receive some information as to what was done with it, and if there was any balance; if so, how much. I think it is but fair that we should know how the estate turned out, being one of the nearest of the kin to the deceased, who died without a will, causing the real and personal property she had to be placed in the hands of the Public Trustee for administration, who, we think, should have furnished us with result. Mrs. Harkess died in March, 1884, and the property was sold on the 29th August, 1884.

Trusting, gentlemen, that you will give this matter your earnest consideration, and I would be grateful for a reply, and apologizing for the liberty I have taken,

I have, &c.,

The Public Trust Commissioners. CHAS. W. HEATH, Carrier.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

E. Harkness, deceased.

WITH reference to Mr. C. W. Heath's letter, dated the 29th ultimo, and the Commissioners' minute thereon, asking for statement of account and explanation, I now forward statement as requested, and furnish the following explanation:—

The title to the realty was defective, and it was found necessary to bring the land under the provisions of the Land Transfer Act, for which was paid to Mr. Stringer, of Christchurch, £13 10s., £10 being for legal work, and the balance for survey and plans; whilst the charges of another solicitor amounted (since the death), as reduced, to £12 10s., part of a sum of £4 4s. appearing in the statement of account, the balance being his lien on the deeds. The administration charges, therefore, were heavy—viz., order to administer £3 10s.; advertising for claims, 18s.; title under Land Transfer Act, £13 10s.; legal costs, 12s. 10d.; commission and postages, £4 17s. 9d.; order to distribute, £1 2s.; and fee for obtaining same, £1: or a total of £25 10s. 7d. Of this, the office received £5 17s. 9d. The estate was wound up by a payment of a dividend of 18s. 2¾d. in the pound to the creditors.

7th May, 1891. R. C. HAMERTON.

ESTATE of ELIZABETH HARKNESS, deceased.—Statement of Account.

		£	s.	d.
Cr.				
By Proceeds of sale of jewellery and effects		7	19	0
Proceeds of sale of realty		55	18	0
		£63	17	0
Dr.				
To Cost of order to administer		3	10	0
Paid *Lyttelton Times*, advertising estate		0	18	0
„ B. Wallis, funeral expenses		11	6	0
„ T. W. Stringer, legal charges		13	10	0
„ S. P. Anderson, balance of account		0	6	3
„ H. A. Bamford, bill of costs		4	4	0
Commission and postages		4	17	9
Cost of order to distribute		1	2	0
Fee for appying for same		1	0	0
Paid J. T. Rose	Ordinary creditors, paid dividend at 18s. 2¾d. in the pound	6	7	7
„ W. Gunn		1	4	7
„ Dr. Lovegrove		5	16	2
„ Arthur Segar		9	14	8
		£63	17	0

J. C. MOGINIE, Accountant.

Public Trust Office, Wellington, 6th May, 1891.

No. 65.

Mr. W. SINCLAIR to the CHAIRMAN, Royal Commission, Public Trust Office.

Re *the Estate of Richard Winter, deceased.*

SIR,— High Street, Blenheim, 30th April, 1891.

I have the honour to ask you to lay before the Commission what I consider to be a very grave scandal and abuse, affecting persons who have the misfortune to be compelled to leave intestate estates in the hands of the Public Trustee.

The late Mr. Richard Winter, the well-known journalist, who died here intestate on the 29th day of August, 1887, had his life insured for £500 in the office of the National Mutual Life Insurance Association. After Mr. Winter's death the policy of insurance was not found amongst his papers. In consequence of this, the Association required the Public Trustee, who took out letters of administration in Mr. Winter's estate, to undertake to hold the money in New Zealand for six years before handing it over to Mr. Winter's father, who resides in England. Under these circumstances, it was the plain and obvious duty of the Public Trustee to have invested the money so as to produce the current rate of interest—7 per cent. or 8 per cent.—and if the law was or is so absurdly defective as to restrict investments of moneys belonging to intestate estates in the hands of the Public Trustee so that 4 per cent. only could be procured, it was still more plainly and obviously the duty

of the Public Trustee, who was acting for a poor man, absent in England, to draw a short Act of six lines, authorising the investment of intestate funds on security of mortgage of freeholds in New Zealand. If this had been done Mr. Winter, senior, would have got £32 a year instead of £16. The matter would appear to be considered too trivial to require attention by the Public Trustee, an opinion which will not, I imagine, be shared by the Commission.

I have, &c.,
W. SINCLAIR.

J. G. Grey, Esq., Secretary to Public Trust Office Royal Commission, Wellington.

The PUBLIC TRUST OFFICE, New Zealand, to Mr. R. F. WINTER.

Re *Richard Winter, deceased.*

I HAVE to acknowledge the receipt of your favour of the 26th October, and to inform you that I have not yet succeeded in obtaining the policy-money. The Life Association are, however, willing to pay me the amount due on my giving an undertaking to hold the money for six years, and to return it to them if any valid claim is preferred during that time, subject, however, to a formal declaration by myself and your late son's solicitor that to the best of our knowledge the policy has not been dealt with, but is lost or destroyed. The foregoing was communicated to Mr. Sinclair, of Blenheim (a friend of your late son's, who called to see me relative to this matter), who promised to advise Mr. Dart to write to you asking what course he would pursue. This was on the 30th July; but from your last letter I should surmise that Mr. Dart has not written to you. If you still think an action at law should be instituted, it will be necessary to place me in funds to proceed. If you will, therefore, remit to me, say, £100 as a first deposit, I shall proceed at once to take the necessary steps. Kindly advise me which course you prefer.

R. C. HAMERTON, Public Trustee.

17, Magdala Road, Dartmouth Park Hill, London, N.,
21st February, 1889.

DEAR SIR,—

Referring to your letter of the 15th December last, I regret to hear that the Life Association still decline to pay the policy-money without being provided with such unusual safeguards. I have not yet heard from Mr. Dart on the subject of his and Mr. Sinclair's visit to you in July last; but I am writing to him by this mail, with a copy of this letter, and a request to act in the matter on my behalf.

I observe that the Life Association have reduced their terms to a demand for a six years' indemnity instead of twenty years. I presume this six years is to cover the statutory period of limitations, and will therefore count from the date of the death of my son, when the money became due. Should not this be so, and can the Association claim a longer period? If the terms mentioned in your letter are the best that can be arranged for me, I accept them, provided, however, that the term shall count, as I have said, from the date of the death. I presume, also, that your undertaking to hold the money will not prevent your investing it in Government or other good securities, and remitting me the interest during the time limited by the undertaking. I hope this can be done, and that you will see no reason to the contrary. When I mentioned an action at law, I was under the impression that the Life Association only required to be legally protected against future claims by third parties, and the facts not being in dispute, an action at law and consequent judgment in your Courts seemed to be the most feasible mode of obtaining such legal protection, and I was so advised. It is quite impossible for me, a poor man, to send you such a sum as £100 for the purpose of obtaining a friendly judgment.

I trust you will now be able to close the matter satisfactorily and speedily.

Awaiting your reply, I am, &c.,
RICHARD WINTER.

R. C. Hamerton, Esq., Public Trustee, Wellington, New Zealand.

17, Magdala Road, Dartmouth Park Hill, London, N.,
21st February, 1889.

DEAR SIR,—

I enclose copy of a letter from the Public Trustee, and of my reply thereto. I am perplexed to know why I did not hear from you in reply to my letter, but perhaps the letter has miscarried.

You having evidently taken some trouble in the matter, judging by the interview of yourself and Mr. Sinclair with the Public Trustee, I had heard through Mrs. Holman that you had been to that official. Am I right in supposing that the result of that interview was the reduction of the Life Association's terms from a twenty years' indemnity to a six years'? I am exceedingly obliged for your thus taking up the business for me. Will Mr. Sinclair make the declaration required by the Association?

You will see that I have, after consideration, and with the advice of my friends, consented to allow the money to remain in the hands of the Public Trustee, provided that the limited period shall run from the date of my son's death, which, it is presumed, is all that can be demanded by the Association. All through the matter there does not seem to be even a suspicion that the policy was assigned, but, on the contrary, it was without doubt destroyed by the fire. Am I justified also in asking the Public Trustee to remit me the interest during the time the money is in his hands. He will, I take it, invest the money.

I should be most grateful if you could advise and assist me in the business. I am, as Mrs. Holman may have informed you, but a working-man, in poor circumstances, and the money would, at my time of life, be of inestimable service. I would not, however, wish you, as a friend of my son's, to think that I am pushing my claim for payment of the money in a hasty or improper manner. I desire to be guided by the advice of yourself and Mr. Sinclair, and, in so far as you are

able to help me, I place the business in your hands, relying upon your judgment as to what is best to be done.

May I earnestly request you to write to me on the subject by the next mail?

Yours, &c.,

— Dart, Esq. RICHARD WINTER.

Richard Winter, deceased.

Mr. John R. Dart, Blenheim.

REPLYING to your letter of the 24th June, only just received, I have to inform you that the declaration required by the Insurance Association was forwarded to my Blenheim agent on the 11th April last, and was duly completed and returned when the policy-money—£503 3s. 7d.—was paid to me, on my giving the Association an indemnity that I would hold the money for six years from date of deceased's death. This money is bearing 4 per cent. interest, which can either be remitted to the father or used for the payment of deceased's debts, as the father desires.

Wellington, 26th July, 1889. R. C. HAMERTON, Public Trustee.

R. Winter, deceased.

John R. Dart, Esq., Blenheim.

REPLYING to your letter of the 26th instant, I have to inform you that there is no power of investment under the Act relating to the administration of intestate estates other than the allowance of the percentage reported. The net amount of policy-money in hand is £471 2s. 10d., while the amount of unpaid debts is £58 8s. 10d., which leaves £412 14s., *plus* interest, available for the father. The six years terminate on the 29th August, 1893.

Wellington, 30th August, 1889. CHARLES D. DE CASTRO, per Public Trustee.

17, Magdala Road, Dartmouth Park Hill, London, N.,

MY DEAR SIR,— 30th August, 1891.

Referring to your last letter, dated the 14th April, I should be very glad to hear what has been done in reference to the insurance money. Two years have now elapsed since the Public Trustee first wrote to me on the subject; and, surely, if he intends to take any steps towards obtaining the amount, he has taken them ere this. I feel I am giving you much trouble in the matter, but I am sure that you will understand the difficulty I am in in not having any one in the colony besides yourself on whom I can rely. I am sure that it is not necessary for me to say that any expenses which may be incurred by yourself and Mr. Sinclair I will willingly consent to being repaid out of the amount to be received.

Yours, &c.,

John Dart, Esq. RICHARD WINTER.

Richard Winter, deceased.

W. Sinclair, Esq., Solicitor, &c., Blenheim.

REPLYING to your letter of the 30th ultimo, I am remitting to the father of deceased £5, that being the amount of accrued interest on balance to date.

Wellington, 11th October, 1889. R. C. HAMERTON, Public Trustee.

Re *Richard Winter, deceased.*

SIR,— 12th October, 1889.

It would appear from the enclosed correspondence that the Public Trustee can only invest moneys belonging to intestate estates so as to produce 4 per cent. In this instance £400 will be so invested for four years. The difference between 4 per cent. and 7 per cent. or 8 per cent., which could be obtained by investing on mortgage, would be a great boon to many poor people, and I would venture to ask you to consider the propriety of obtaining extended powers of investment for the Trustee from the Legislature.

Yours, &c.,

The Hon. the Premier, Wellington. W. SINCLAIR.

Richard Winter, deceased.

W. Sinclair, Esq., Solicitor, &c., Blenheim.

IN reply to your letter of the 12th ultimo, in reference to interest allowed in the Public Trust Office on moneys held under intestacies, I have the honour, by direction of the Premier, to inform you that he does not see his way to move for any extension of the powers of investment already conferred by the existing statutes, the present case being quite exceptional in its nature, and hardly likely to occur again.

Wellington, 20th November, 1889. R. C. HAMERTON, Public Trustee.

Re *Richard Winter, deceased.*

SIR,— Blenheim, 21st November, 1889.

On the 12th of October I had the honour to address you herein. To-day I received a memorandum from the Public Trustee, a copy of which I enclose, as also a copy of my reply. Kindly direct the correspondence attached to my letter of the 12th October to you to be returned to me.

Yours, &c.,

The Hon. the Premier, Wellington. W. SINCLAIR.

R. Winter, deceased.

W. Sinclair, Esq., Solicitor, &c., Blenheim.

By direction of the Hon. the Premier, I return herewith the correspondence forwarded by your letter to him of the 12th October last.

Wellington, 2nd January, 1890. R. C. Hamerton, Public Trustee.

No 66.

Mr. F. W. B. Greville to the Chairman, Royal Commission, Public Trust Office.

Sir,— No. 2, College Green, Wellington, 2nd May, 1891.

I wish you would make inquiries in the Public Trust Commission into the sale of the Rumeroa Native Reserve (Wainui Survey District), near Paikakariki, and situated between the properties of Mr. Frank Smith and Mackay Brothers. This estate was one of those Native reserves specially vested in the Public Trustee, and, according to the highest legal opinion, ought not to have been sold without a special Act of Parliament; but, to suit the convenience of the mortgagee of Mackay's property, an alleged sale was fixed up. If you will have this sifted I think it will put what your secretary calls "Articles of virtue and bigotry," and the other shady transactions, rather in the shadiest of shades.

T. K. Macdonald, Esq. F. W. B. Greville, Reader, New Zealand Times.

Memorandum for the Royal Commissioners, Public Trust Office.

With reference to Mr. Greville's letter of the 2nd instant, I offer the following remarks:—

In a return of Native reserves subject to the operation of "The Native Reserves Act, 1882," made by A. Mackay, Commissioner, and printed in the parliamentary papers of 1883, G.-7, appears the following: "Wellington, Section No. —. Name of reserve and locality, Ramaroa, Wainui. Area, 149 acres 2 roods. Remarks, let." For some years the rent had been paid to this office, which had re-leased to Messrs. Mackay Brothers. On applying for current rent the lessees' solicitors informed me "that a certificate of title was recently issued to the owners of this block. Since then ten or eleven out of the twelve owners have executed transfers of the land to Messrs. Mackay Brothers. These transfers are now lying with the Chief Judge, and will shortly be registered. As they were executed before the 1st July there will be no rent payable." Some provision clearly is needed for some official intimation to the Public Trustee in any case in which the Native Land Court shall be pleased to exercise jurisdiction resulting in the withdrawal of a reserve from administration.

I submit that this fully answers Mr. Greville's complaint.

4th May, 1891. R. C. Hamerton.

No. 67.

Mr. H. J. Bushnell to the Chairman, Royal Commission, Public Trust Office.

Re *Estate of George Adams, deceased.*

Sir,— Gisborne, 2nd May, 1891.

I would respectfully request your interest in the following matter: George Adams, journalist, was accidentally killed at Wellington on the 26th December, 1887, leaving property and estate in this town, among which was the *Standard* newspaper. In order to effect an expeditious and satisfactory sale, I was instructed, under the hand of the executrix, Mrs. Alice Osborne, and also authorised by her solicitor, Mr. H. E. Kenny, to enter into the above premises and make a valuation of the plant and fixtures, I being an expert at this business for the last twenty years. Being twelve years in charge of the *Herald* Office, in this town, I reluctantly consented to undertake the valuation, as I did not wish to be mixed up in the affairs of Mrs. Osborne, but was urged by her that a purchaser was awaiting my valuation (the said purchaser afterwards buying the good-will and plant). I made my valuation carefully and at great inconvenience, and rendered my account to the local agent of the Public Trustee (Mr. C. Woon), since deceased, who indorsed it, and forwarded it to Wellington, giving me to understand that it should be a preferential claim for work rendered in connection with the estate, and that it would be paid immediately. I waited for a considerable time without any answer being forwarded to my claim, and I wrote several times without receiving any satisfactory explanation. At last, after a long interval, Mr. R. Hamerton came to this town, and I interviewed him relative to this matter, and he put me off by saying that Mrs. Osborne had relinquished her claims upon the estate in favour of Mrs. Adams, senior, in England, and that he expected I should do the same. I showed Mr. Hamerton my documents from the executrix and her solicitor, authorising me to perform the work, but I could get no clear reason why I was not paid; and I wrote to the Public Trustee that if I could not be paid as promised I would not write any more, as the delays were so long, and frequently no replies at all were vouchsafed. I have not yet been paid.

Would you please inquire how my claim was shelved, and whether the amount owing to me could yet be got, or was it paid to any person who was entitled to get it in the estate.

I am, &c.,

The Chairman, Public Trust Commissioners, Wellington. H. J. Bushnell.

Re *Harry Hall, deceased.*

The above deceased was my wife's brother, and he committed suicide in Auckland in September, 1886. He left by will a considerable amount of money and personal effects; also, landed property.

On behalf of my wife and her sister, I endeavoured to get a satisfactory explanation from the Trustee of what became of the above mentioned. The deceased's uncle went to Auckland to find out concerning the disposal of the personal effects, but he only succeeded in getting a watch. After more than twelve months I wrote demanding something definite as to the distribution of the estate, and, in reply, had forwarded a document stating a certain amount would be payable at the Bank of New Zealand. On presenting the voucher, was informed that they had no advice to pay the amount named, but the following week I was informed in an unofficial way by one of the clerks at the bank that the authority to pay was to hand. On presenting the Public Trustee's voucher, the bank informed us that the amount had been reduced—that is, there was the difference of £1 between the first voucher and the note held by the bank to pay. But what I complain of is that nearly the whole of the amount bequeathed was absorbed in unnecessary expenses, and there seemed to be a desire to prolong the winding-up of the estate as long as possible, in order to enable as much as possible to be drawn from it. Then, the time which elapsed before any answer would be returned, and then not in the most courteous terms.

I would respectfully solicit your attention to inquire into the above estate, as it was far from satisfactory, and, I think, if you peruse the correspondence relating to it, you will find that the Public Trust Office is not an institution that will induce any one to place the guardianship of affairs in its hands.

Yours, &c.,

H. J. Bushnell,

On behalf of wife (*née* Cecilia Hall), and Mrs. Douglas (*née* Faith Hall), sisters of deceased, Harry Hall.

Memorandum for the Royal Commissioners, Public Trust Office.

Bushnell's Claim: Estate of George Adams.

This was a claim for a valuation of a newspaper plant made by Mr. Bushnell on the authority of Mrs. Osborne, the life tenant, who went to Gisborne with my knowledge and consent to assist in the realisation of the book-debts and newspaper plant. Mr. Bushnell asked for payment of his fee by letter dated the 20th March, 1888, and again on the 19th April, 1888, when I directed payment. My minute on the papers is, "This claim must be paid without any further delay." The claim was sent forward to the Audit Department in usual course, and bears the Audit received stamp of 26th April, 1888; but, as the then agent at Gisborne considered the charge heavy, he had so stated in his certificate. The minute of the Audit was, *inter alia*, that the charge should be reduced, so that the agent can certify the claim as fair and reasonable. This was forwarded to Mr. Bushnell, and drew from him his letter of the 30th April, 1888, in which he withdraws his claim conditionally on Mrs. Adams, mother of deceased, receiving the amount. As, however, the Audit declined to pass the voucher as it stood, no action was taken further than to address Mr. Bushnell, regretting that he had not been paid, giving the reasons, and stating that I had perused his letter addressed to Mrs. Osborne, and noted that he had abandoned his claim. It may be remarked that Mrs. Osborne, the life tenant under Mr. Adams's will, remitted sums to deceased's mother. Hence Mr. Bushnell's wish has indirectly been complied with.

19th May, 1891. R. C. Hamerton.

Memorandum for the Royal Commissioners, Public Trust Office.

H. Hall, deceased.

That part of Mr. Bushnell's letter of the 2nd instant which relates to the estate is ungenerous and inaccurate. I enclose a statement of account, copy of which was sent to Mrs. Bushnell, being one of the next-of-kin, on the 2nd December, 1887. It will there be seen that £85 8s. 10d. represented the net proceeds of the estate. £27 1s. 7d. were debts of deceased, including funeral charges; £3 17s. 5d., charges incidental to the sale of the land; £6 5s., administration charges; and £6 6s. 3d., commission and postage. There were no "unnecessary expenses" as alleged, nor was there "a desire to prolong the winding-up as long as possible, in order to enable as much as possible to be drawn from it." Unworthy sentiment! With reference to the allegation that deceased's uncle went to Auckland to find out concerning the disposal of the personal effects, but he only succeeded in getting a watch: does the writer conceive that the effects would be handed to him, seeing that he was not interested in the distribution of the estate? But the statement that he only succeeded in getting a watch is inaccurate, and the writer must have well known it to be so, for under date Gisborne, 13th November, 1886, the following letter appears upon record from your correspondent's wife: "The Agent, Public Trustee, Auckland.—I hereby desire that the Public Trustee administer the estate of my deceased brother, Harry Hall, and give my consent and sanction that my interest in any real or personal estate of my late brother may be at once sold for our mutual benefit, reserving only my late father's watch and appendages, which I desire may, in accordance with my brother's will, be handed over to my uncle, Matthew Hall, of Gisborne.—Yours truly, Cecilia Bushnell." Another sister of deceased made a similar request as to the watch, &c., by letter dated the 21st October, 1886; and on the file appears a letter from Mr. Hall acknowledging receipt of "one silver watch, 2 chains, spade guinea, &c."

With respect to the statement that the amount first advised was reduced, the explanation is this: After the distribution amongst the next-of-kin had been calculated, and cheques drawn and advised, a claim for legal charges from a firm of solicitors in Auckland was received. Seeing that this was a proper charge against the estate, it was paid. This involved the preparation of an amended distribution, which was calculated, fresh cheques and vouchers drawn, resulting, of course, as alleged, in a smaller dividend, not of £1 as alleged, but 16s. 2d.

The animus of your correspondent is apparent, but I submit that he has not made out his case.

20th May, 1891. R. C. Hamerton.

ESTATE of HARRY HALL, deceased.

Cr.			
By Cash found in house	24	13	4
Proceeds of sale of effects	0	10	6
" " land	60	5	0
	85	8	10
Dr.			
To Cost of order to administer and fee	3	0	0
E. Broad, rent and funeral expenses	15	0	0
Dr. MacMullen, medical attendance	2	2	0
Dr. Hooper	2	2	0
Deeds Registrar, Crown-grant fees	4	8	2
Registering order against land	0	12	0
Advertising order	1	10	0
County and Road Board rates	3	9	5
Brookfield and Son, legal charges	2	8	5
Passing stamp accounts	1	0	0
Preparing conditions of sale	0	10	0
Stamping affidavit	0	2	6
Legal opinions	0	12	6
Commission, postages, &c.	6	6	3
	43	3	3
Net residue	42	5	7
Beneficiaries—			
Mr. Edgar Hall, brother (one-third)	14	1	11
Mrs. Faith Douglas, sister (one-third)	14	1	10
Mrs. Cecilia Bushnell, sister (one-third)	14	1	10
	£42	5	7

J. C. MOGINIE, Accountant.

Public Trust Office, Wellington, 2nd December, 1887.

No. 68.

Mr. W. A. HEWITT to the CHAIRMAN, Royal Commission, Public Trust Office.

DEAR SIR,— Addington Workshops, Christchurch, 4th May, 1891.

In perusing the columns of the daily newspapers I noticed a startling account of the workings of the Public Trust Office, which is a disgrace to our colony The reason of my addressing this letter to you is as follows: I should like to know what has become of my father's estate. Wiliam Hewitt, my father, died on the 20th June, 1887, in Wellington. By the order of the Public Trustee the whole of the furniture and effects were sold by auction, very much against my wish; all my pleadings were of no avail. I desired to retain the things, as I helped to pay for them when my father and I started housekeeping together. The Public Trustee told me I had to abide by the law; they must be sold; and they were sold for nothing near their value. At the time of my father's death I was here in Canterbury, and before I could arrive in Wellington my father's home was ransacked in a most disgraceful manner, and some of my father's jewellery I found broken and crushed on the floor. I spoke to the Public Trustee about it; I might as well speak to a door as to get any redress. I ask the Public Trustee to allow me to see my father's banking account, which I thought would enable me to solve the surroundings of my father's death. I was refused. I asked the Public Trustee to allow me to see my father's jewellery, some of which was taken off of him at the time of his death, consisting of an English lever watch, which cost £15 15s., a gold chain, a heavy gold ring set in bloodstone, my mother's wedding-ring, and a small gold locket which was on the chain. He also had a gold scarf-pin, which was a nugget of Australian gold. My request was refused. If the Public Trustee has not got these articles he ought to have them in his possession. The only information I got from the Trustee was that there was between £20 and £30 in the bank. According to papers I have, there ought to be more. I have been to some expense, and employed the late Mr. Garrick, of Christchurch, with my case. I found it was useless. According to what you have brought to light I am not the only one who suffers. I am quite willing for you to examine my case if possible personally, as I should like to explain the whole of my case to you. It is of no use of my dealing with the Public Trustee. I hope the Government will aid and assist you to do what is right and just. I shall feel deeply indebted to you if you can oblige me with a little information.

Please to let me know if you have received this.

I remain, &c.,

The Hon. W. J. M. Larnach, C.M.G. WILLIAM A. HEWITT.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

William Hewitt, deceased.

THE reckless statements of Mr. W. A. Hewitt, in his letter of the 4th instant, are not strictly in accordance with the truth. He asks what has become of his father's estate, but he omits to

mention that in a letter addressed to him by me on the 28th September, 1887, the following appears: "Your solicitors, Messrs. Garrick and Co., have been informed of the proofs required before the residue can be paid to you." That letter was written more than three years and a half ago, and no proof whatever of kinship has been furnished, either by Messrs. Garrick and Co. or by your correspondent. The effects were sold, after a careful inventory had been made by an officer of this department, by auction. The articles of jewellery which your correspondent "found broken and crushed on the floor" he, unfortunately, does not particularise. The only article which was not delivered to me by the police was a gold stud, found by the officer of this department, which your correspondent has overlooked. The gold scarf-pin which he mentions has not reached this office.

I deny having refused to allow the complainant to see his father's bank-book or his jewellery. The amount received in respect of the former was £34 5s. 10d., and the latter is in safe custody in this office. The complainant says he was told the amount was between £20 and £30. He will thus be glad to know that the actual amount was larger than he was led to expect. He further states that he employed the late Mr. Garrick, of Christchurch, with his case, but he "found it was useless." From this I assume that that gentleman found himself unable to furnish the proofs of kinship necessary; and I may here remark that it will be quite useless for your correspondent to expect to obtain the residue in this estate until he has substantiated his claim to it; but I can assure him that if he will furnish the necessary proofs of kinship that no delay will take place in remitting balance, and forwarding a full statement of accounts.

21st May, 1891. R. C. HAMERTON.

No. 69.

Mr. J. M. McLACHLAN to the CHAIRMAN, Royal Commission, Public Trust Office.

The Public Trust Commission, Wellington.

I ENCLOSE a leaf from the "Postal Guide," and would draw your attention to clause 5. Either this clause is meaningless, or the reply (a refusal) of the Public Trust Commissioner to my request that he should take the piece of land known as Cornwallis, 1,900 acres, on the Manukau Harbour, under his care, was so. I was born on this property, and know its history, and if ever there was a piece of land which should have come under the care of the Public Trustee this is it. It has now been for forty-five years in an unsatisfactory position, and ought to have been sold for rates, but by some underhand work this has been prevented, in order that the timber might be robbed from it. The result of the reply has been, so far as I am personally concerned, that, whereas I had intended to make the Public Trustee my executor, I became convinced that the office was not the well-managed affair that it pretended to be, and that I had better not. Subsequent events have justified my decision. I am, &c.,

Auckland, 4th May, 1891. J. M. McLACHLAN.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to Mr. McLachlan's letter, dated the 4th instant, complaining that the Public Trustee had not taken under his care the piece of land known as Cornwallis, 1,900 acres, on the Manukau Harbour, I append copies of a memorandum forwarded to the writer on the 14th June, 1889, and one addressed to C. S. S. George, Esq., by my office Solicitor on the 1st July, 1890, which will explain the position taken up by this office.

7th May, 1891. R. C. HAMERTON, Public Trustee.

MEMORANDUM from the PUBLIC TRUST OFFICE to J. M. McLACHLAN, Esq., 222, Queen Street, Auckland.

IN reply to your letter of the 8th instant, *re* part of the Manukau Land Association purchase at Cornwallis, I have to point out that there is not any provision of law which would enable me to render assistance. As the land does not belong to an absent heir, the provisions of "The Public Trust Office Act Amendment Act, 1873," are inapplicable, nor could proceedings be taken under the 10th section of "The Public Trust Office Act, 1876," inasmuch as the land is in occupation, and although illegally occupied such occupation is not provided against therein.

Wellington, 14th June, 1889. R. C. HAMERTON.

MEMORANDUM from the SOLICITOR, Public Trust Office, to C. S. S. GEORGE, Esq., Shortland Street, Auckland.

MR. WATKIS, as office agent, forwarded your memorandum of the 25th ultimo to the Public Trustee, who has referred it to me for consideration.

I do not see what action can be taken by him. The Public Trustee's powers are to be found in section 20, "Public Trust Office Amendment Act, 1873," and section 10, "Public Trust Office Act, 1876." He has none other. You, I assume, can easily refer to them. As to the first, if the grant was to those named by you as joint tenants, then I must assume Mr. Bockett is sole owner. If as tenants in common, still the Public Trustee might, by action on his part, become an "officious interloper," using the words in a legal way. As to the latter, the difficulty is, the land must be "unoccupied." Wrongful occupation would seem to be as lawful, so far as the Public Trustee is concerned, as if it were really so. Then you write "less parts conveyed." Now, some parts may have been conveyed, and the deeds not registered. There is no way of knowing. Lastly, if any of these squatters have been in undisturbed possession for over twenty years they may have acquired by adverse possession a legal occupation under the statutes of prescription.

If, after consideration of the foregoing, you can point out any course that can be followed I shall be glad to hear from you again. F. J. WILSON,

Wellington, 1st July. Solicitor, Public Trust Office.

No. 70.

Mrs. A. BOWLER to the CHAIRMAN, Royal Commission, Public Trust Office.

Re *W. A. Cook's Estate.*

GENTLEMEN,— Rolleston Street, Thames, 5th May, 1891.

I should like to draw your attention to a few little matters in connection with the above estate. My brother, Walter Alfred Cook, died a few years ago, leaving a little property consisting of a house and allotment in Street, Auckland; an allotment in George Street, Auckland; and two allotments in Richmond, Auckland. My brother having left no will, I was advised to apply to the Public Trustee for advice. I wrote to Mr. E. P. Watkis explaining matters, and asking, on behalf of my brothers, sisters, and self, what he would advise? He at once replied that I could either put the whole thing in the hands of a solicitor for administration—in which case he assured me that probably half the amount would be swallowed up by the lawyers—or I could do as he would advise—viz., put it in the hands of the Public Trustee, in which case the whole cost would be perhaps £7 or £8, and would certainly not exceed £10. I at once decided the latter plan would be the quickest and best, and authorised Mr. Watkis to put matters straight. He told me it would be necessary to sell one portion of the estate to make the Public Trustee secure. I then authorised him to sell the two allotments in Richmond, reserving all other for the family. I wrote to my brothers in Australia, and they forwarded me a deed of assignment signed by each of them in the presence of leading solicitors, as you will see, the deed having been forwarded to Mr. Hamerton, although he now denies all knowledge of it. I forwarded the deed to Mr. Watkis in December, 1888. I had an interview with Mr. Watkis early in 1889, when he informed me the title *re* George Street allotment was defective, the words "heirs, executors and assigns" having been omitted in the deed, thus causing an uncertainty as to whom the property would revert in the event of his death. I had already sold the allotment to one Captain Moore for the sum of £100. Mr. Watkis informed Captain Moore that he could not give a good title, and he had better get an authority from me and purchase through the Public Trustee, as a Government title was the surest. Mr. Watkis explained to me that I had no other alternative, as he could not give me a title. Of course, I could do no other than consent. I will enclose you a copy of the account I received, much to my astonishment; and I wish to draw your attention to several of the items. In the first place, the allotments in Peel Street, Richmond, realised £32, not £27 8s. 6d. as stated. Will you kindly go over the account carefully and tell me whether you think it a gross overcharge. Please note my notes on the margin. The deeds of the Sale Street property are still in the hands of the Public Trustee. I have had some correspondence on the matter with Mr. Hamerton, which I shall be glad to forward you if you wish it. Besides the enclosed bill I have been at considerable expense. I had to purchase thirteen certificates; for twelve of them I paid 2s. 6d. each at the Registry Office; the other one, a certificate of my parents' marriage, and forwarded me by the Public Trustee, I had to pay 5s. Can you tell me why they charged just double? I had to pay for the deed of assignment, one guinea to Mr. Hesketh for advice; besides having to get declarations signed here and witnessed by solicitors—one by Mr. Miller and one by Mr. Purchas; besides innumerable little charges in connection with the estate "which swallows up more than half the estate," to use Mr. Watkis's words. Trusting you will give the matter your attention, I am, &c.,

The Commissioners of Inquiry *re* Public Trust matters. ANNIE BOWLER.

	£	s.	d.
Cr.			
By Net proceeds of sale of Lots 10 and 11, Peel Street, Auckland ...	27	8	6
Net proceeds on George Street allotment	100	0	0
	127	8	6
Dr.			
To Cost of order to administer and fee	4	10	0
Advertising estate	1	7	6
Stamping conveyance and fine	5	10	0
Registering conveyance	0	16	0
Registering order to administer	0	13	0
Passing stamp accounts	1	0	0
Residuary duty	4	8	10
Buckley and Co.'s legal opinion	2	12	6
Brookfield, legal charges	16	1	8
D. H. Lusk, survey and plans	4	4	0
Petitioning Court for order to sell	0	7	0
Order in duplicate, and applying for same	1	15	0
Depositing two orders	1	0	0
Stamping declaration	0	2	6
Legal opinion on proof of kinship	2	0	0
Interest in advance, made to meet charges bringing land under Act	1	10	3
Commission and postage	9	11	11
	£57	10	2

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

W. A. Cook, deceased, 91/1934.

WITH reference to the letter dated Rolleston Street, Thames, 5th May, 1891, and signed by Annie Bowler, I enclose copies of two letters addressed by the office to your correspondent, dated respectively 8th September, 1890, and 27th April, 1891, which contain much of the information sought.

Mrs. Bowler takes exception to the item £27 8s. 6d., as net proceeds of the Pitt Street property; yet it is absolutely correct. The gross proceeds were, as she alleges, £32, but were reduced by auctioneer's charges to £27 8s. 6d., as appears in the statement.

I fail to perceive that a certificate costing 5s. has been charged as alleged; on the contrary, the certificate of marriage of parents referred to was received from the Auckland agent on the 27th November, 1888; consequently, as no money was paid by the office for it, nothing could have been or was charged for it.

As regards the item "Stamping conveyance and fine £5 15s.," one of the conveyances of the Peel Street property, when received by this office on the 3rd October, 1887, was observed not to have been stamped. In order to render it of any value to the estate it was necessary that it should be stamped, and the fine, £5, which had accrued upon it paid, which, of course, was done.

The reason of the non-delivery of the Sale Street property to your correspondent is fully set forth in my letter to her of the 8th September last.

Mrs. Bowler does not appear to realise the fact that the title to the George Street property was so defective that but for the action taken it would have been worthless to the estate, and that such action resulted in a gain to the estate of £100, less the costs incurred, which, in view of the state of the title, were necessarily heavy.

25th May, 1891. H. C. HAMERTON.

W. A. Cook, deceased.

Mrs. Annie Bowler, Rolleston Street, Thames.

IN reply to your letter of the 29th August, as regards the Sale Street property, I am unable to surrender to you the title deeds thereto, on the legal ground that on a person selling realty to two or more persons the largest purchaser is entitled to receive the title, giving a covenant to the others. Applying this principle to the present case: William Cook owns seven-twelfths, George one-twelfth, and yourself the balance, four-twelfths. Thus you will at once perceive that the shares of William and George are together double that which you enjoy. Consequently I might be inflicting a great injury on them by delivering up that which of right they can demand from me. I need scarcely say that I shall be happy to transmit the title to you if (1) you will forward William's consent, or (2) obtain an order of the Supreme Court directing me to deliver it to you. You will, I hope, recognise that in retaining possession I am merely carrying out a duty imposed upon me by law.

I do not appear to have the assignment you speak of as being signed by all except George.

With respect to the certificates, the rule is that all proofs of kinship remain in this office as records; as, however, you express a wish for them, I have caused certified copies to be made and return herewith the originals.

You mention that probably your brother William is away on gold-escort duty, which accounts for the delay in receiving the authority. When this shall have been received there will be no difficulty in the matter of the title.

I note your remarks upon the charges, and the amazement of the Auckland solicitor, and subjoin the following information: The £30 which you assert was in my hands for two years was really a sum of £27 8s. 6d., and was received here as net proceeds of Peel Street property on the 27th November, 1888. Long before this date—viz., in September, 1887—advances were being made by this office in order to obtain the necessary order to administer and advertise for claims according to law. And in September, 1888, stamp and fine on a conveyance of the Peel Street property, with its necessary registering, and the registration of the order to administer, involving an expense of £13 1s. 6d.; stamp accounts and residuary duty, £5 8s. 10d.; Buckley and Co. and Brookfield and Son, in connection with perfecting a very defective title, charged £18 14s. 2d.; survey, £4 4s.; order for sale and depositing, £3 2s., brings up the total expenditure to the 31st December, 1889, to £44 10s. 6d. You will then perceive that at this date, and for nearly three months thereafter, the account was overdrawn £17 2s. Hence you will recognise that you have inadvertently fallen into error when you assert that £30 was held by this office for two years. I am unable to perceive in what item any overcharge is made, when it is considered that the title was very defective, and that solicitors must perforce be employed in Auckland. On the contrary, I am of opinion that, under the circumstances, the expenditure is very reasonable. If, however, you will point out the particular items overcharged I shall be glad to explain them more fuily.

8th September, 1890. R. C. HAMERTON, Public Trustee.

W. A. Cook, deceased.

Mrs. A. Bowler, Rolleston Street, Thames.

REPLY to yours of the 29th March was delayed by reason of the extra work caused by the Commission you refer to.

There is no document in my possession which could operate to divest Mr. William Cook of his rights. It would be against my duty to pay the shares retained for your brothers, and I have none other.

You have already had full explanations of the amounts. The office agent's statements as referred to by you would likely have been accurate if the titles had been in decent order. But so far from this, my office Solicitor assures me, in his thirty-nine years' experience, he never saw so singular a

position as one had gotten into. Indeed it was clean gone but for the action taken proving successful.

Of the £57 10s. 3d., £43 8s. is cash paid away by this office, not fees charged; and deductions could not be paid on moneys paid away.

You have a perfect right to lodge any statement you may think fit to prefer before the Commission.

27th April, 1891. F. J. WILSON (for the Public Trustee).

No. 71.

Mr. R. HOWARTH to the CHAIRMAN, Royal Commission, Public Trust Office.

GENTLEMEN,— Invercargill, 5th May, 1891.

I beg to inform you that, in the estate of the late Mrs. White, of Georgetown, Invercargill, who died intestate, I have to say that some short time before her death I lent her £7 15s. to fence in her property at Georgetown, which was sold by the Public Trustee. I got an order in writing from Mrs. White on Mr. Wenkheim to pay the amount, £7 15s., out of the rents he was collecting for Mrs. White for properties belonging to her, which property was sold by the Public Trustee. I did not get the money from Wenkheim because he had no funds in hand belonging to Mrs. White. I sent my claim in to the Public Trustee, combined with the order on Wenkheim, and they refused to pay, on account of the signature being not like Mrs. White's signature, and at the same time Wenkheim, who was well acquainted with such for over twenty years, recognised it as Mrs. White's signature, and would have paid the order when rent was due if she had lived. I beg to state that if I went to law about it it would have cost in expenses more than the amount sued for, and I could not go to law without the document, which was never returned to me.

Now, gentlemen, I have another complaint to make, inasmuch as regards another intestate estate, that of Thomas Macready, who died in Lyttelton Hospital. His account, amounting to £92 5s. 6d.; I applied for it, but got nothing as yet. I just send this for your information and consideration thereon, and remain, gentlemen, Yours, &c.,

The Public Trust Royal Commissioners, Wellington. R. HOWARTH.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Elizabeth White, deceased, 88/366.

A MEMORANDUM referring to the claim of Mr. R. Howarth for £7 5s. (not £7 15s.), alluded to in his letter to the Commissioners dated Invercargill, 5th May instant, was received from my agent at Invercargill on the 28th September, 1885. On the 10th November, 1885, he again forwarded the claim. At this date he had apparently come to the conclusion that the signature of Mrs. White was genuine, and gave the usual certificate as to its accuracy. The claim was forwarded to the Audit Department, who declined to pass it, on the ground of the signature to the order being unlike the signature of deceased, and the claim was disallowed by me on the 18th November, 1885, unless substantiated in a Court of law on or before the 2nd December, 1885. This was not done, and the next-of-kin having proved her title to the residue, it was remitted to her on the 11th June, 1888. There is therefore no possibility of Mr. Howarth's claim against this estate being now satisfied.

Thomas Macready, deceased, 87/422.

WITH respect to the same gentleman's claim against this estate, the constable's report is as follows: "Mr. Howarth had no books to show the constable, and gave the same excuse as in the former case. He showed the constable an agreement between Macready and he, where Macready agreed about five dogs at 1s. per week, which Howarth says he never returned, and for which he claims. Howarth says he saw Macready at the last Christchurch races; but it seems strange that he did not take out a summons, as he is very fond of litigation." The constable also remarks that he "is suspicious of the claims." The agent at Invercargill declined to certify to the claims, £36 12s. 4d., and £65 2s. 6d., which were accordingly disallowed unless substantiated in a Court of law, the former on or before the 28th October, 1885, and the latter on or before the 28th November, 1885. In neither case was any action taken by Mr. Howarth; and the father having, subsequent to that date, proved his kinship, the residue was remitted to him on the 25th March, 1886. Hence there now exists no means by which Mr. Howarth can recover any amount which he may consider due to him.

25th May, 1891. R. C. HAMERTON.

No. 72.

Mr. E. HACKETT to the CHAIRMAN, Royal Commission, Public Trust Office.

GENTLEMEN,— St. John's Hotel, Wanganui, 6th May, 1891.

Last year I received a complaint from my sister, Miss Emma Hackett, residing in England, in which she informed me that she had lost fifteen months' interest on her money, held in trust under her late father's will—Edward Hackett, Wanganui. My sister informed me that the Public Trustee had written to her that it was lost through a Mr. Hicks having failed to pay the interest as it became due to her. Immediately on receiving complaint from my sister, I communicated with the Public Trustee. He then replied, informing me the money had been recovered, and "hence there was no cause for complaint." I again wrote him on the subject, and he briefly informed me that he had sent the money "home" to my sister.

Now, I should like to know how the delay occurred, and also why he had written to my sister informing her that the interest was lost? Neither my sister or myself could get any explanation, only curt replies. It seems to me passing strange that directly I moved in the matter on my sister's behalf the interest was marvellously forthcoming, and forwarded to my sister. An explanation will oblige, and hope you will give this matter your serious consideration.

Yours, &c.,

The Public Trust Commissioners, Wellington. EDWARD HACKETT.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Hackett's Trust.

MR. EDWARD HACKETT'S inquiry, dated 6th May instant, is easily answered. He wishes to know why certain interest which had been reported to Miss Hackett as lost through the default of the mortgagor "was marvellously forthcoming and forwarded to his sister" as soon as he moved in the matter. The facts are that certain moneys belonging to this trust were invested in the Auckland Provincial District. The mortgagor defaulted, and certain interest was lost; but, on looking critically into the matter, it was found that the funds of this trust could be invested only in the Provincial District of Wellington. Hence, there had inadvertently occurred a technical breach of trust which would have enabled Miss Hackett to recover from the office. Accordingly, a memorandum was addressed to the then Colonial Treasurer, pointing out the difficulty which had arisen, and recommending that payment of the interest be made to Miss Hackett, which was done.

26th May, 1891. R. C. HAMERTON.

No. 73.

Mrs. M. S. MASTERS to the CHAIRMAN, Royal Commission, Public Trust Office.

GENTLEMEN,— Dover Cottage, Wallace Street, Wellington, 5th May, 1890.

Hearing that you are sitting in Commission of Inquiry into the working of the Public Trust Office, I beg to bring before you the circumstances of my own case, my income being derived entirely from moneys in the hands of the Public Trustee. It seems to me that a sum of £170 has been invested to great disadvantage—viz., lent on 1 rood 34 perches land in the Township of Tauranga in October 1883, at 8 per cent. I have received no interest on this money for the last two years, and can get no satisfactory explanation at the office. It seems perhaps a small matter to trouble you about, but, as the interest of this sum represents about a fifth of my entire income, you will see it is of vital importance to me. I am advanced in years, and have three in family dependent on my means. I shall be thankful if you can inquire into the matter. When my affairs were first placed in the hands of the Public Trustee, I quite understood that Government was responsible for all moneys intrusted.

I shall be ready to wait on you if requisite, and remain, &c.,

MARGARET S. MASTERS.

The Commission of Inquiry into working of Public Trust Office.

P.S.—My income has diminished from about £104 per annum to £87 per annum during the last three or four years.—M.S.M.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to Mrs. Masters's letter of the 5th instant, the case of which she complains is a loan on the mortgage of Lots 1 and 2, Block XXIII., Tauranga, in September, 1883. The valuation of Messrs. Turner and Buddle at that date was £500. The property-tax valuation was £425, and the agent's opinion as to value was £500 to £550. The Board agreed to lend £270, which was advanced from Masters's trust. Bennet sold equity redemption to Asher. A valuation in October, 1886, by Messrs. Turner and Buddle estimated the property to be worth £370, and £100 was called in and paid, leaving the mortgage £170. Asher became bankrupt about December, 1888, and interest has since been received to the 19th January, 1888. The property-tax valuation of 1888 is £150. The efforts of the agent to sell the property have been persistent, but so far without result. Two sums of rent have been received from the agent—viz., £1 12s. on 10th May, 1890, and £3 on 1st April, 1891. I attach statement of account showing the present position.

8th May, 1891. R. C. HAMERTON.

No. 74.

MR. M. J. GANNON to the CHAIRMAN, Royal Commission, Public Trust Office.

Commissioners, Public Trust Inquiry, Wellington.

I RESPECTFULLY request you will inquire *re* sale by Public Trustee of my Gisborne properties. I privately and publicly before sale tendered Finn and Chrisp, Trustee's solicitors, total sum demanded by Public Trustee. They refused to accept. Forced on sale, Finn becoming one of purchasers. Public Trustee ignored my demand for inquiry.

Otaki, 11th May, 1891. M. J. GANNON.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Gannon's Mortgage.—Gisborne Harbour Board.

WITH reference to Mr. Gannon's telegram of the 11th instant, asking the Commissioners to inquire into the circumstances of the sale of certain property mortgaged by him to the Gisborne Harbour

Board. This was a mortgage completed before the trust was transferred to this office. When forwarding list of securities, Messrs. Finn and Chrisp, solicitors to the Harbour Board, reported that Gannon was three months in arrear with his interest, and that default should not be permitted to continue longer. This was on the 20th September, 1888. After much correspondence and due notice to the mortgagor, the property was put up for sale by auction, and realised (if a covenant to purchase a small portion of the security eighteen months hence or thereabouts be carried out) sufficient to pay the mortgage, interest, and costs, and to realise a small surplus of about £35.

As the circumstances under which the sale was held are already in evidence, I need not here repeat them. Suffice it to say that the various stages of the proceedings were legally conducted by the solicitors to the trust, Messrs. Finn and Chrisp, of Gisborne.

19th May, 1891. R. C. Hamerton.

No. 75.

Mrs. C. Stuart to T. K. Macdonald, Esq., Public Trust Office.

Sir,— No. 25, Howes Crescent, South Melbourne, 11th May, 1891.

Seeing your name mentioned in the *Melbourne Age* of the 9th May, 1891, as one of the appointed Royal Commissioners to make inquiries into the workings of the Public Trust Office, I beg most respectfully, sir, if you would kindly make inquiries into my case from Mr. Hamerton, Public Trustee, whom I have been in communication wth since 1883, and who received from the Australian Mutual Provident Society the sum of £505 11s. 8d., the proceeds of a life-insurance policy on the death of my husband, S. P. Harjes, who died abroad while travelling. I, as widow, obtained one-third share, the remaining two-thirds to be held in trust by Mr. Hamerton for my two boys until their majority. I have constantly applied to him for the interest accrued on the principal as mother and guardian, and as a widow sadly circumstanced in need to find the necessaries of life, which we all required, but was informed by Mr. Hamerton that my husband's case was a very complicated one; and lately he wrote me he would send me the future interest. Now, in a letter, he prevaricates and decides not to send me any. My children are badly in need of clothes, and it is bitterly cold; so, please, sir, I wish to ask you if you cannot assist me in drawing this accumulated interest for their support. I shall be most happy to furnish you with all correspondence between Mr. Hamerton and myself to make full inquiry into, in which I have so earnestly striven for help to provide for my fatherless children. My boys' ages are eleven years and six months and ten years. Their names are Oswald Harjes and Rewi Harjes. I have lately married again; and my husband, Mr. Stuart, is willing to maintain the boys in food if I cannot draw any interest money; but he absolutely declines to provide clothing and schooling, knowing that money is accumulating on their behalf. I trust, sir, you will endeavour to do your utmost to assist me in gaining the future interest to enable me to do this. Trusting, sir, you will pardon me trespassing so long on your valuable time.

I am, &c.,

T. K. Macdonald, Esq. Clara Stuart.

Memorandum for the Royal Commissioners, Public Trust Office.

S. P. Harjes' Estate.

The particulars of this involved estate have been fully gone into by the Commissioners, who have read the legal opinion obtained from my advisers upon the position. The difficulty is much increased by the fact that the children are out of the jurisdiction, and there may be increased expense in obtaining a ruling of the Supreme Court under the circumstances. I have, however, referred the matter to my office Solicitor to advise how action may most conveniently and least expensively be taken; and I propose, without unnecessary delay, to take steps to have the matter definitely set at rest by a decision of the Supreme Court.

19th May, 1891. R. C. Hamerton.

No. 76.

Mr. J. Taylor to the Chairman, Royal Commission, Public Trust Office.

Gentlemen,— Woodville, 11th May, 1891.

I beg to apologize for troubling you at so late a period of your inquiry into the Public Trust Office. My excuse is that I had allowed the papers enclosed herewith to go out of my hands, and have just lately been able to again obtain them.

I would, if not too late, call your attention to the estate of the late James Parminter, of Woodville, who died September, 1886, leaving two motherless boys, and property valued at £1,300 to £1,500. In less than two years the Public Trustee had sold and squandered the whole of the property in such a reckless and heartless manner that I got up a public petition to Parliament, as enclosed papers will show, but to no purpose. The inquiry was a farce. The property at time of sale was paying interest at 10 per cent. on £1,500, and was in the best business part of Woodville. The freehold section had three shops on it always let, and have never been idle since. This was sold to a Mr. Scally for £900, and in less than a year Scally refused £1,500, and has lately sold the third farthest from the corner for £500. Poor Parminter's children were left without a home or a penny to call their own. The Trustee sent word to the Ladies' Benevolent Society that they would have to provide for them or he would be compelled to send them to the Industrial School.

It will be seen that the Trustee denied the fact that "kind neighbours wished to adopt the children;" but the kind neighbours did adopt them after the Trustee had scattered their patrimony to the winds. Kindly examine the item "Clothing and maintaining children" in the Trustee's balance-sheet.

The children were adopted by Mr. Meredith, farmer, Woodville, and Mr. Barkwith, tinsmith, Woodville, both respectable and sober men. Both fathers by adoption inform me that the articles reserved for the children have never been handed over to them. Kindly ascertain if the articles enumerated by Trustee are still in existence. I should be grateful for the return of enclosed papers when done with. I am, &c.,

The Hon. the Commissioners, Public Trust Commission. JAMES TAYLOR.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

James Parminter, deceased.

MR. TAYLOR, in his letter of the 11th May instant, reiterates the statements which he made by petition to Parliament in August, 1889. I furnished an explanation to the Chairman of the Public Petitions Committee on the 9th idem, which, I believe, appeared in the Woodville local paper, and which I see no reason to vary or add to. One statement in particular of your correspondent needs correction. He says, "It will be seen that the Trustee denied the fact that kind neighbours wished to adopt the children." I have not the precise wording of the petition before me, but on reference to the Wellington papers of the 17th August, 1889, it will be seen that the expression in one of them is "on his (Parminter's) death, offers were made by neighbours to adopt," &c. This is inaccurate. My report to the Chairman of the Public Petitions Committee states, "The allegation that several kind neighbours wished to adopt the children is inaccurate." As a matter of fact, two gentlemen made the offer, and they are now respectively the adopted fathers of the two boys. The articles reserved are in the office, and also a small balance in money, which I am ready to hand over on request being made. Neither of the parents by adoption have addressed me on the subject.

26th May, 1891. R. C. HAMERTON.

No. 77.

Mr. A. BURNES to the CHAIRMAN, Royal Commission, Public Trust Office.

Re *the Estate of the late Mrs. Mary J. Burnes.*

GENTLEMEN,— Wellington, 12th May, 1891.

On behalf of my sister, Miss Mai Ethel Burnes, I would make application for a statement of account from the commencement. I trust this may not entail much labour. I am under the impression that the entries are not very numerous. I am, &c.,

The Commissioners of the Public Trust, Wellington. ADAM BURNES.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

The Secretary, Royal Commissioners, Public Trust Office.

WITH reference to the letter from Mr. Adam Burnes, dated the 12th instant, addressed to the Commissioners, and to Mr. Larnach's request minuted thereon for a statement of account, I now enclose same herewith.

Wellington, 18th May, 1891. R. C. HAMERTON.

No. 78.

The SECRETARY, Royal Commission, Public Trust Office, to the PUBLIC TRUSTEE.

Public Trust Office Commission, Wellington, 12th May, 1891.

MR. GEORGE BROWN, Upper Hutt, has called and informed the Commissioners that a gold watch and other effects, the property of the deceased brother of Mrs. David Brown, of Eltham, were sold without Mrs. Brown being informed of the intended sale; that the Public Trustee admitted that a mistake had been made by sending a letter to Mrs. Robinson instead of Mrs. George Brown, and that a watch value fifteen guineas was sold for 15s. Yours, &c.,

R. C. Hamerton, Esq. J. GRATTAN GREY.

The above, I understand, after reference to Mr. Grey, refers to the estate of James Jones, 89/1764. There is nothing on the records to show that Mrs. David Brown is a relative of deceased, and at no time has there been any communication from her. (See attached memorandum.)

13th May, 1891. R. C. HAMERTON.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Estate of James Jones, 89/1764.

DECEASED died on the 14th September, 1886. Agent reported two brothers supposed to be in the colony, addresses unknown; sister married, surname Robson, residing at Eltham, Taranaki. Property reported, three horses, one dog, saddle, bridle, opera-glass, and silver watch; total value, £15; and wages due, amount to be ascertained. The report was received 21st March, 1887, more than six months after the death. Account sales were received 14th June, 1887, showing net proceeds £15 10s. 9d. The silver watch and silver chain were received on the 27th June, 1887. Mrs. Robson was informed of the position of the estate on the 12th October, 1887. Not having received any reply from Mrs. Robson, nor any communication from the brothers, and the estate being insolvent, I directed the jewellery to be sold on the 14th September, 1888, two years after the death. Account sales from George Thomas and Son, showing net proceeds 13s. A sum of £3 19s. stands to credit of this estate, which represents the amount of dividend at 6s. 7d. in the pound payable to one Joseph Taylor as soon as he shall have substantiated his claim thereto.

13th May, 1891. R. C. HAMERTON.

No. 79.

Mr. A. W. Hogg, M.H.R., to the Hon. the Premier.

Dear Mr. Ballance,— Masterton, 16th May, 1891.

A resident of Tenui, Thomas J. Deane, has written me a long letter on the subject of certain property that passed into the Public Trust Office under peculiar circumstances. Briefly put, a station-hand named James Graham died rather suddenly while working a wool-press at Castlepoint Station on the 4th December, 1882. Just before his death, in the presence of the shearers, and addressing Mr. Clifton, the manager, now of the Stock Department at Auckland, Graham gave instructions that his horse, saddle, watch, jewellery, and swag were to be sold, the amount to be added to his funds in the Post-Office Savings-bank, one-half of the whole to be paid over to his mate, Fred Paton, who was working with him, the other half to remain in the Post-Office Bank till Nellie Deane reached twenty-one years, when it was to be paid to her. An inquest was held. Constable Darby took charge of the bank-book and property for the Government, and since then Deane has applied for his child's share, and a petition has been forwarded, signed by Mr. Clifton and the shearers that were present, but he can get no satisfaction. The amount to Graham's credit at the bank has not been ascertained, but it is said to have been about £60. Deane, who is a well-known settler, owning a small property at Tenui, has sent me a list of the shearers, and their present addresses, and is prepared to verify all he alleges.

Will you kindly make some inquiry into the matter, and let me know whether there is any prospect of his claim on behalf of his daughter being entertained? I am, &c.,

A. W. Hogg.

Mr. A. Willis to the Chairman, Royal Commission, Public Trust Office.

Sir,— Premier's Office, Wellington, 18th May, 1891.

The Hon. the Premier has directed me to forward the enclosed letter he has received from Mr. Hogg, M.H.R., on the subject of the property left by one James Graham, deceased, in 1882, about which it appears no information can be obtained, and to ask you to be good enough to make inquiry. I have, &c.,

Alex. Willis.

W. J. M. Larnach, Esq., C.M.G., Chairman, Public Trust Commission.

Memorandum for the Royal Commissioners, Public Trust Office.

James Graham, deceased.

With reference to the letter of A. W. Hogg, Esq., dated 16th instant, forwarded to you by direction of the Premier by Mr. Alexander Willis, on the subject of the property left by one James Graham, who died on the 4th December, 1882, "about which, it appears, no information can be obtained," I would, firstly, remark that, as no information has been asked, the statement that none can be obtained is ungenerous and uncalled for.

The death of deceased was reported by the Masterton agent on the 20th December, 1882, the property reported consisting of deposit in the Post Office, £50; cheque for wages, £21; horse, saddle and bridle, wearing apparel, gold ring, common watch and chain. The necessary application to the Supreme Court for order to administer was prepared on the 23rd December, 1882, and the order was granted on the 11th January, 1883. On the 13th January, 1883, the account sales of horse and effects (other than the jewellery) was received. The watch, chain, and ring were sold at auction on the 14th January, 1884.

No communication has been received at any time in this estate from any person other than the agent at Masterton, and no information sought by your correspondent or any one else. The balance at credit for six years was £89 9s. 7d., and, as no relatives were known, the amount was paid into Consolidated Fund on the 24th October, 1890. It is to be remarked that neither Mr. Clifton, the manager of the station, who is alleged to have signed a petition; Fred Payton, to whom it is alleged that half the residue was given; nor Mr. Deane, on behalf of his daughter Nellie, to whom it is stated the remaining moiety was given, have once addressed the office, although eight years and a half nearly have elapsed since the death. I need only add that if the afore-mentioned persons will prove their claim in usual course to the estate no delay will attend the recovery from the Consolidated Fund and payment to the rightful owners; but I must, with all deference, decline to take action in that direction until the claimants shall have properly substantiated their claims.

19th May, 1891. R. C. Hamerton.

No. 80.

Mr. F. H. Crippen to the Chairman, Royal Commission, Public Trust Office.

Sir,— Auckland, 18th May, 1891.

I have the honour to acknowledge, with thanks, receipt of statement of account *re* Meurant's trust from the Public Trustee from the 17th January, 1881, to the 7th January, 1891, but owing to having been seriously ill, I was unable to deal with the matter before.

I beg to refer you to a summary showing commission, &c., £38 15s. 6d.; property-tax, £14 8s. 1d.; postages, &c., £2 3s. 3d. In addition, I fail to notice any mention of the loss to us of between £150 and £175, and of interest and accrued interest up to date for the period commencing the 31st December, 1886, and ending the 1st January, 1888, and to which I drew special attention in my first communication.

With regard to the property-tax, I think I may honestly assert that the sum should be refunded *pro ratâ*. It appears also a most reasonable contention that the item for commission should receive further consideration and inquiry at your hands, for it appears a large amount for such simple services. The total for postages I cannot reconcile, believing, as I do, that 1s. annually would more than cover a repayment to the Postal Department. The correspondence invariably bore no postage stamp, and I think about two letters each year comprised all the communications transmitted to me.

I wish most respectfully to call your attention to the fact that when the award was made by Judge Fenton, of the Native Land Court, to Mrs. Meurant all her family were then over age, and shortly afterwards she died, and Messrs. Sheehan and Swanson were appointed trustees, I presume by the Government; so that really the money handed over to the Trust Department was not of a private nature, but at the instigation of the then Ministry. You might permit me to add that the beneficiaries in Auckland are wholly ignorant of the scope of the deed; and it seems a pity that the amount for law-costs was not subjected to taxation before being paid. We also consider that when the funeral expenses were adjusted a reduction might have been reasonably expected if some competent person had examined the various accounts. I may add that we took strong exception to the payment of the funeral charges at the time, but without avail.

In conclusion, I beg very sincerely to thank you for your promptitude in letting me have the Meurant Trust Account, and I feel perfectly satisfied in leaving the whole matter in your hands, believing, as I do, that you will deal in a spirit of equity where the interests of orphan children are concerned. Meantime, with respect, Believe me, &c.,

The Chairman, Public Trust Commission, Wellington. FRED H. CRIPPEN.

No. 81

Messrs. SNOW and PAMMENT to the CHAIRMAN, Royal Commission, Public Trust Office.

GENTLEMEN,— Kumara, 18th May, 1891.

We desire to direct your attention to a leading article in our paper (copy herewith) on a matter which, since the disclosures made in connection with your inquiry, has cropped up here and caused some speculation. If you can take a case of this kind and trace its history you will confer a great benefit on the public, and certainly injure no one. The date of Rynning's death was the 16th March, 1891. We have, &c.,

Public Trust Commissioners, Wellington. SNOW AND PAMMENT, *pro Times*.

MEMORANDUM FOR THE ROYAL COMMISSIONERS, Public Trust Office.

Sigvardt Rynning, deceased, 88/1039.

THE papers disclose that on the 24th March, 1886, the Swedish and Norwegian Consul, Mr. F. E. Wright, asked that the necessary steps be taken for protecting this estate. On the 8th September, 1886, Mr. Wright was informed of the particulars of the estate, and was furnished with the printed circular showing proofs of kinship required before the residue could be paid over. On the 21st September, 1886, particulars were also forwarded to Mr. Roald Rynning, of Frederickstadt, Norway, believed to be a brother of deceased; also the circular indicating proofs of kinship required. On the 11th February, 1887, particulars of the estate and the printed circular above referred to were forwarded to Mr. F. L. Rynning, of the Weber Piano Factory, 7th Avenue, New York, believed also to be a brother of deceased. On the 16th February, 1887, a letter was received from Mr. Roald Rynning stating that he was still unable to produce all the "mentioned documents," but he had sent a certificate to the Consul, Mr. Wright, "soliciting that he will arrange this affair through the Consulate." No further communications have been received from any of the three correspondents, and, as proofs of kinship have not yet come to hand, it follows that the fund still remains in my hands.

I have to-day addressed Mr. Wright, the Consul at Christchurch, as well as to the supposed brothers in New York and Frederickstadt, apprising them of the position.

The fund, with accrued interest, now stands at £167 6s. 11d., and the section at Stirling still remains unsold. I attach statement of account.

25th May, 1891. R. C. HAMERTON.

ESTATE OF SIGVARDT RYNNING, deceased.

	£	s.	d.
Cr.			
By Cash found on person	1	4	0
Cash found in house	26	0	0
Proceeds of sale of claim	169	3	4
Interest added in Public Trust Office	27	1	10
	223	9	2
Dr.			
To Cost of order to administer, and fee	4	10	0
Paid wages	14	10	0
Advertising estate	1	13	3
Keech and Molloy, bread	0	6	8
Henry Johnson, funeral	10	0	0
A. Foldi, stores	4	4	0
Hospital, maintenance	1	10	0

	£	s.	d.
Residuary duty	3	4	3
Fee passing stamp accounts	1	0	0
Registering transmission	0	14	2
Fee, preparing property-tax statement	0	5	0
Commission and postages	14	4	11
	56	2	3
Balance in hand	167	6	11

Wellington, 26th May, 1891.

No. 82.

Mr. G. M. Powell to the Chairman, Royal Commission, Public Trust Office.

Sir,— Charleston Hospital Contributors, Charleston, 18th May, 1891.

Some years since a person named Absolom Brook bequeathed the above institution, in which he died, a sum of money, provisionally that a brother and sister could not be found whose address, some forty years ago, was Forest Creek, Victoria. Considering the age of the parties when last heard of by the testator, the time that has elapsed since, and, consequently, the improbability of their being still alive, together with the fact that the district in which they were to be sought is circumscribed, would lead to the supposition that there was no valid reason for further detention of this money in the Public Trust Office. On two occasions, if not more, the Public Trustee has been communicated with on the subject, but appears to be always advertising in Victoria.

Although not knowing if this is a matter with which you can deal, it was thought advisable to communicate with you on the subject, which it is hoped you will investigate, and discover if the Hospital Trustees should not have this estate handed over to them.

I have, &c.,

George M. Powell, Secretary.

The Chairman of Commissioners, Public Trust Office, Wellington.

I, Absolom Brook, of Charleston, farmer, in the Colony of New Zealand, do hereby absolutely revoke any and all wills previously made or signed by me, and in lieu thereof do will and devise, subject to all just debts being first paid, unto my brother and sister, George Brook and Barbara Henley Brook, last heard of by me at Forest Creek, in the Colony of Victoria, all my real and personal property of whatever nature I may die possessed of in equal proportions; but in the event of them being dead, then I desire it to go to their children (if any) in equal proportions; but should neither my brother or sister or any children of theirs be found, then the whole I may die possessed of is to go unreservedly to the Charleston District Hospital for the sole benefit of that institution: and I do hereby appoint the Public Trustee of the colony sole executor to administer this my last will and testament. In witness whereof I attest my signature this seventh day of July, in the year of our Lord one thousand eight hundred and eighty-eight.

Absolom Brook.

Signed in our presence. In witness whereof we place our signatures in the presence of each other, this 7th day of July, 1888—

Patrick Joseph Fleming, Warder.
John Jeffries, Constable.

Memorandum for the Royal Commissioners, Public Trust Office.

Absolom Brook, deceased, 91/2512.

Mr. George M. Powell, whose letter, dated the 18th instant, you have referred to me, writing on behalf of the Charleston Contributors' Hospital, states that deceased "bequeathed the above institution, in which he died, a sum of money, provisionally that a brother and sister could not be found." This statement is somewhat inaccurate, as will be seen by the copy will annexed hereto. The facts are that he left all his real and personal property to his brother George and his sister Barbara Henley in equal proportions, but in the event of them being dead, then to their children in equal proportions. He then proceeds: "but should neither my brother or sister or any children of theirs be found," then, and only then, to the Charleston Hospital. Proof, then, is required of the death of the brother and sister and children (if any). My two letters to Australia and advertisements in the Castlemaine (Forest Hill, Victoria, where they were last heard of) newspapers have failed to elicit any information. I am now about to address the police authorities in Eastbourne, Sussex, for information. The brother named in the will wrote from that place to deceased in September, 1871. Meanwhile I shall be unable to pay over the residue to the Charleston Hospital.

26th May, 1891. R. C. Hamerton.

No. 83.

Mr. W. H. Gray to the Chairman, Royal Commissioners, Public Trust Office.

Dear Sirs,— Wellington, 20th May, 1891.

The following is an account of the administration of the estate of William Charles Kelsey by the Public Trustee. My complaint is that the cost of administering the will and settling up the estate by the Public Trustee is beyond all reason when compared with the value of the estate.

On the 15th January, 1886, Mr. W. C. Kelsey, of Arahura, near Hokitika, made a will bequeathing all his effects to me, and appointing my stepfather as sole executor. The witnesses to this will were Mr. John Pearson and Mr. William Coutts, who are still alive. I enclose the will. On the 4th January, 1887, Mr. Kelsey died at the Hokitika Hospital. Just before his death, however, he made another will, leaving everything to me as before, but appointing the Public Trustee as executor. He was, I believe, strongly advised to do this by the agent of the Public Trustee at Hokitika. The total expenses of squaring up the estate by the Public Trustee came to £10 8s., or nearly one-third of the value of the whole estate. (See attached abstract which I made from the list sent me by the Public Trustee from Wellington.) Now, if the first will had been acted on, and if the Public Trustee had had nothing to do with the matter, the estate would have been squared up at a comparatively small cost. The Hokitika agent for the Public Trustee seems to have made a good thing out of the estate. He is an auctioneer, and of course conducted the sale of the effects in his own auction-rooms. Besides his 5 per cent. commission on the estate, he charged £1 1s. for conducting the sale, 5s. for bellman, and 16s. for carting the things down to his auction-rooms from Mr. Kelsey's place at Arahura. He also charges 7s. 6d. for postage and stamps (see list). Thus you see that his bill alone came to £4 1s. 6d. His charge of £1 1s. for conducting the sale I consider to be most unreasonable, to say the least. There was no public sale, as I bought the whole of the things myself at his valuation—£17 0s. 6d.—because, through my intimacy with the deceased, his effects were worth far more to me than their intrinsic value. It was simply a case of my handing him the money and his handing me the effects, and for this transaction he charged a guinea. I enclose a receipt which I got from him for the things. You will see on the list of debts, expenses, &c., which I got from the Public Trustee, that the "net proceeds of sale of personal effects" is £13 18s. 6d. The difference between this sum and the £17 0s. 6d. which I paid for the effects is £3 2s., which represents the cost of effecting the sale. I would submit that it is not the thing at all for an auctioneer to be an agent for the Public Trustee, as he can, if so disposed, work everything into his own hands. One thing is certain, and that is, that it pays him far better to be an agent for the Public Trustee than it would pay any one else.

I might mention that, amongst other jewellery, Mr. Kelsey had a complete set of gold studs when he died worth about £6. On inquiring at the Public Trust Office in Wellington the other day I found that both sleeve-links were missing, and the Public Trust officers say that they did not get the full set from the Hospital after Mr. Kelsey's death. Of course, they might have been stolen in the Hospital; but I know he had them all there on the day of his death.

You will notice in the old will that the effects were left to William Howarth. That is my right name, as my certificate of birth shows; but I have always taken my stepfather's name, and am known as William Howarth Gray. I consider that if the Public Trust Office cannot square up an estate at less than a cost of one-third the value of the estate it is time that the department was abolished altogether; and I would suggest that some simpler method be adopted of settling small estates like the preceding one, and that they should be squared up at once. As this estate stands now, I shall be entitled to the magnificent sum of £1 19s. 11d., along with whatever jewellery Mr. Kelsey possessed, when I come of age. I shall then have waited six years for it.

Hoping the above will receive your careful consideration.

I am, &c.,

The Commissioners of Public Trust Office Inquiry. WM. HOWARTH GRAY.

N.B.—One item I have omitted to mention: The advertising in connection with the estate cost £2 17s., which seems to me to be an abnormally large sum for the size of the estate.—WM. H. GRAY.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office, Wellington.

Re *W. C. Kelsey, deceased.*

THE first remark of Mr. W. H. Gray, in his letter of yesterday's date, calling for notice is that "the total expenses of squaring up the estate by the Public Trustee came to £10 8s." Dissecting this sum, the expenses in detail were: Court fees for probate, £1 17s.; fee on application, £1; advertising required by law, £1 7s.; fee for passing stamp accounts, £1 (this was strictly according to regulation at the time the charge was made, it has since been reduced); commission, £1 12s.; postages, 7s. 6d.; certificate of birth of legatee to determine question of age, 2s. 6d.; auction charges, £3 2s: total, £10 8s. I need scarcely remark that a charge of £2 17s. for obtaining probate is the reverse of excessive. The charge for advertising for claims is according to the scale of the newspaper which made the charge, was a necessary outlay, and was paid. The charges by the office are strictly according to regulation, and the auction charges appear reasonable.

Your correspondent is in error when he refers to the agent obtaining 5 per cent. in addition to the auction expenses, and also to his charge of 7s. 6d. for postages.

It appears strange that your correspondent should allow four years and a quarter to elapse without communicating his grievance to me. The auctioneer who sold has long since left Hokitika, and it is now impossible to recover the fee charged for the sale which, after so long a time, he now objects to, nor did he at any time inform me that there was no public sale.

As regards the gold sleeve-links which Mr. Gray asserts were at the Hospital when Kelsey died, I have ascertained that they have not been received here. I have telegraphed the Hospital making inquiries.

With respect to Mr. Gray's last paragraph, I have already suggested to the Commissioners a means of reducing the charges on small estates under £500; the expense is too heavy under the existing law.

With respect to his evident wish to become possessed of the residue six years before majority, which would be at the age of fifteen, I express no opinion. I have not felt myself able to accept the receipt of one who by law is unable to give a valid discharge.

Mr. Gray's postscript does not appear to recognise that advertisements must be paid for according to length, and not proportionately to the value of an estate.

21st May, 1891. R. C. HAMERTON.

No. 84.

Mr. W. R. TAYLOR to the CHAIRMAN, Royal Commission, Public Trust Office.

SIR,— St. David Street, Lyttelton, 20th May, 1891.

I beg respectfully to direct your attention to the manner in which the working of the Public Trust Office has affected me, and is affecting me now, and in order to make the position clear to you, I send you an account of the whole affair from the commencement up to the present time.

I have a sister whose name is Virginia Hannah Taylor, who was committed to the Christchurch Lunatic Asylum on the 23rd August, 1879, and has remained there ever since. Mr. Seager, the then Superintendent of the Asylum, told me that I must go to Alexander Lean, the agent of the Public Trustee, and tell him what property she possessed. The property consisted of three small cottages, a little furniture, a Post Office Savings-bank account to credit, January, 1878, £120 18s. 6d., and £17 12s. 6d. which was found on her person when searched at the police-station before being sent to the Asylum, the sergeant of which kept two guineas for the doctors who examined her, and the balance, £15 10s. 3d., he handed to Mr. Lean, who told me he had received it when I mentioned it to him afterwards. I went to Mr. Lean and told him all I knew about the property. He requested me to bring him the Savings-bank book, which I did, and he appointed me his agent to collect the rents of the cottages, giving me a written authority to do so. He also requested me to lock up the furniture in one of the rooms of the cottage it was in, and let the other part of the house. I did so, and after the furniture had remained in the room for more than a year I asked Mr. Lean if it could not be sold, as I could get a little more rent for the cottage if the tenant could have the use of the room it was in. He replied that he thought it had better be left a while longer. It remained in the room until January, 1889, when it was sold by order of the Public Trustee, during which time it had deteriorated very much, the bedding, sofa-cushions, &c., being destroyed by moths; and, when sold, it only brought a small sum compared with what it would have realised had it been sold seven or eight years before, when it was in good order. I let the cottages, collected the rents, and paid them to Mr. Lean regularly about every three months, and got receipts from him for the amounts, signed "Alexander Lean, Agent for Public Trustee."

When Acland, Barns, and Co. were appointed agents of the Public Trustee, a notice of which I saw in the newspapers, I went to Mr. Lean and asked him if I should have to pay the rents to them in future. He told me that their appointment did not affect the agent in lunacy, and that I must continue to make the payments to himself as hitherto. I continued to pay the rents to Mr. Lean up to the 7th January, 1888.

On the 29th November, 1887, I received a letter from Dr. Levinge, the Medical Superintendent of the Asylum, informing me that the maintenance of Virginia Taylor was due from the 25th May, 1885, and demanding immediate payment of the arrears. I wrote to Dr. Levinge informing him that I could not understand why there should be any arrears, as I had paid the rents of the cottages regularly to Mr. Lean, and had always understood that he paid the maintenance out of them. I went to Mr. Lean, and showed him the letter, when he told me it was not correct that the maintenance was due from 1885, but that at that time the charge had been reduced from £1 per week to 12s. per week, as it had been found that the income from the estate was not sufficient to pay more; and what Dr. Levinge meant by being in arrears was that he wanted the £1 a week. I left the letter with Mr. Lean, who said he would see the doctor, and explain the matter to him. I heard no more about it until the 22nd April, 1888, when I received another letter from the Asylum, a copy of which I write below: "Sir,—I beg to remind you that payment for the maintenance of Virginia Taylor is due from the 16th November, 1885. As it is reported the estate brings in £1 1s. 6d. per week, and you are only paying at the rate of 12s., I cannot understand how it is so much money is owing; and I must now inform you that, unless the arrears are paid off, steps will be taken to vest the estate in the Public Trustee. As I am now responsible for the collection of all maintenance moneys, I will thank you to in future make your payments direct to me, addressed to the Receiver, Lunatic Asylum, Christchurch.—J. W. E. RUSSELL, *pro* Medical Superintendent."

Now, I had always understood that the estate was in the charge of the Public Trustee, and that I was paying the rents to his agent. I went to the Asylum, and had a conversation with Dr. Levinge, who told me that the maintenance was three years in arrears at the 12s. per week, and that from the 4th September, 1883, to the 3rd December, 1886—three years and three months—no payment was made, during which time I had made eleven payments to Mr. Lean, amounting to £133 19s. 4d. Dr. Levinge asked me to give him a statement of what money I had paid to Mr. Lean from January, 1883, to January, 1888. I did so. The payments during that period amounted to £202 5s. 10d. Dr. Levinge told me he had written to the Public Trust Office, and had received reply that the estate had never been entered in the office. He also said he would write to the Inspector about the matter, and gave me a written request not to pay any more money to Mr. Lean. In the meantime, he told me that I had better continue to collect the rents, and take care of the money until further notice. I called on Mr. Lean, at his office, on the 23rd April, 1888, and told him Dr. Levinge had requested me not to pay him any more rents. He then gave me the Savings-bank book. I saw Dr. Levinge again on the 9th July, 1888, when he told me had received a letter from Mr. Lean, acknowledging that he had received the £202 odd, and a statement of payments made by him for maintenance, clothing, boots, and sundries, also insurance of cottages; also stating that £47 3s. 1d. remained available for maintenance. Dr. Levinge told me that after adding

together the charges mentioned in the statement, and the £47 3s. 1d., there remained £13 of the £202 5s. 10d. not accounted for. I told the doctor about the £15 10s. 3d. before mentioned, which was taken from my sister's person, and handed to Mr. Lean by the police, and he replied that he could not find any record of that amount having been paid to the Asylum.

On the 6th of August, 1888, I received the following letter from Dr. Macgregor: "*Re* estate of Virginia Taylor: Are you willing to be appointed committee of this estate; and, if so, will you be good enough to apply to the Supreme Court. In the event of your declining to act, the Public Trustee will, of necessity, have the management of the estate. Please reply soon.—Dr. MACGREGOR."

After receiving this letter, I applied to a solicitor for advice, and he recommended me to decline being appointed committee, seeing the affair was in such an unsatisfactory state. He advised me to let the Public Trustee get appointed, whom, he said, would then, in all probability, take steps to clear the matter up between Mr. Lean and the Asylum. I sent a reply to Dr. Macgregor, stating that, in the present unsatisfactory state of the affair, I must decline to be appointed committee of the estate. I also sent him an account of the whole affair. In reply to this I received the following letter: "Inspector's Office, Wellington, 12th November, 1888.—Sir,—I have the honour, by direction of the Colonial Secretary, to point out that, in the interest of the estate, it would be advisable that you should apply to be a committee under the Act. You would then be in a position to look into the matter for yourself, and the Public Trustee's commission would be saved. I was aware of all the facts you mention in your letter, and Colonel Lean will either have to explain the question of the £13 or pay the money. Awaiting your consent to act, I have, &c., Dr. MACGREGOR."

As I did not see my way clear to take the responsibility of becoming a committee of the estate, on account of the position it was then in, I did not apply to be appointed. On the 11th January, 1889, Mr. Hall, clerk to Acland, Barns, and Co., called on me, and told me that the property had become vested in the Public Trustee, who had authorised Acland, Barns, and Co. to take possession. He requested me to give him the Savings-bank book, and to send Mr. Barns a statement of the amount of rents which I had collected since the last payment to Mr. Lean, along with the money so collected, and to deliver to an auctioneer the furniture for sale by auction.

I complied with all these requests, and at the same time informed Mr. Barns that the property was in a very dilapidated condition, and required considerable repairs, two of the cottages being almost untenable. About three months after this the tenants occupying these two cottages left, on account of the bad state they were in. I then got Mr. Barns to come and look at the property. After viewing it, he requested me to send him a statement of what required to be done, and the cost of doing it. I did so, specifying what was necessary to put the property in a condition fit to let, and the cost, amounting to £169 18s. Mr. Barns forwarded this to the Public Trust Office, Wellington.

After a delay of over two months I received a letter from Acland, Barns, and Co., informing me that my tender had been accepted, and requesting me to proceed with the work. I called on Mr. Barns, and spoke to him with reference to the manner in which the work was to be paid for. I told him it was a considerable sum of money for me to spend, and when the work was completed I should want to be paid at once. He replied, "When you have finished the work let me know, and I will come down and look at it; and, if satisfactory, will recommend immediate payment." I completed the work mentioned in my tender, and, in addition thereto, made other improvements to the property (at my own expense) to the extent of considerably over £100. I incurred this—to me heavy—expense, because I felt a strong desire to make the property produce sufficient income to pay for the maintenance of my sister, so that if she should come out of the Asylum there would be the property left for her to live upon.

After the work was all completed, and the cottages re-let, I spoke to Mr. Barns about the payment of the amount of my tender. He said he would write to the Public Trustee about it. After several weeks had passed I saw Mr. Barns again and told him I was in urgent need of the money. He said he would write again to Wellington about it. After another delay of some weeks I again called on Mr. Barns, and he took me to Mr. Hall, his clerk, and asked him if he had got any reply from Wellington about my money. Mr. Hall expressed surprise that I had not got it; he said it would not come through them, but direct from the Public Trust Office to me, and that he had thought it was paid long ago. He then asked me if I had sent in an account. I told him I had not, as I had been under the impression that the cheque would be sent to Acland, Barns, and Co., who would hand it to me, and take a receipt for it. Mr. Barns then gave me a form to fill in the claim for £169 18s., which he forwarded to Wellington with a letter stating that the work had been done to his entire satisfaction, and urging the Public Trustee to send me a cheque at once, as I had been already kept a long while out of the money.

After some little delay I received the following memorandum: "Memorandum from the Public Trust Office, Wellington, New Zealand, 24th September, 1890, to W. R. Taylor, Lyttelton.—*Re* V. Taylor, a lunatic.—With reference to your claim for £169 18s., I have to inform you that the total amount at credit of this estate at present is only £100. I enclose herewith a cheque for the amount. The balance—£69 18s., will be paid as funds accrue.—R. C. HAMERTON."

I then wrote to the Public Trustee expressing surprise that he had sent me only £100, and informing him that I could not understand why there should be only £100 at credit of the estate, as the Public Trust Office had received the following amounts during 1889 and 1890: From rents of cottages—17th January, 1889, £48 13s. 3d.; 30th March, 1889, £6 7s. 3d.; 1st July, 1889, £21 3s. 2d.; 16th November, 1889, £18 2s.; 17th March, 1890, £17 3s. 6d.; 5th July, 1890, £15 19s. 6d.; from sale of furniture, 18th January, 1889, £6 5s 3d.; from Alexander Lean, 2nd February, 1889, £28 10s. 3d.; from Post-Office Savings-bank, April, 1889, £206 11s. 4d.: total, £368 15s. 6d. I also notified him that I had been informed from the Asylum that the amount owing for the maintenance of my sister up to the 1st October, 1888, was £71.

The following is a copy of the letter I received from the Asylum: "From the Medical Superintendent, Lunatic Asylum, Christchurch, 19th November, 1888, to W. R. Taylor, Lyttelton.—Sir,—In reply to your inquiry I beg to inform you that the amount owing for the maintenance of Miss Taylor up to the 1st October last is £71. From the 21st May, 1887, to the 1st October, 1888—one year and nineteen weeks at £1—£71.—J. W. E. Russell, *pro* Medical Superintendent."

I pointed out in my letter to the Public Trustee that from the 1st October, 1888, to the 28th September, 1890, which is four days later than the date of his memorandum—viz., 24th September—would be 104 weeks, which, at £1 per week, would be £104, this, added to the £71, would bring the amount for maintenance up to the 28th September, 1890, to £175; and this, taken from £368 15s. 6d., leaves a balance of £193 15s. 6d.; and one year and eight months' interest on the money taken out of the Post-office would make a few pounds more. I expressed a hope that he would send the balance of my claim without delay, as it had been a hardship to me having been kept out of my money so long. I also requested him to send me a statement of accounts. In reply I received the following letter and statements: "Memorandum from the Public Trust Office, Wellington, 30th October, 1890, to Mr. W. R. Taylor, St. David Street, Lyttelton.—*Re* V. Taylor, a lunatic.—With reference to your letter of the 18th instant, I enclose herewith a statement of account to date, showing the transactions by this office respecting this estate. I also enclose copy of Mr. Lean's statement showing how the rents received by him were disbursed. The balance mentioned in this account—£47 3s. 1d.—was duly paid by him on account of maintenance. You will observe that Mr. Lean is credited with a sum of £28 10s. 3d. in the statement of account by this office. This amount represents the £15 10s. 3d. referred to in your letter as received by Mr. Lean from the police, and £13 mentioned in his account as paid for maintenance, but for which amounts he could not produce vouchers. With respect to the payment on the 25th October, 1889, of £88 1s. 11d. on account of maintenance, this represents a payment of 8s. per week from the 23rd February, 1883, to the 21st May, 1887, being the difference between the amount paid by Mr. Lean during this period—viz., 12s., and the amount claimed by the Asylum—£1 per week. Maintenance has therefore been paid at the rate of £1 per week since your sister was committed to the 19th May last. I am unable to pay you anything further on account of your claim at present, as you will perceive that there is only a very small balance at credit of the estate. Payments, however, will be made to you as funds accrue, until your account is settled.—R. C. Hamerton, Public Trustee."

After receipt of this letter, I ceased to pay over any more of the rents which I collected, but kept them towards the liquidation of the balance due to me.

On the 21st March, 1891, shortly after Mr. Hamilton came to Christchurch to act as district agent for the Public Trust Office, he sent me a letter requesting immediate payment of the arrears of rents of the cottages. I sent him a reply informing him as to the position of the affair. I also called on him and explained the whole matter to him, and urged for an immediate settlement of my claim. Mr. Hamilton expressed surprise that I had not been paid, and said he would write to the Public Trustee at once about the matter. After a delay of a month, Mr. Hamilton showed me a telegram which he had received from the Public Trust Office which ran to this effect: "Get from Mr. Taylor a statement of the amount of the rents he has in hand and get a receipt for it." I gave Mr. Hamilton an account of the rents I had collected, and a receipt for it on account of the balance due to me, and again pressed for a settlement. Mr Hamilton promised to write again immediately to the Public Trustee urging him to settle my account, and said as soon as he got a reply he would let me know.

Another month has gone by since then, and I have as yet heard nothing more about it. I must say that I feel I am being treated in a most unjust manner by the Public Trustee. I was led to believe that when the work was done I should receive immediate payment, instead of which it was eight months afterwards before I got any payment at all, the last cottage being finished and re-let on the 13th January, 1890, and I did not get the cheque until the 26th September following, and then only for £100. It is now seventeen months since the work was completed, and there is still nearly £20 owing to me.

I may say that, so far as my sister's property goes, the working of the Public Trustee Office has never been any benefit to it, but only a drain upon it. I see by the Public Trustee's statement the charges for commission and postages alone for the period from January, 1889, to September, 1890, amount to £17 19s. 9d.

As the Asylum authorities in 1883 thought proper to reduce the charge for the maintenance of my sister to 12s. per week, and accepted payment at that rate for over four years, and the present authorities stated to me by letter that the amount owing for maintenance up to the 1st October, 1888, was £71, I cannot see why the Public Trustee should go behind that and make a retrospective payment of the £88 1s. 11d. mentioned in his statement.

I have reason to think that the cottages have not been insured against fire from January, 1889, to April, 1891. There is no mention of it in the Public Trustee's statement. I mentioned to Mr. Hamilton, when I first saw him, that I did not think they were insured, and he said he would make inquiries at once. The result was, that on the 24th April, 1891, he sent me a letter with an insurance form, asking me to fill in a description of the cottages, and a plan of them. I did this, and returned it to him; so I suppose they are insured now, but have no doubt they were uninsured for over two years, and if a fire had occurred there would have been a total loss.

I see by the Public Trustee's statement that the Post-office Savings-bank account was taken out of the Post-office on the 29th April, 1889, and, as the cheque for the £100 was not sent to me until the 22nd September, 1890, this amount at least was lying idle for that period, viz., over sixteen months.

In conclusion, I must say that I cannot understand how it is that Mr. Lean, after keeping in his possession the £15 10s. 3d. which was found on my sister's person when committed to the Asylum for more than nine years, and keeping the rents paid to him by me for over three years, without

making a payment to the Asylum, should be only requested to pay the amounts, and nothing more about it. I cannot accept his version with reference to the former amount mentioned in the Public Trustee's statement—that the money had been paid, but he could not produce the vouchers. It seems to me that if Mr. Lean had paid the amount to the Asylum there would be a record of the transaction in the books of that institution.

I must apologise for troubling you with such a long letter, but as I have been in sore trouble about this affair for a long time, I have at length made bold to send you this account. Hoping some good may result from it,

I remain, &c.,
W. R. Taylor.

Mr. W. J. M. Larnach, Chairman of the Public Trust Commission, Wellington.

Lunatic Estate of Virginia Taylor, of Christchurch.

1889.		*Cr.*	£	s.	d.
Jan.	23	Acland, Barns, and Co., proceeds, sale of furniture ...	6	5	3
„	23	„ rents	48	13	3
Feb.	6	„ moneys received from Colonel Lean	28	10	3
April	1	„ rent	6	7	3
„	29	„ balance from P.O.S.B. and interest	206	11	4
July	18	„ rents	21	3	2
Sept.	30	„ rents	3	17	6
Dec.	5	„ rents	18	2	0
1890.					
April	14	„ rents	17	3	6
Aug.	14	„ rents	15	19	6
„	16	„ rents	1	11	6
			374	4	6

1889.		*Dr.*	£	s.	d.
Jan.	23	Acland, Barns, and Co., inspecting cottages at Lyttelton	1	3	6
March	20	J. C. Martin, swearing affidavit of Dr. Levinge ...	0	2	0
„	31	Public Trust Office, commission and postages ...	4	4	6
May	23	Christchurch Asylum, maintenance to 31st December, 1888	84	0	0
June	27	Costs of report to Court	0	7	0
„	27	Order of Court in duplicate	0	15	0
„	29	Public Trust Office, commission and postages... ...	10	16	10
July	26	Mr. Barns, expenses to Lyttelton...	0	5	0
Sept.	26	Christchurch Asylum, maintenance to 22nd July 1889 ...	29	0	0
„	30	Public Trust Office, commission and postages ...	1	8	0
„	30	W. R. Taylor, amount paid repairs, rates, &c. ...	3	17	6
		Christchurch Asylum—			
Oct.	25	Arrears of maintenance, 23rd February, 1883, to 21st May, 1887	88	1	11
Nov.	6	Maintenance to 28th October, 1889	14	0	0
		Public Trust Office—			
Dec.	31	Commission and postages	0	11	0
„	31	Fee on report to Court	1	0	0
1890.					
		Christchurch Asylum—			
Mar.	27	Maintenance to 27th January, 1890	13	0	0
June	12	Maintenance to 19th May, 1890	16	0	0
„	30	Public Trust Office, commission and postages ...	0	9	7
		W. R. Taylor—			
Aug.	16	Rates paid for 1890	1	11	6
Sept.	22	On account of claim for repairs	100	0	0
„	30	Public Trust Office, commission and postages ...	0	9	10
			371	3	2
		Balance at credit	£3	1	4

Public Trust Office, 6th November, 1890. J. C. Moginie, Accountant.

Alexander Lean, in Account with W. R. Taylor, *re* Virginia Taylor's Maintenance.

	Dr.	£	s.	d.
Jan. 1 to Dec. 31, 1883	Sundry payments by W. R. Taylor	33	5	10
Dec. 31, 1884	„ „	49	0	10
„ 31, 1885	„ „	37	3	1
„ 31, 1886	„ „	39	11	3
„ 31, 1887	„ „	30	4	0
„ 31, 1888	„ „	13	0	7
		202	5	7

	Cr.	£	s.	d.
Jan. 13, 1883	Insurance (two cottages)	1	17	6
April 16, 1883	Strange, drapery	7	5	0
	Goodman, boots...	1	0	0
May 7, 1883	Maintenance at £1 a week	13	0	0
Sept. 5, 1883	" "	13	0	0
Jan. 26, 1884	Sundries	1	10	0
" 28, 1884	"	2	16	3
June 7, 1884	" Hobday	2	0	2
	" Goodman	1	6	0
	Insurance	1	17	6
Jan. 5, 1885	"	1	17	6
" 14, 1885	Goodman, boots, 18s. 9d., £1 6s.	2	4	9
" 28, 1885	Sundries	1	15	0
Nov. 27, 1885	Hobday, sundries	3	12	1
Feb. 20, 1886	Insurance (three cottages)	2	2	3
Sept. 23, 1886	Strange, sundries	6	4	0
	Goodman	1	0	0
Dec. 3, 1886	Maintenance	31	4	0
Jan. 13, 1887	Insurance	2	2	3
Feb. 27, 1887	Goodman	1	6	0
Mar. 3, 1887 } June 17, 1887 }	Maintenance at 12s. a week	31	4	0
Oct. 27, 1887	" "	7	16	0
Jan. 19, 1888	" "	15	0	0
" 24, 1888	Insurance	2	2	3
	Balance	47	3	1
		£202	5	7

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

Re *V. Taylor, Lunatic.*

MR. TAYLOR, in his letter of the 20th instant, narrates the circumstances of this estate from the time of his sister's committal to the Asylum, on the 23rd August, 1879, but it was not until the 2nd January, 1889, that this office was put in possession of the papers, and actively undertook the management of the estate. At that date there were two sums—of £15 10s. 3d and £13—in the hands of a former agent of the office, which have been collected. I append a synopsis of the receipts and disbursements to date, showing that the estate is indebted to the office in the sum of £2, which was advanced by the authority of the Board, in order that the balance due to Mr. Taylor for repairs might be liquidated, which has been directed to be done.

Complaint is made that the sum of £88 1s. 11d., being the difference between 12s. and £1 per week from the 23rd February, 1883, to the 21st May, 1887, has been paid as maintenance for the patient, the allegations being that the Asylum agreed to take the smaller sum; but I do not find that borne out, unless it be held that Colonel Lean, as Deputy Inspector, bound the Asylum authorities by his acceptance of that sum. Against this is the fact of the claim for the difference by the Asylum at the higher rate, which is the uniform charge of that institution if an estate can afford to pay it. Maintenance at that rate has been paid to the 19th May, 1890, so that £52 was due on this account to the Asylum on the 19th ultimo.

The three cottages on which £169 has been expended for repairs were, in the opinion of my late agents, "very old, and will be untenantable the coming winter if not roofed with iron." Mr. Taylor also informed the agents that "the repairs are absolutely necessary if the houses are at all habitable next winter." It was thus absolutely necessary to expend a large sum in repairs if a future revenue was to be expected, and it is to be noted that your correspondent does not complain of the amount expended.

Mr. Taylor's claim for repairs was received in this office on the 8th September last, and cheque for £100 on account was posted on the 22nd September, 1890, no intimation of the work being completed having previously reached me. He was permitted to retain £50 3s. 11d. net rents on the 1st ultimo, on account of his claim, reducing it to £19 14s. 1d., whilst a further authority to retain rents, and direction to pay balance in cash, were conveyed to the district agent, Christchurch, on the 22nd ultimo, which would have the effect of extinguishing his claim.

2nd June, 1891. R. C. HAMERTON, Public Trustee.

Re VIRGINIA TAYLOR, of Christchurch.

	Receipts.	£	s.	d
By Furniture	... ...	6	5	3
A. Lean	... ...	15	10	3
"	... ...	13	0	0
Balance from Post Office Savings-bank	... ...	206	11	4
Interest added to account by Public Trust Office	... ...	5	1	2
Rents ...	... ...	183	1	7
		£429	9	7

Payments.	£	s.	d.
To Maintenance	244	1	11
Commission and postages	17	19	9
Costs of order	2	4	0
Agent inspecting	1	8	6
Repairs, rates, &c. (£3 17s. 6d., £1 11s. 6d., £100, £50 3s. 11d.) ...	155	12	11
	421	7	1
Balance	8	2	6
Part advance of £10 authorised by Board	2	0	0
	10	2	6
District agent instructed to pay on account of balance of Mr. Taylor's claim for repairs	9	16	1
	£0	6	5

NOTE.—Mr. Taylor is also to retain £9 18s. rents when collected, which will discharge his claim. Claim was for £169 18s. Payments—£100, £50 3s. 11d., £9 16s. 1d., £9 18s.; total, £169 18s.

No. 85.

Mr. J. C. MARTIN to the ROYAL COMMISSIONERS, Public Trust Office.

GENTLEMEN,— Christchurch, 21st May, 1891.

It was with great surprise that I discovered that a letter from myself to Mr. Hamerton of the 10th November last, which was marked "Private and confidential," and which reflected on Thomas Acland, was produced before you, and that you propose to publish it amongst the evidence taken by you. That letter was a strictly private and unofficial communication from me to Mr. Hamerton, and ought never to have been kept by him among the records of his office, and most certainly ought not to have been exhibited before you. I therefore respectfully request that you will return the letter either to myself or to Mr. Hamerton, and that you will delete from the evidence all references to it. You, of course, know that Mr. Hamerton was most unwilling that the letter should be opened by you, and as, therefore, this request is made by me, as the writer of the letter, and is supported by Mr. Acland, the person referred to therein, and is in accordance with the wishes of Mr. Hamerton, the person to whom it was addressed, I trust that you will see your way to comply with this request, and thus avoid doing a serious injury to Mr. Acland. I should never have written the letter had I thought that it would by any possibility have got out of Mr. Hamerton's own hands.

I have, &c.
JAMES C. MARTIN.

Messrs. W. J. M. Larnach, A. Loughrey, and T. K. Macdonald,
Royal Commissioners on Public Trust Office, Wellington.

Mr. T. ACLAND to the ROYAL COMMISSIONERS, Public Trust Office.

GENTLEMEN,— Christchurch, 21st May, 1891.

With reference to the attached letter from Mr. Martin, I have only to say that I trust that you will see your way to comply with his request, as I think I satisfied you that the statements made in the letter were erroneous.

I have, &c.,
T. ACLAND.

Messrs. W. J. M. Larnach, A. Loughrey, and T. K. Macdonald,
Royal Commissioners on Public Trust Office, Wellington.

The ACTING-SECRETARY, Public Trust Office Commission, to Mr. J. C. MARTIN.

SIR,— Public Trust Commissioners' Office, 28th May, 1891.

I am directed by the Royal Commissioners of the Public Trust Office to acknowledge receipt of your letter of the 21st instant, on the subject of a letter written by you to Mr. Hamerton, the Public Trustee, of date the 10th of November last, referring to his Christchurch agent and agency, and pointing out that the letter was of a private and confidential character, and ought not to have found a place among the papers of the Public Trust Office.

The Commissioners desire me to say that your letter referred to was presented to them among the papers relating to the change made by the Public Trustee recently of his Christchurch agents, and, as the contents dealt with a matter that greatly concerned the business of the Public Trust Office, your letter had to be made a part of the evidence that came under the investigation of the Commissioners; it, therefore, cannot now be withdrawn; but your letter now under reply, with the short letter of Mr. Acland's which accompanied it, shall also find a place in the evidence.

I have, &c.,
W. MITCHELL, Acting-Secretary.

J. C. Martin, Esq., Solicitor, Christchurch.

No. 86.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to your letter of the 21st instant, requesting to know when the Commissioners may expect to be in possession of the remaining returns, and expressing the hope that every

exertion may be used to furnish them as quickly as possible, I have to state that out of fifty or more returns asked for, some of which have required to be altered and re-altered at the request of the Commissioners to give additional information, I find that there yet remain to be furnished thirteen; and a fourteenth, relating to payments into Consolidated Fund, which, after immense labour, was sent in to you on the 23rd April last, but has been returned for further particulars which will necessitate another most laborious overhaul of the papers of every estate any part of whose funds have been transferred to the Consolidated Fund; and when it is borne in mind that since the establishment of the office there are no less than eighty thousand in this branch alone, it is not difficult to estimate the enormous work entailed by even the smallest alteration of a return once supplied with the details first asked for.

The other returns remaining to be furnished are as follows:—91/418: Detailed return of estates. 455: Returns in connection with Native and West Coast Settlement Reserves. 466: Return of office investments. 526: Return of unclosed estates. *561: Return of payments for legal expenses. *611: Return of Expenses Account, showing the cost of working the Head Office for the past three years. 704: Return of all realty disposed of by the Public Trustee. 737: Return in detail of estates in which losses have been made in respect of loans on mortgage. 764: Return of all valuers ever employed by the Public Trust Office. 766: Return of Public Trustee's opinion as to who is responsible for losses on office mortgages, giving details. 796: Return of all interest refunded to Public Trust Office from estates on payment to Consolidated Fund. 834: Return of postages charged to estates from 1st January, 1888, to 31st March, 1891. 835: Return of all interest repaid out of estates to office, including that from estate of S. Young. Of these, the two marked * are all but complete, and will be rendered on Tuesday.

I enclose reports from the various officers intrusted with the preparation of the unfinished returns, which will afford you information as to when the various returns may be expected to be finished. I can assure you that no exertion has been or will be wanting on my part to expedite the completion of the overwhelming task which has been imposed upon the office. At the same time it is of paramount importance that the current work of the office, which has been most seriously disturbed by the abnormal pressure of the last ten weeks, shall not be permitted to reach the stage of absolute disorganization. It is impossible to take a greater number of the permanent staff from their daily routine work without stopping the work of the office, and the extra clerks must of necessity be carefully supervised from their necessary ignorance of the intricate details. Whilst every effort has been made to expedite the work, it has been found impossible to progress more rapidly.

23rd May, 1891. R. C. Hamerton.

Report on Returns in Hand on the 23rd May, 1891.

Return of all Postages from 1st January, 1888, to 31st March, 1891, giving Dates, Amounts, Names, and Particulars.—This is a long return, and was only started on the 21st, having been received from the Royal Commission on the 18th. The return is being classified into classes of estates, and also alphabetically. If the details of how each separate amount is made up have to be given, as I suppose they will, then the records will have to be counted over for the past three years to ascertain the number of letters sent out by the office and its agencies with regard to every estate. Messrs. Hales and Bennett are on this return; but I cannot put more men on at present, because all the amounts charged are being taken from the journal; hence, there being only one book to work from, more men cannot be employed thereon. So far as I can judge, this return will require a fortnight to finish if all the minute details above referred to are required. If, however, the Royal Commission would be satisfied with the names of the estates, the classes of estates, and the amounts charged against each, the return could be finished in a few days.

Return of Mortgages taken over by the Office.—This return was finished in accordance with the order calling for same some time ago, but it has been returned for more particulars on several occasions. I am now engaged in remodelling it and amplifying its details, by direction of the Chairman of the Royal Commission. Owing to numerous interruptions for current work, &c., I cannot get this finished before Tuesday, the 26th instant. Under ordinary circumstances, if free from interruptions, I could do the whole thing in a day. I cannot put two of the extra hands on to do this alone, as they would not understand the plan on which the return will have to be drawn out. This finishing-off work it is absolutely necessary for me to do myself, as I have had considerable experience in drafting and preparing returns.

The Return of Investments, with full Details of same, for Eighteen Years.—The above return is partly prepared in the rough; but all work was suspended on this return at the time the whole office was engaged on examining and scheduling the mass of old papers and packages in the strong-room. When this job was finished others cropped up which necessitated the use of the particular ledgers in which the Investment Account occurs. At the present time these ledgers are in constant use on a very large return, which is so far advanced as to justify its completion without further stoppage. The Investment Account begins in the old Ledger No. 1, and runs into No. 3, Miscellaneous, and No. 4 Ledgers. This return is a formidable job, as each year's transactions in investment or withdrawal of moneys, the nature of the investments, whether Government securities, or mortgages, or money in banks, &c., average rate of interest on each class, detailed description of accumulated funds each year, &c., &c., will have to be given; in short, a complete dissection of our investments for eighteen years. This is a job that can only be partly done by extra clerks. It will be absolutely necessary for me to go over every detail, and lick the whole thing into shape. If a thing is to be well done—and where figures are concerned the work should be exact—sufficient time must be allowed for this to be accomplished. In the meantime this return cannot be gone on with until the other one referred to hereafter is finished.

The Private and Auction Sales of all Real and Personal Property ever sold by the Public Trust Office since its Commencement.—This return will fill about one hundred double-demy sheets of about forty lines to a sheet. The details required are most voluminous, as may be judged from the following: Number of each record, name of estate, where situate, description in full of all realty, detailed description of personal property, where disposed of, date of sale, name of purchaser or purchasers, terms of sale, gross amount realised in each case, deductions fully described, net amount paid to Public Trust Office, amount of any valuation made, and remarks—an enormous amount of work, involving a critical examination of every record in the office. It is quite impossible with an ordinary staff, and without keeping numerous statistical books, to provide against the day when such returns as these shall be called for; consequently, now that these innumerable particulars, affecting every estate that ever came into the office, and traversing every entry in our books, and every record and voucher in the office are required, a large expenditure of time is involved in furnishing the information. Over sixty sheets of this return are already done; about forty more remain to be done. When done the whole ought to be fair copied, seeing that over twenty different handwritings will appear in it, destroying its neatness. The interval elapsing between the beginning of the return and its finish will render it impossible to press-copy it unless it be rewritten. All unrealised real and personal property is also required to be shown, and the reasons for non-realisation in each case given. Here again a vast amount of work is involved, and no books could be kept to provide ready-made answers to such questions.

The Return of all Estates.—This is another of those gigantic jobs, as may be seen from the nature of the information required: Name of estate, address of deceased, occupation, date when Public Trustee took charge, total value of estate realised, cost of management, other charges, debts paid, amount paid to beneficiaries, amount paid to Consolidated Fund unclaimed, amount still in Public Trustee's Office, details of unrealised real property and reasons for non-realisation, details of unrealised personal property and reasons for non-realisation, where property is stored, remarks. It will be observed that a large amount of work has to be done twice over, inasmuch as the same information has been asked for in several returns. These returns coming in at different periods, and two or three progressing at the same time in different stages of completion, it was quite out of the question for the office to provide for their preparation in such manner as to obviate doing a lot of the work twice over. Good progress is being made, and there has been no idleness in the past. On the contrary, the whole staff, both permanent and temporary, have worked excessively hard, and strained every nerve to do justice not only to the Royal Commission, but to the office and to themselves. One of the chief difficulties experienced in getting on with the returns is that in the earlier years, from 1872 to about 1882, the ledgers were not divided into classes. Thus, old ledgers 1 and 3 contain intestates, real estates, lunatic estates, wills and trusts, and miscellaneous. Now, in nearly every return hitherto prepared, and in those now in course of preparation, the information has been and is required in classified form, corresponding to the classes of the estates administered by the office. It is clear, or should be, to the dullest perception that more than two men cannot work on one ledger at the same time. Hence, while the intestates, for example, are being taken out for a return, the other classes occurring in that particular ledger cannot be dealt with. If in those early days there had been separate ledgers for each class, as now, just as many men as there are classes could have been put on to the work at once. At present there are six men working on this return. So far as I can judge, fully another month will be required to finish the returns in hand. Everything is being done to expedite the work; but it should be borne in mind that the current work of the office must go on uninterruptedly and simultaneously with the returns. Frequently, therefore, a portion of return work has to be suspended to enable statements of account, or other matters connected with the current work, to be done. Records that come in daily must be attended to, and the necessary entries in the books completed. If I may presume to express an opinion, as one who has been in the thickest of the difficulties, I would unhesitatingly declare that no office or staff of men could have worked harder, or done better work in the time. The strain, both mental and physical, has been very great, and has nearly knocked some of us up.

I have, &c.,

23rd May, 1891. E. F. Warren.

The Public Trustee.

In accordance with your verbal instructions, I have the honour to report that I have at present in hand two returns for the Royal Commission—viz., Nos. 39 and 42. These returns were commenced on the 13th instant, and it will, I estimate, take at least another six days to go through the records in order to take out the preliminary information. As you are aware, neither of these returns could be compiled from the office books, it not being customary to distinguish between sales by auction and sales otherwise effected, nor is it usual to keep a special record of valuations made on behalf of the office. Consequently, every record in the office has had to be gone through to ascertain the particulars required by the Royal Commission. There are thirteen temporary clerks engaged on the returns, and to-day they are beginning to look through the records for the year 1888. The records for the remaining years are very heavy, and I am giving a low estimate when I report they will be finished by the time above mentioned.

I have also to report that for the first ten years or so of the existence of the office it was not the practice to attach the account sales to the records, but to place them in guard-books, which also contained all receipted vouchers and other documents, and, as soon as the records have been dealt with, it will be necessary, in order to complete the returns, to go through these books carefully to obtain information not disclosed by the records. This, I estimate, will take an additional week.

Return No. 39 will be very voluminous, and when completed will, I think, cover between seventy and eighty sheets of double-foolscap.

22nd May, 1891. C. J. Alexander.

MEMORANDUM for the PUBLIC TRUSTEE.

IN reference to the returns being prepared in this office, I have to report as follows:—

91/3364.—Statements of account in Samuel Young's estate. This return is finished, and is now being press-copied.

91/561.—Return of legal expenses paid. This requires final inspection and press-copying to complete.

91/510.—Details of each item in balance-sheet to the 31st December, 1890. The final sheets have been completed and only require looking over and press-copying.

91/796 and 835.—Return of interest accrued on estates and appropriated by the office. This is finished, and simply requires final inspection and press-copying.

91/766.—Return of possible losses on mortgages where interest is in arrear. This return is well in hand, and should be finished on Tuesday next.

Return of amounts transferred to Consolidated Fund from estates. This return will be finished in about three days.

91/526.—Return of unclosed estates. This return is a long one, and has not yet been begun. A portion of it can be filled up from the return of all estates now in course of preparation, and it can be completed, I think, shortly after that is done.

23rd May, 1891. J. C. MOGINIE.

No. 87.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

WITH reference to your letter dated the 15th instant, in which you state that Mrs. McGregor, of Wanganui, had called upon the Commission and complained that the property which was placed in the Public Trustee's hands for management two years ago last October, and which used to bring in £3 per week, has only returned between £70 and £80 during the whole of the time the property has been in the hands of the Public Trustee,—

Firstly, I assume that the allegation that the property yielded an income of £3 has been proved by Mrs. McGregor to the satisfaction of the Commissioners; if not, I must be permitted to doubt the truth of the statement made. The property in which Mrs. McGregor has a life interest is situated in or near the Town of Wanganui, and is shown in a schedule attached to the statement of account annexed. It will be noticed that Mrs. McGregor occupies a cottage and a paddock, which, in consequence, yield no rent. The order placing the property in this office was made on the 4th December, 1888, and was applied for at the instance of the remainder-men, who were dissatisfied with the management of the tenant for life, your correspondent. The property, when placed in this office, was indebted for property-tax, £6 4s. 10d.; and rates, £30 7s.; in addition to which certain deeds could not be found. The title was defective, and a solicitor was employed to rectify it at a cost of £35 10s. 4d., so that with other necessary payments the amount received by Mrs. McGregor during the year 1889 was only £5 14s. 11d. During the year 1890 the rents received were £77 2s. 8d., and an advance was made by Mr. Stevenson, one of the remainder-men, of £29 18s. 1d. to pay certain debts chargeable on capital, in order to obviate the necessity of mortgaging the estate and consequent expense. Of the rents received, £51 19s. 4d. was paid to Mrs. McGregor.

During that part of the year 1891 now passed—to 5th instant—rents to the amount of £39 8s. have been paid in, of which Mrs. McGregor has received £30 1s. 3d. Hence the receipts by the life tenant have been: 1889, £5 14s. 11d.; 1890, £51 19s. 4d.; 1891, to 5th May, £30 1s. 3d.: total, £87 15s. 6d. This does not accord with the statements to the Commissioners. She did not, probably, dwell on the large costs which she incurred with Mr. Jellicoe, and which she requested me to pay over; to the property-tax, £18 16s.; rates, £44 9s.; repairs effected, £10; insurance renewals, £16 11s. 11d., but which have been necessary payments.

Everything that could possibly be done to satisfy the complainant has been done, and now that the trust has been worked free of debt a better result will accrue to her in future. I attach a copy of the account and summary, and also, separately, a copy of the capital and income accounts by which you will readily understand the position.

30th May, 1891. R. C. HAMERTON.

The Estate of Christina Lockhart, late of Wanganui, deceased.

Statement of Account.

1889.	*Cr.*	£	s.	d.
	By Rents, to 31st December, 1889 ..	80	9	8
Oct. 30	Compensation from New Zealand Insurance Company for destruction of building by fire..	50	0	0
„ 30	Refund, proportion of premium ..	0	2	0
Nov. 14	Advance	13	1	0
		£143	12	8

1889.	*Dr.*	£	s.	d.
Jan. 21	To Insurance premium	6	5	0
Mar. 25	Preparing property-tax return ..	0	10	0
Feb. 6	Property-tax, 1888–89	6	4	10
Dec. 3	Property-tax, 1889–90	5	18	4
	Cathro's bill of costs—March 16, £7; April 18, £5	12	0	0
July 12	Paid erecting verandah	9	10	0
„ 31	Valuation fee on application for loan	1	1	0
Oct. 17	Water-supply to paddock ..	0	10	0
Nov. 8	Jellicoe's account	47	10	0
Dec. 3	Search fee	0	2	0
„ 31	Fee letting dwelling	0	6	0
Nov. 6	Mrs. McGregor..	5	14	11
	Rates—29th June, £15 2s.; 8th November, £10 13s. 6d.; 21st December, £4 11s. 6d. ..	30	7	0
	Commission	10	10	0
	Balance	7	3	7
		£143	12	8

1889.	*Cr.*	£	s.	d.
	By Balance brought down	7	3	7
June 6	Advance by J. Stevenson ..	29	18	1
	Rents for year	77	2	8
July 2	Refund, fire premium	0	8	1
		£114	12	5

1890.	*Dr.*	£	s.	d.
Jan. 7	To Paid insurance premiums ..	5	7	6
	Paid Jellicoe, bill of costs—30th January, £2 10s.; 23rd June, £6 7s. 4d.	8	17	4
	Mrs. McGregor (various dates and amounts)	51	19	4
June 23	Barnes, valuation fee	2	2	0
	Commissions	6	1	11
„ 30	Fee, 1¼ per cent. on advance ..	0	3	3
„ 30	Refund advance, £13 1s; interest, 4s. 6d.	13	5	6
„ 23	Cathro, bill of costs	8	0	0
Aug. 1	Rates	9	18	0
Sept. 30	Stamp on agreement (Carrick) ..	0	2	6
Dec. 5	Paid property-tax, 1890–91 ..	5	18	4
	Balance	2	16	9
		£114	12	5

1891.	*Cr.*	£	s.	d.
	By Balance brought forward ..	2	16	9
May 5	Rents to 5th May	39	8	0
		£42	4	9

	Dr.	£	s.	d.
Jan. 7	To Insurance	4	19	5
„ 23	Rates	4	4	0
Mar. 31	Mrs. McGregor (various dates and amounts)	30	1	3
	Commission	1	13	3
May 15	Balance in hand to date ..	1	6	10
		£42	4	9

Public Trust Office, 5th May, 1891. Accountant.

Summary.

Cr.	£	s.	d.
By Rents received	197	0	4
New Zealand Insurance Company, compensation for fire	50	0	0
New Zealand Insurance Company, refund premium	0	10	1
Advances by Public Trust Office, £13 1s., and J. Stevenson, £39 18s. 1d. ..	42	19	1
	£290	9	6

Dr.	£	s.	d.
To Paid Mrs. McGregor	87	15	6
„ Law-costs (Jellicoe and Cathro) ..	76	7	4
„ Taxes	18	1	6
„ Rates	44	9	0
„ Repairs—erecting verandah, £9 10s., water-supply to paddock, 10s. ..	10	0	0
„ Insurance premiums	16	11	11
„ Advance	13	1	0
„ Interest on advance	0	4	6
„ Stamps	0	2	6
„ Fees (various)	4	1	0
Commissions	18	8	5
Balance	1	6	10
	£290	9	6

Statement of Rents.

	£	s.	d.
Cottage: Part Section 97— Let to Constable Shearman at 5s. per week. Rent paid to 11th March, 1891. Arrears of rent to 13th May, 1891, 9 weeks ..	2	5	0
Shop: Part Section 97— Let to J. Clark at weekly rent of 8s. Rent paid to 22nd December, 1890. Arrears of rent to 11th May, 1891, 20 weeks ..	8	0	0
Cottage: Part Section 97— Let to Harding at 6s. per week. Rent paid to 20th April, 1891. Arrears to 11th May, 1891, 3 weeks	0	18	0
Cottage: Part Sub-blocks 20 and 21, Ball Street— Mrs. McGregor occupies, paying no rent.	..		
Cottage and 14 acres: Wanganui River— Let to Stephen Carrick at a weekly rent of 10s. Paid up to 10th April, 1891. Arrears to 15th May, 1891, 5 weeks	2	10	0
Paddock: Part Sub-blocks 20 and 21, Wanganui— Mrs. McGregor occupies, paying no rent.	..		
Shop: Part Section 88, Market Square— Unoccupied.	..		

Capital Account.

1889.	*Cr.*	£	s.	d.
Oct. 30	By Compensation from New Zealand Insurance Company for destruction of building by fire ..	50	0	0
1890.				
June 6	Amount advanced by J. Stevenson to pay law-costs	29	18	1
„ 6	Advance by Public Trust Office to pay law-costs	13	1	0
1889.				
Nov. 14	Amount advanced from Income Account by Mrs. McGregor's request	2	10	0
		£95	9	1

1889.	*Dr.*	£	s.	d.
Nov. 8	To Portion of Jellicoe's costs ..	47	10	0
Dec. 3	„ Cathro's costs ..	12	0	0
	„ „ ..	8	0	0
1890.				
Jan. 7	„ Jellicoe's costs ..	2	10	0
June 23	„ „ ..	6	7	4
„ 30	Refund of advance and interest ..	13	5	6
	Fee on „ ..	0	3	3
	Barnes, valuation fee	2	2	0
	Government Insurance Department, valuation fee ..	1	1	0
	Commission	2	10	0
		£95	9	1

Income Account.

Cr.	£	s.	d.
By Rents received in 1889	80	9	8
„ 1890	77	2	8
„ 1891	39	8	0
Refunds of fire premiums	0	10	1
	£197	10	5

Dr.	£	s.	d.
To Payments to Mrs. McGregor	87	15	6
Rates, £44 9s., and water-supply, 10s. ..	44	19	0
Taxes	18	1	6
Erecting verandah	9	10	0
Insurance premiums	16	11	11
Stamp duty on agreement	0	2	6
Sundry fees	0	14	9
Amount transferred to Capital Account at Mrs. McGregor's request	2	10	0
Commission, postages, and stamps ..	15	18	5
Balance in hand	1	6	10
	£197	10	5

No. 88.

Mr. W. Crowe to the Chairman, Royal Commission, Public Trust Office.

Sir,— Wellington, 31st May, 1891.

Allow me to inform you that I had 40 acres of land at Paparoa, Kaipara, Auckland. I bought this land about twenty years ago from one Davis. The settlement was called the Nonconformist Settlement. I left and went to the West Coast diggings, and left my deeds with a man of the name of Thomas Askew, Nelson. The time of the great fire in Nelson my deeds were scorched in the safe, as the house was burned down. I then put my deeds in cigar-case, and left them in the Government Deeds Office, Auckland. This land was sold for rates, and advertising for me, I not knowing anything of it. The surplus was put into the Public Trust Office, Wellington, for me. I had correspondence with the head of the office for about six months, and gave him all information about it; and at last he told me it would cost me £10 to get it. That looked well—to pay £10 for getting about £2. (I spent nearly £2 for postage-stamps.) I gave all the letters and correspondence to solicitor of the name of Henderson, in Gore, who holds all the papers. If other people have the same trouble to get a few pounds out of the Public Trust Office I do not think it will prove a financial success to the Government.

Hoping to hear from you as early as possible,
The Chairman, Public Trust.

I am, &c.,
William Crowe, Miner.

Re *W. Crowe's Complaint.*

An amount of £2 4s. was received by the agent of this office in Auckland from the Paparoa Road Board, and was duly remitted per his memorandum of the 25th October, 1883, being the net proceeds of the sale of land under the provisions of "The Rating Act, 1876," on account of Crowe or representatives. No particulars of this land were furnished by the Road Board, and, notwithstanding repeated applications, no reply can be obtained to any communications. From the reply to a letter to the Registrar of the Supreme Court, Auckland, from Mr. Crowe, it would seem that the section of land referred to was Lot 35, Paparoa. Mr. Crowe was informed on the 26th March, 1886, that an order of the Supreme Court would be required before the money could be paid out, in terms of section 63, "Rating Act, 1876," but nowhere does it appear that he has been told that the cost of such order would be £10. The money is still at credit in the books of this office—namely, £2 4s.

12th June, 1891. J. K. Warburton, Deputy Public Trustee.

No. 89.

Mr. M. Foley to the Royal Commissioners, Public Trust Office.

Gentlemen,— Hobson Street, Auckland, 1st June, 1891.

I beg to inform you, for your information, that an old man died at Hukerenui Gumfields, in the Bay of Islands district, on the 25th day of March, 1888, leaving £1,294 18s., bearing interest in four Auckland banks. The above amount, with interest, was removed on the 20th September, 1888, from Auckland to the Public Trust Office at Wellington, waiting for a claimant. There was a few pounds expenses, which should not exceed £10, for burying him, &c. Now, as the Government have ordered a Commission of Inquiry to examine the Trust Office books, will you be good

enough to see that the above amount, with interest, is entered in the book in a correct manner. The name of the deceased was John Halloran. Any further information you wish to know I will let you have.

Yours, &c.,
MAURICE FOLEY, Grocer.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

John Halloran, deceased.

WITH reference to Mr. Foley's letter of the 1st instant, I have to state that the realisation of this estate produced a sum of £1,356 15s. 10d., to which was added, to the 31st December, 1888, interest to the amount of £12 8s. 9d.—£1,369 4s. 7d. From this sum is to be deducted—debts, inclusive of funeral claim, £21 12s. 4d.; deceased persons' estates duty and property-tax, £68 19s. 7d.; office commission and administration expenses, £81 19s., which leaves a residue bearing interest at 4 per cent. from the above date of £1,196 13s. 8d., which is held, pending receipt of proofs of kinship from the next-of-kin. Many inquiries have been made from claimants who have been informed of the proofs required. On satisfactory evidence being furnished, the residue will be distributed amongst those entitled.

8th June, 1891. R. C. HAMERTON.

No. 90.

MESSRS. J. L. SMITH, W. McK. HARCOURT, and G. H. BATCHELOR to the CHAIRMAN, Royal Commission, Public Trust Office.

GENTLEMEN,—

We, the tenants of the Arahura Native Reserve, beg leave to address you with reference to our grievances, having just learnt that a Royal Commission is now sitting in Wellington to look into the grievances of the tenants of the Arahura Native Reserve. The tenants understood that the Commissioners would visit the Arahura, and have been awaiting them for some time.

We beg to state that we are dissatisfied with the rents and also the cost of new separate leases for the numerous small sections we hold. Firstly, the rents are exorbitant, and are so conditioned that we are compelled to re-lease our sections at a rent fixed by the Trustees, otherwise they will be sold at auction, and, if they do not realise the Public Trustee's valuation, we lose our right title and vested interest and costly improvements; in fact, we would be evicted out of our homes, which we had to make by clearing a dense forest, at a cost of from £30 to £40 per acre, and the land would go back into the hands of the Trust. We therefore beg you to place our rentals and tenure on the same footing as the Crown lands perpetual-lease system, as, for example, a tenant's section on the Native reserves, comprising 19 acres, is rated at £370, being about £20 per acre, thus having to pay rates for the Maori interest as well as our own, as the original value of the land was the same as the adjoining Crown lands, which is as good and better situated than our river-bed lands. This adjoining Crown land was sold at the upset price of £1 per acre. It is therefore impossible for us to compete with Crown-land settlers in the market. In addition to this, our land has been damaged by the Proclamation and destruction by mining *débris* diminishing the areas of the holdings.

Secondly, the renewal of leases add to the burden of expense, as each new lease costs £1 5s., even if the section only comprised 2 or 3 acres. What we desire is to have the whole of each settler's holding in one lease, instead of a number.

Thirdly, the process of fixing the annual ground-rent is ruinous. We state an example for your information how the annual ground-rents are fixed. A tenant's lease expired on a damaged section. The local agent visited the ground, and agreed with the tenant to pay 3s. per acre on a new lease. The Trustee refused to accept this rent, and forthwith caused arbitrators to value the land. The arbitrators agreed that 3s. per acre was sufficient rent. The Trustee still refused to accept this rent, and compelled an umpire to be called in, who also agreed that 3s. was ample rent, being the same amount of rent first agreed upon by the tenant and agent. This arbitration cost £7 6s. The Trustee now holds the tenant liable for this amount. Such a process and tenure is ruinous to the settler. This arbitration cost, on a section comprising 2 acres, at 5s. per acre per year, would be equal to about fifteen years' rent.

We therefore beg your honourable body to consider our grievance and render us relief, and your humble petitioners will ever pray.

WILLIAM McK. HARCOURT, Arahura.
JOHN L. SMITH, Arahura.
GEORGE F. BATCHELOR.
On behalf of the settlers of the Arahura Reserve.

The Chairman, Public Trust Commission, Wellington.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

REFERRING to the petition of some of the Arahura Native Reserve tenants, forwarded by you for my remarks, I have to report as follows:—

1. As to the exorbitant rates of rent, where your petitioners refer to the rents originally contracted to be paid, they were mostly fixed on a progressive scale, as it was supposed that the land in this district would increase largely in value. This has not been the case, and, where the lessees have made application, the Native Reserves Board has decided to allow the rents to remain at the rates fixed for the earlier periods of the leases, in pursuance of the powers contained in section 10 of "The Native Reserves Act, 1882." Where one rate only was originally reserved in the lease no power exists to reduce except with the consent of all the Native owners being first obtained, which,

so far as I am aware, has never been done. As regards the rentals to be paid under leases recently, or shortly to be, issued, they are fixed—under the provisions of "The Westland and Nelson Native Reserves Act, 1877,"—by agreement between the lessee and the Public Trustee; or, where the rate cannot be so agreed upon, by arbitration, the improvements which belong to the lessee being valued at the same time. As in no instances have the lessees declined to take up their leases at the new rentals fixed, the process of eviction described has never become necessary, nor can I imagine such a case occurring. As regards the first part of paragraph 2 of section 1 of the petition, of course, I can say nothing, as only legislation could give effect to the desires of your petitioners, but a misapprehension may be created by the concluding words, as in every instance where lessees have satisfied the Native Reserves Board that the area of their holdings has been reduced by river encroachments the rents have been proportionately reduced.

2. The costs of the lease in duplicate, with stamps thereon, £1 5s., is fixed by Order in Council, and, I need not point out, is much less than such a document would cost if prepared in ordinary course, having to be in accord with the provisions of the Acts of Parliament affecting these lands, and bearing a plan of the lands leased. The wish of the lessees—not before expressed to this office—has in every possible instance been carried out, and the holdings of any one lease put on to and charged for as one lease, although in some cases including three separate sections, the only cases where this has not been done being where the periods of the old expiring leases of one lessee were not coterminous. As regards the smallness of the area of some of these new holdings referred to, this has entirely arisen from the action of the lessees themselves in subdividing and sub-leasing their original sections, presumably for their own convenience and profit, such sub-lessees, by the provisions of "The Westland and Nelson Native Reserves Act, 1887," having the same rights of valuation and renewal as the original lessees.

3. The process of fixing the rentals is that provided by the last above-mentioned Act. In the cases of the first expiring Arahura leases after this Act came into force, the rents agreed upon between my agent and the lessees seemed too low, and I was obliged, in the interests of my *cestui que trust*, to resort to arbitration, as provided by statute. It was found, however, that little, if any, profit resulted to the Native trust by so doing, and, wherever possible, I have confirmed the rentals agreed upon by my agent with the lessees. The statements as to the method of proceeding in the matter of arbitration is not in accordance with what actually took place. I have never disagreed with the rentals fixed by arbitrators and obliged an umpire to be called in, as this is part of the action of the arbitrators themselves on being unable to agree, as provided by statute. The law and not the Public Trustee holds the lessee liable for the costs of such arbitration.

I may say that, while one of the signatories of the petition now under remark applied to be relieved from payment of the costs of arbitration, on one of the others being informed that such relief could not be afforded him, he replied that he had not sought such relief.

8th June, 1891. R. C. Hamerton.

No. 91.

Mr. J. M. Hay to the Chairman, Royal Commission, Public Trust Office.

Re *John Mackenzie Hay, of Westport.*

The Chairman of the Commission, Public Trust Office, Wellington.

Humbly Showeth that your applicant expresses his grateful thanks to the Commission for its ready and early settlement of his claim upon the Trust Office for the residue of the cash in its charge; that he has to make further claim for certain items of property which he has reason to believe was placed by its agent in its care, viz.: deeds of leasehold of Section 60, Palmerston Street, Westport; an open-faced silver watch, a gold watch, and gold guard chain; that he has failed to obtain information respecting them from the clerk in the outer office; that inquiry as to their whereabouts and return to him would greatly oblige.

Yours, &c.,

10th June, 1891. John Mackenzie Hay.

Memorandum for the Royal Commissioners, Public Trust Office.

With reference to Mr. Hay's letter of the 10th instant, asking that he be given possession of deeds of leasehold Section 60, Westport, and an open-faced silver watch, a gold watch, and a gold guard chain, I have to inform you, with respect to the deeds of the leasehold, that Mr. Hay has been informed that they were sent to the agent of this office at Westport, who has, no doubt, handed them to Mr. Hay's agent by this time. As regards the watches and chains, they were received by this office when Mr. Hay was first committed to the Asylum, but returned to him by registered packet on the 27th July, 1890. Mr. Hay admits having received them about this date, but says my agent took them from the premises in Palmerston Street, Westport, on his second committal. My agent informs me they were not in his possession a second time. It is thought not unlikely that they may be found in the shop in Palmerston Street, Westport, with the stock-in-trade. I may add that Mr. Hay was informed as above when the cheque for the balance at his credit was handed to him.

12th June, 1891. J. K. Warburton, Deputy Public Trustee.

No. 92.

Use and Abuse of the Public Trust Office.

Sir,—

Mr. Seddon, the member for Kumara, a few days since called the attention of the House to the most neglectful way in which the Public Trust Office was conducted. Since then we have seen the accounts in the newspapers of a most scandalous case—viz., Hatfield *v.* The Public Trustee.

Now there is a case going on, and no doubt it will work up to a similar point as the above. The case is that of Mrs. Rose Donovan, a widow with three children, a patient in lunacy, and whose estate the Public Trustee has undertaken to manage. The estate consists of 16 acres of splendid grass land on Tannery Road, Meanee, with five-roomed house, dairy-shed, stable, fowl-houses, and other outbuildings, with use of the owner's private effects, such as spring-cart, harness, plough, harrows, churns, &c. The above is let for 8s. per week. If public tenders were called, £1 per week, or £50 per year, could be easily obtained for the place. The land adjoining is let for £3 to £3 10s. a year per acre. Can you, Mr. Editor, let me know how long this state of things is to go on, and the woman's place be let for about one-third of its proper rent?

I am, &c.,

Editor, *Hawke's Bay Herald.* TARADALE.

MEMORANDUM for the ROYAL COMMISSIONERS, Public Trust Office.

You have referred to me a clipping from a newspaper upon which the date 16th September, 1890, has been written in ink. The name of the writer is withheld from me, and I am asked to report upon an anonymous attack upon the office. Having every desire to furnish whatever information I am able, I waive the usual and natural objection to replying to an individual who is ashamed to show himself in the open day, and append the following:—

Your anonymous correspondent's complaint is that "16 acres of splendid grass land on Tannery Road, Meanee, with five-roomed house, dairy, shed, fowl-houses, and other outbuildings, with the use of the owner's private effects, such as spring-cart, harness, plough, harrow, churns, &c. The above is let for 8s. per week." He then expresses his opinion that if public tenders were called, £1 per week, or £50 per annum, could easily be obtained; and he winds up by asking "How long this state of things is to go on and the woman's place be let for about one-third of its proper rent." Your anonymous correspondent, with that disregard of truth and fair-play which might be expected from a man who can lend himself to the work of stabbing in the dark, omits to mention that repairs to the value of £20 were to be effected, and that consequently a full rent for a few months only, under the circumstances, could not be looked for. Naturally, he does not care to disclose the fact that the house was uninhabitable without such repairs, nor does he state that the fencing round the "16 acres of splendid land" was in a ruinous condition.

Now, seeing that the tenancy complained of lasted about six months and a half—say, twenty-eight weeks—and that repairs to the value of £20 were effected as part of the agreement, it will not be difficult to perceive that, including the 8s. per week rent actually paid, there was an equivalent in favour of the estate of £1 2s. 3d. per week. This, according to the anonymous writer's own showing, may be considered a fair return.

With respect to the calling for tenders this was done, after the requisite order of Court had been granted, and resulted in four tenders being received, the rentals offered being £44, £32, £28, and £25, respectively; and this, it will be borne in mind, after the repairs before mentioned had been carried out. But the highest tenderer declined to complete, and, after much correspondence it was decided to call for fresh tenders, when again four were received, the rents offered being as follows: £36, £35, £35, and £24. The highest tender was accepted, and the successful tenderer is now in occupation.

It only remains for me to say that the personalty referred to by your anonymous correspondent was sold pursuant to order of Court on the 21st October, 1890; so much for his assertion that it was let with the realty.

I shall be perfectly willing to furnish any further information which may be desired to any one entitled to call for it, but I should prefer it if the Commissioners would oblige me with the name of inquirers before asking me to reply—a reasonable request, to which I apprehend no objection can be taken.

15th June, 1891. R. C. HAMERTON.

No. 93.

Mr. R. N. JONES to the CHAIRMAN, Public Trust Commission, Wellington.

Re *Fred Ledger's Estate.*

DEAR SIR,— Gisborne, 22nd May, 1891.

I am instructed by Mr. Alfred Ledger, of this town, fruiterer, to forward to the Commissioners the statement herein enclosed, to be dealt with by those gentlemen as they shall consider meet.

Yours, &c.,

The Chairman, Public Trust Commission, Wellington. R. N. JONES.

STATEMENT of ALFRED LEDGER, Gisborne, *re* Frederick Ledger (deceased), and *re* the Public Trust Office.

MY brother (Mr. Fred Ledger), who was carrying on a thriving business as cabinet-maker at Parnell, Auckland, died in November, 1888, intestate. I was the nearest relation in the colony, and went to Auckland to look after the affairs of the estate. I experienced considerable difficulty in getting possession, owing to the obstruction of various persons. At length letters of administration were granted to me; but, unfortunately, owing to the obstruction above noted, I was unable to get the necessary sureties. The Public Trustee was all this time anxious to secure the management of the estate, and after my return to Gisborne my solicitor wrote me as follows:—"Auckland, 10th December, 1888.—Mr. Alfred Ledger, Carpenter, Gisborne.—Dear Sir,—I have been expecting you back, as you stated; the Public Trustee has been bothering me. Some one should, in the interests of all parties concerned, certainly be appointed to at once step in and take charge of matters. I really do not see why you should bother yourself with the affair, as it would

be a lot of trouble, and very little thanks or remuneration to you, and, by the Public Trustee acting, all parties will be fairly treated, according to their legal rights. So you had better sign the back, and forward it to me by first post.—Yours, &c., JOHN A. BEALE." Indorsement: "As next-of-kin of my brother, Frederick Ledger, late of Parnell, cabinet-maker, deceased, in New Zealand, I hereby disclaim the right of administering the estate, and consent to the Public Trustee doing so. Dated this day of 1888. Witness "

I subsequently went to Auckland upon the business, and, after consultation, consented to the Public Trustee acting in the matter. I had been to considerable trouble and expense, including passage-fare, keep in Auckland, and time and trouble expended, and I lodged an account with the agent for £29, and I certainly understood him to agree that I was entitled to something, and that he would see that I got a fair allowance made to me. Had no such arrangement been arrived at I would not have handed the estate over the way I did, but would have contrived to find sureties, and managed it under direction of the Court.

The estate, I consider, was mismanaged, inasmuch as all the debts owing were not properly collected—the real property was allowed to be sold and the personal property was sacrificed. The furniture was realised by auction, and, as an instance of the values received, a new chest of drawers was sold for 7s. I unavailingly remonstrated against the sacrifice; but having consented to the Public Trustee acting I had no status in the matter.

Being told that it would be a considerable time before the estate could be wound up I returned to Gisborne. I waited in vain for news, and then I despatched the following letter to the Public Trustee: "Gisborne, 7th March, 1890.—Mr. Hamerton, Public Trustee.—Dear Sir,—Would you kindly forward me an account of my brother's estate—*i.e.*, Frederick Ledger, cabinet-maker, Parnell, Auckland. Dear sir, it is now over twelve months in the agent's hands at Auckland (*sic*). I have wrote to him, and forwarded to him mother's letter, but as yet received no answer. I have the sanction of all relations living to deal in any and every way required by law.—Yours, &c., ALFRED LEDGER." The reply I have mislaid; but it was to the effect that the estate would be wound up in July. I again waited until September, when I consulted a solicitor, who wrote the following letter, which I signed: "Gisborne, 20th September, 1890.—The Public Trustee, Wellington.—Dear Sir,—*Re* estate of Fred. Ledger (deceased): It is now some considerable time since this estate was placed in your hands for administration, and I should be glad to have some information upon the matter. Would you kindly, therefore, let me know whether the estate has been finally closed, and with what result? I may say I have heard nothing further of my own claim upon the estate since I sent it in in the ordinary course.—Yours, &c., ALFRED LEDGER." I received the following reply: "F. Ledger, deceased.—Replying to yours of the 20th instant, I am directed by the Public Trustee to inform you that this estate is closed, it having paid a dividend of 16s. 2½d. in the pound. I may say claims were advertised for in the usual course, but no claim was received from you, and, in fact your letter is the first intimation of your having a claim against the estate.—R. C. HAMERTON, Public Trustee." I was astonished at the remark that no claim was received from me, and, by the advice of my solicitor, I wrote the following letter to the agent in Auckland: "Gisborne, 8th October, 1890.—E. P. Watkis, Esq., Agent for Public Trustee, Auckland.—Dear Sir,—*Re* F. Ledger, deceased: In response to an inquiry directed to the Public Trustee, I am informed that this estate has been closed, after paying a dividend of 16s. 2½d. in the pound, but 'no claim was received from you.' Would you kindly explain how my claim, lodged with you, did not come to the notice of the Public Trustee? If you remember you admitted you thought I was entitled to something, but apparently nothing whatever has been allowed. I left a number of letters and papers with you which, now the estate is closed, can, I presume, be of no further use to you. Kindly let me have these at your earliest convenience.—Yours, &c., ALFRED LEDGER." To that temperately worded letter, the following reply was received: "13th October, 1890.—*Re* F. Ledger, deceased.—Reverting to your letter of the 8th instant, I must emphatically deny that I informed you that you were entitled to something. Had you brought the estate into the office at an early stage a large sum would have been saved instead of being lost by your perverse action. Under different circumstances it is possible the Public Trustee might have considered any reasonable claim preferred in equity, but you had no legal standing whatever, and your claim was preposterous. The only letter you left with me was from your mother, enclosed herein.—E. P. WATKIS, Agent for Public Trustee."

This closed the correspondence, and I have never received any account beyond that contained in the Trustee's letter (No. 4740) above quoted as to how the estate was administered, nor do I know. I was advised by my solicitor that the redress left open for me was of too expensive a nature for him to feel justified in advising me to undertake. I now bring the matter before the Commissioners, with the hope that in future estates of a like nature a similar procedure should not be followed. As next-of-kin I complain—(1.) That the estate was not properly managed by the Trustee. (2.) That I was prevented by the Trustee and those acting in his interest from obtaining the sureties necessary to secure administration, as granted by the Court to me. The anxiety of the Trustee to secure the estate is manifested by my own solicitor's letter. As a creditor of the estate I complain—(1.) That, by the negligence or otherwise of the agent in Auckland, my claim as a creditor was never brought before the Public Trustee. (2.) That I had no notice of my claim being disallowed, and therefore was deprived of an opportunity of substantiating it. (3.) That the agent took upon himself, without consulting the Trustee, to ignore my claim. (4.) That the estate being closed, I am deprived of all remedy.

I hereby declare all the above statements to be true and correct to the best of my knowledge and belief, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of an Act of the General Assembly of New Zealand intituled "The Justices of the Peace Act, 1882." ALFRED LEDGER.

Declared at Gisborne, on the 22nd day of May, 1891, before me—J. Townley, J.P.

Mr. E. P. WATKIS, Agent for Public Trustee, Auckland, to the PUBLIC TRUSTEE.

Re *F. Ledger, deceased.*

The Public Trustee.

REFERRING to your memorandum of the 27th ultimo, covering Mr. A. Ledger's statement of complaint for my reply, I beg to append the following explanation, with letters from Mr. Coleman, solicitor, Messrs. Archibald Clark and Sons, and Messrs. T. and S. Morrin and Co.; inventory and valuation of Messrs. S. Cochrane and Son; and "claim" of Mr. A. Ledger.

The complaint resolves itself into five charges—viz., (1) obstruction; (2) that the debts were not properly collected; (3) that the "freehold" (leasehold, in fact) was sacrificed; (4) that the stock was sacrificed; (5) that he had a claim on the estate which I ignored.

Reply: (1.) I had no *locus standi* up to the date of his consent (13th February, 1889) to your acting. As a matter of fact, the obstruction was on the part of certain creditors, through their solicitors. Want of confidence in Mr. A. Ledger, who was an uncertificated bankrupt, was the cause. In attached letter Messrs. Hesketh and Richmond were instructed by A. Clark and Sons; several creditors "bothered" me to know if you would take action, and I had to see Mr. Beale to ascertain what his client intended doing, as the estate was rapidly dwindling away; hence his use of the expression in his letter to Mr. A. Ledger.

(2.) I confidently assert that the debts were thoroughly collected so far as the very imperfect state of the books (deceased's) would allow, and consistent with the exercise of the office Solicitors' and my own judgment in not suing people who we knew could not pay. Some of the largest accounts were owing by persons who had left the district, and whose whereabouts could not be ascertained. If required, I can obtain the opinion of creditors living near deceased in Parnell who were acquainted with all the facts from first to last. Mr. A. Ledger, having left for Gisborne shortly after I assumed charge, was not in a position to judge.

(3.) The leasehold was sold by the mortgagee through the Registrar of the Supreme Court on the 28th January, 1889, two weeks before he consented to your administering. The mortgagee foreclosed because no one was administering. Contrary to his solicitor's advice, Mr. A. Ledger refused his consent until he could not help himself, as the time allowed by the Court had elapsed. Immediately on obtaining it in writing, I wired you for permission to sell the stock, &c., to save the rent and for safety of the goods, which some of the creditors considered were not safe.

(4.) On the same date (13th February) I went with Mr. Dacre (Cochrane and Son) to the shop, where he made the attached inventory and valuation (approximate). On the 15th idem I received your authority to sell; and on the same date I instructed Messrs. Cochrane to sell, after due advertisement, by auction. The valuation was for £105 16s., and the account sales show a net result of £121 4s. 9d. There were no valuable articles to sacrifice, nor anything on which I could put a reserve. I fail to see any avoidable sacrifice or neglect on my part.

(5.) See Mr. A. Ledger's claim attached, and I venture to express an opinion that it speaks for itself. If he "carried on the business," what became of the proceeds? Who authorised his "looking after the estate"? I am aware that the rule is to forward all claims for your consideration, but this was too preposterous. If I were wrong (which I do not admit) in ignoring such an one, it was an error of judgment; but I consider I was entitled to assume discretion, and that I exercised it fairly and with judgment. Mr. A. Ledger's solicitor admitted to me that he had advised his client that he had no claim whatever on the estate. I also told him (Ledger) that it would not be recognised, and he himself admitted to me in my office, about two weeks ago, that he was quite prepared to have compromised it for a much smaller sum.

As a matter of fact, Mr. A. Ledger was the direct cause, in my opinion, of a heavy loss to the estate of nearly, if not more than, £200 by his failure to administer promptly. The purchaser's agent told me he was prepared to give another £100 for the leasehold, but he got it for the amount of mortgage, with interest and costs. The building is a very good one, and the position excellent. Complainant, by his persecution of Mrs. Ledger, drove her to recklessly sell goods for maintenance and passage of herself and children to England. This occurred before I had any power to take action on your behalf.

Mr. A. Ledger pressed me to employ him to take charge of the shop and stock, and retail the latter, but such an unusual course was out of the question. If you had consented it would have produced endless complaints from the creditors, as his general conduct and character were not such as to warrant any confidence in him. If necessary, further evidence can be readily obtained on this point without difficulty.

I contend that I have acted throughout the whole matter in good faith; that every step I have taken from first to last has been for the best; and that so far as my duties were concerned, there has been no loss, or waste, or needless expense. If I have omitted giving a reply to any point that may have escaped my notice I shall be only too glad to afford every information in my power, and supply independent evidence in support of my statements.

Auckland, 2nd June, 1891.

MEMORANDUM by LEDGER-KEEPER, Public Trustee's Office.

The Deputy Public Trustee.

MR. WATKIS does not appear to have left it necessary to add anything further, having replied exhaustively to all the charges, and given a history of the administration.

15th June, 1891.

N.B. (by Mr. Watkis).—Mr. A. Ledger, in his affidavit filed in the Supreme Court, swore that the estate was under £100, whereas the gross amount collected was £173 15s. 8d.

CORRESPONDENCE.

No. 94.

The Hon. the PREMIER to the Hon. W. J. M. LARNACH, C.M.G.

SIR,— Colonial Secretary's Office, Wellington, 9th March, 1891.

Referring to my telegrams of the 2nd and 4th instant, I have the honour to enclose herewith a Commission, under the hand of His Excellency the Governor and the Seal of the Colony, appointing you, together with Messrs. A. Loughrey and T. Kennedy Macdonald, to inquire into and report upon the constitution, working, &c., of the Public Trust Office. Mr. James Grattan Grey, of Dunedin, will act as secretary and reporter to the Commission.

I have, &c.,

J. BALLANCE,

The Hon. W. J. M. Larnach, C.M.G., Wellington. (For the Colonial Secretary.)

No. 95.

Vide No. 1, H.–3.

No. 96.

The SECRETARY, Public Trust Office Commission, to Mr. W. C. WALKER.

DEAR SIR,— Public Trust Office Commission, Wellington, 19th March, 1891.

I have the honour to acknowledge the receipt of your letter of the 14th instant. I am directed by the Commissioners to thank you for your communication, and to inform you that it will receive due consideration by the Commissioners.

I have, &c.,

W. C. Walker, Esq., Christchurch. J. G. GREY, Secretary.

No. 97.

The SECRETARY, Public Trust Office Commission, to the PUBLIC TRUSTEE.

SIR,— Public Trust Office Commission, Wellington, 23rd March, 1891.

I am directed by the Commissioners to inquire what is the amount of rates in the case of J. Goldie, deceased, and what has been done in the matter by the agent at Auckland?

I have, &c.,

R. C. Hamerton, Esq. J. G. GREY, Secretary.

No. 98.

The SECRETARY, Public Trust Office Commission, to the Hon. the PREMIER.

SIR,— Public Trust Office Commission, Wellington, 24th March, 1891.

I have the honour, by direction of the Commissioners, to call your attention to the fourth line of the concluding paragraph of the Commission under the hand of His Excellency the Governor, which says, "and I direct that the said inquiry shall be conducted at the office of the Public Trustee at Wellington." Circumstances may arise which may render it necessary and advisable, with a view to a thorough and satisfactory investigation, that the Commission should take evidence in other parts of the Colony where business connected with the Public Trust Office has been, and is still being, conducted. I am, therefore, directed to request that you will be good enough to take whatever action may be necessary to confer upon the Commissioners power and authority to hold the inquiry at such other places besides Wellington as may be deemed desirable, if, in the opinion of the Government, the Commission should be empowered to do so.

I have, &c.,

The Hon. John Ballance. J. G. GREY, Secretary.

No. 99.

The SECRETARY, Public Trust Office Commission, to the PUBLIC TRUSTEE.

SIR,— Public Trust Office Commission, Wellington, 24th March, 1891.

I am directed by the Commissioners to inquire when they may expect to receive the balance-sheet for last financial year. They desire me to say that they have been here for ten days, that they asked for this balance-sheet on the first day of meeting, and are still without it, although three months of another financial year have nearly expired.

I have, &c.,

R. C. Hamerton, Esq. J. G. GREY, Secretary.

No. 100.

The SECRETARY, Public Trust Office Commission, to the Hon. the PREMIER.

SIR,— Public Trust Office Commission, Wellington, 25th March, 1891.

I am instructed to acknowledge receipt of letter from the Premier's office dated yesterday, and I have now the honour to forward the Commission for the extension of the Commissioners' powers.

The Commissioners suggest that six months from date of Commission should be allowed them to complete their investigation, as they find that outside of Wellington there are twenty-four

agencies to examine, including principal centres such as Christchurch, Auckland, Dunedin, Napier, &c.

The Commissioners are most anxious and desirous of completing their important and arduous work for the information of His Excellency as early as possible, that Ministers may be informed of the result in order to deal with it. They therefore propose, after making a thorough investigation of the Head Office here, to draw up and forward a progress report on the working of the office. They will afterwards proceed to examine agencies outside of Wellington, and conclude by forwarding a further and final report of their work. Ministers will thus be able, should they so desire, to have new proposals for legislation framed from the first progress report dealing with the Chief Office in time for next session, and, although the Commisioners have named six months for insertion in the Commission, they will make every exertion to finish their work as quickly as possible.

I have, &c.,

The Hon. John Ballance. J. G. Grey, Secretary.

No. 101.

The Secretary, Public Trust Office Commission, to the Hon. the Premier.

Sir,— Public Trust Office Commission, Wellington, 25th March, 1891.

The Commission understand that a Bill is in progress dealing with a change in the administration of the West Coast Settlement Reserves. I am directed to say that the Commission will be glad to have a draft copy of such Bill, if you will kindly give instructions that they are to be supplied with such copy.

I have, &c.,

The Hon. John Ballance. J. G. Grey, Secretary.

No. 102.

The Secretary, Public Trust Office Commission, to the Public Trustee.

Sir,— Public Trust Office Commission, Wellington, 26th March, 1891.

With reference to a paragraph appearing in last night's *Evening Post* concerning the proceedings of the Commission, I am directed to ask whether the information was furnished by the Public Trust Office. Without assuming that such has been the case, it is hardly necessary for me to point out that for obvious reasons it is highly desirable, in the public interests, that the proceedings of the Commission should be kept strictly private until after their report has been forwarded to His Excellency the Governor.

I have, &c.,

R. C. Hamerton, Esq., Public Trustee. J. G. Grey, Secretary.

No. 103.

The Secretary, Public Trust Office Commission, to the Hon. the Premier.

Sir,— Public Trust Office Commission, Wellington, 26th March, 1891.

I have the honour to acknowledge the receipt of your letter of this day's date, in reply to my communication of the 25th instant. In reply, I am directed by the Commissioners to point out that, although the Commission bears date 27th of February, it did not come into their hands until Saturday, the 14th instant, and the Commissioners were unable to commence even preliminary work until Monday, the 16th instant.

Looking at the difficulties which arise from day to day in the way of getting information that is necessary for the Commissioners' report, it is more than doubtful whether the Commission could complete a satisfactory investigation within what practically amounts to only two months longer. The Commissioners, therefore, suggest that, unless a longer time than three months from date of Commission is fixed, the time allowed the Commissioners for sending in their report had better be left blank.

As was stated in my letter of yesterday, the Commissioners will furnish a progress report dealing with the Head Office in sufficient time before the meeting of Parliament to allow of any amendments of the existing law that may be considered necessary to be proposed. The Commissioners regret exceedingly that the Government appear to suppose that they have any desire to prolong the time beyond that which is absolutely necessary to do justice to the importance of the business entrusted to them.

I have, &c.,

The Hon. John Ballance. J. G. Grey, Secretary.

No. 104.

The Hon the Premier to the Chairman, Public Trust Office Commission.

Sir,— Premier's Office, Wellington, 26th March, 1891.

I have the honour to acknowledge the receipt of your letter of this date. In reply, I beg to express my regret that the Commissioners should imagine for one moment that the Government suppose the Commissioners have any desire to prolong the time, and their only motive in fixing the time within which the Commissioners should report was the desire expressed in my letter of this morning. The Government regret that they do not see their way to extend the time as desired by the Commissioners, or to leave the date blank, but it will always be open to the Commissioners to apply hereafter for an extension of time should they be unable to report by the time now fixed.

I have, &c.,

J. Ballance.

Hon. W. J. M. Larnach, C.M.G., Chairman, Public Trust Commission.

No. 105.

The Hon. the PREMIER to the CHAIRMAN, Public Trust Office Commission.

SIR,— Premier's Office, Wellington, 26th March, 1891.

I have the honour to acknowledge the receipt of your two letters dated the 24th and 25th instant respectively, and with regard to the first, although Government were of opinion that all information necessary to the inquiry could be obtained in Wellington, they agree to extend the scope of your Commission to places outside of Wellington should you consider it necessary. As to the time suggested as that in which the Commissioners should be allowed to complete their investigations, the Government has fixed it at three months from the date of the Commission, as, with deference to the Commissioners' opinion, they consider it should be sufficient; and it is very desirable that the Commissioners should make their report in sufficient time before the meeting of Parliament to allow of any amendments of the existing law that may be considered necessary to be prepared. At a meeting of the Executive Council to be held to-day the necessary order will be passed to give effect to the above. I have, &c.

J. BALLANCE.

The Hon. W. J. M. Larnach, C.M.G., Chairman, Public Trust Commission.

No. 106.

The SECRETARY, Public Trust Office Commission, to the Hon. the PREMIER.

SIR,— Public Trust Office Commission, Wellington, 26th March, 1891.

I have the honour, by direction of the Commissioners, to acknowledge the receipt of your letter of this date, informing them that the Government do not see their way to extend the time, &c. I am instructed to request that you will be good enough to forward the Commission to the Commissioners as soon as possible. It was handed to the Secretary to the Cabinet yesterday.

I have, &c.,

The Hon. J. Ballance. J. G. GREY, Secretary.

No. 107.

SIR,— Premier's Office, Wellington, 26th May, 1891.

Herewith I have the honour to hand you the Commission to inquire into the working of the Public Trust Office, the time within which the Commissioners are to make their report having been extended for fourteen days from the 27th instant. I have, &c.,

ALEX. WILLIS.

The Hon. W. J. M. Larnach, C.M.G., Chairman, Public Trust Commission.

No. 108.

The SECRETARY, Public Trust Office Commission, to Messrs. JACKSON and RUSSELL.

GENTLEMEN,— Public Trust Office Commission, Wellington, 31st March, 1891.

I have the honour to acknowledge the receipt of your letter of the 26th instant. In reply, I am directed to inform you that the letter from your client, Mr. Richmond, will receive due consideration. I have, &c.,

Messrs. Jackson and Russell, Auckland. J. G. GREY, Secretary.

No. 109.

The SECRETARY, Public Trust Office Commission, to the Hon. H. K. TAIAROA.

DEAR SIR,— Public Trust Office Commission, Wellington, 31st March, 1891.

I am in receipt of your note of the 25th instant. In reply, I beg to inform you that the matter with regard to the Greymouth and Westland Native reserves will receive due consideration. Any communication from you on the subject will also be attended to.

I have, &c.,

The Hon. H. K. Taiaroa, Caversham. J. G. GREY, Secretary.

No. 110.

The SECRETARY, Public Trust Office Commission, to the PUBLIC TRUSTEE.

SIR,— Public Trust Office Commission, Wellington, 31st March, 1891.

I have the honour, by direction of the Commissioners, to inform you that we have received from Messrs. Jackson and Russell, of Auckland, copy of a letter addressed to the Public Trustee in *re* the estate of John Wright, deceased. The Commissioners will be pleased to receive any explanation you may have to offer on the subject. I have, &c.,

R. C. Hamerton, Esq. J. G. GREY, Secretary.

No. 111.

Mr. W. DIGNAN, Auckland, to the CHAIRMAN, Public Trust Commission.

DEAR SIR,— Imperial Chambers, Vulcan Lane, Auckland, 31st March, 1891.

With reference to the management of the Public Trust Office of this Colony, there is one matter which calls for attention, and that is, in connection with the balances paid into the office under section 41 of "The Rating Act, 1882." At present these balances, which range from a few shillings upwards, are payable to the persons entitled thereto upon an order of a Judge of the Supreme Court only. I venture to suggest that they be made payable upon a declaration, as in other cases within the office. To obtain an order of a Judge is expensive (and fraught with loss

of time in his absence), and notwithstanding the fact that the Judges remit the fees of Court as to sums under £10. I am aware of cases of persons without the means of obtaining such an order, and who have been obliged to leave their balances in the office, although entitled thereto, as well as others whose balances are so small as to be insufficient to cover the cost of preparing the necessary papers for motion and order.

Trusting that you will, at all events, consider this matter.

I have, &c.,

WALTER DIGNAN, Solicitor, Auckland.

The Hon. W. J. M. Larnach, C.M.G., Chairman, Public Trust Office Commission.

No. 112.

The SECRETARY, Public Trust Office Commission, to the PUBLIC TRUSTEE.

SIR,— Public Trust Office Commission, Wellington, 2nd April, 1891.

The Commissioners require a balance-sheet to be made up to the close of the 31st March, 1891; and in order to avoid delay they will dispense with the audit of the Audit Department.

I have, &c.,

R. C. Hamerton, Esq. J. G. GREY, Secretary.

No. 113.

The SECRETARY, Public Trust Office Commission, to the PUBLIC TRUSTEE.

SIR,— Public Trust Office Commission, Wellington, 2nd April, 1891.

The Commissioners require, with the audited balance-sheet of 31st December last, as soon as they can be prepared, a detailed statement or statements showing how each amount standing in the debtor and creditor columns of the balance-sheet is made up.

I have, &c.,

R. C. Hamerton, Esq. J. G. GREY, Secretary.

No. 114.

[Advertisement inserted thrice in newspapers throughout the colony.]

PUBLIC TRUST OFFICE.—IMPORTANT NOTICE.

THE Royal Commission now sitting in the City of Wellington, having regard to the working of the Public Trust Office, will commence to take evidence in the course of next week. Any person desirous of bringing any matter of interest and importance before the Commissioners may communicate with them by letter or otherwise, addressed to the Chairman of the Commission, at the Public Trust Office, Wellington.

By order of the Commissioners.

Wellington, 4th April, 1891. J. GRATTAN GREY, Secretary to the Commission.

No. 115.

The SECRETARY, Public Trust Office, to the AUDITOR-GENERAL.

SIR,— Public Trust Office Commission, Wellington, 4th April, 1891.

I am directed by the Commissioners to request that you will be good enough to prepare, for the information of the Commissioners now making inquiry into the Public Trust Office Department, a memorandum respecting the system of audit adopted by you with respect to the Public Trust Department, such memorandum to give the following information: (1.) How long the Public Trust Office has been under investigation by the Audit Department. (2.) The method of audit, and whether any change has taken place in same by the Audit Department since the Public Trust Office first came under inspection by same; if so, the reason of such change. (3.) The details of the actual work performed by the officers of the Audit Department in connection with such audit. (4.) The number of hours employed in connection with such audit, and whether it is a daily, weekly, monthly, or yearly audit. (4A.) Whether the Audit Department has ever made any suggestion with respect to the mode or system of book-keeping adopted by the Public Trust Office. (4B.) Whether any officer connected with the Audit Department has ever reported any matter in connection with the Public Trust Office which required special investigation by the Audit Department; and, if so, the details of same. (5.) The names of the officers who have acted in connection with the audit of the Public Trust Office since the commencement of its operations, and the period of time in which they were employed upon the work. (6.) The total amount paid to the Audit Department by the Public Trust Office for audit, giving annual amount each year.

I have, &c.,

J. G. GREY, Secretary.

James Edward FitzGerald, Esq., Auditor-General.

No. 116.

The SECRETARY, Public Trust Office Commission, to the AUDITOR-GENERAL.

SIR,— Public Trust Office Commission, Wellington, 10th April, 1891.

Referring to my letter of the 4th instant, I am directed by the Commissioners to inquire when they are likely to be supplied with the information therein mentioned.

I have, &c.,

J. G. GREY, Secretary.

James Edward FitzGerald, Esq., Controller and Auditor-General.

Pressure of work and illness has delayed. I have taken the paper home, and hope to report to-morrow.—J.E.F'G. 13/4/91.

No. 117.

The Secretary, Public Trust Office Commission, to the Public Trustee.

Sir,— Public Trust Office Commission, Wellington, 4th April, 1891.

I am instructed by the Commissioners again to remind you that they have not yet received the audited balance-sheet of the Public Trust Office for the year ending 31st December, 1890.

I have, &c.,

R. C. Hamerton, Esq. J. G. Grey, Secretary.

No. 118.

Memorandum from the Public Trustee to the Secretary, Public Trust Office Commission.

Wellington, 7th April, 1891.

With reference to your letter dated the 4th instant, I have now the pleasure of handing you the audited balance-sheet and accounts of this office for the year ended 31st December last, having personally obtained the same from the Controller and Auditor-General this morning.

R. C. Hamerton, Public Trustee.

The Secretary, Royal Commissioners, Public Trust Office.

No. 119.

The Secretary, Public Trust Office Commission, to Mr. W. Dignan.

Dear Sir,— Public Trust Office Commission, Wellington, 4th April, 1891.

I am instructed by the Commissioners to acknowledge receipt of your letter, dated 31st ultimo. In reply, I have to inform you that the matter therein referred to will receive due consideration at the hands of the Commissioners.

I remain, &c.,

Walter Dignan, Esq., Solicitor, Auckland. J. G. Grey, Secretary.

No. 120.

The Secretary, Public Trust Office Commission, to the Auditor-General.

Sir,— Public Trust Office Commission, Wellington, 10th April, 1891.

Referring to my letter of the 4th instant, I am directed by the Commissioners to inquire when they are likely to be supplied with the information therein mentioned.

I have, &c.,

James Edward FitzGerald, Esq., Controller General. J. G. Grey, Secretary.

No. 121.

The Secretary, Public Trust Office Commission, to the Auditor-General.

Sir,— Royal Commission, Public Trust Office, Wellington, 21st April, 1891.

I have the honour, by direction of the Commissioners, to return the enclosed, in accordance with your letter to the Hon. Mr. Larnach; also to return you the thanks of the Commissioners for your memorandum, and to request that you will be kind enough to have it copied, and the copy forwarded to the Commissioners at your earliest convenience.

I have, &c.,

James Edward FitzGerald, Esq. J. G. Grey, Secretary.

No. 122.

The Auditor-General to the Secretary, Public Trust Office Commission.

Sir,— Audit Office, 22nd April, 1891.

A copy having now been taken, I beg to return my memorandum of the 14th, and to thank the Commissioners for the loan of it.

Yours, &c.,

J. Grattan Grey, Esq. James Edward FitzGerald.

No. 123.

The Auditor-General to the Secretary, Public Trust Office Commission.

My Dear Sir,— Audit Office, 23rd April, 1891.

I should be much obliged if the Commissioners would allow me to see the evidence which has been given before them by Mr. Hamerton and by the officers of my department in respect to the audits, so far as the same has been printed.

Believe me, &c.,

W. J. M. Larnach, Esq., C.M.G. James Edward FitzGerald.

No. 124.

The Secretary, Public Trust Office Commission, to the Auditor-General.

Dear Sir,— Royal Commission Public Trust Office, Wellington, 23rd April, 1891.

I have the honour to acknowledge the receipt of your letter of this date. In reply, I am instructed by the Commissioners to say that they feel sorry they are not at liberty to comply with your request to allow you to see the evidence which has been given before them by Mr. Hamerton and by officers of the Audit Department; but if you desire to give any evidence before the Commissioners, they will be glad to make arrangements to suit your convenience on any day you may be prepared to do so.

I have, &c.,

J. G. Grey, Secretary.

James Edward Fitzgerald, Esq., Controller and Auditor-General.

No. 125.

The Hon. T. W. HISLOP to the CHAIRMAN, Public Trust Office Commission.

DEAR SIR,— Featherston Street, Wellington, 27th April, 1891.

Some little time ago I made a suggestion to Mr. Loughrey which you and your colleagues may think worthy of consideration. It was that the Public Trust Office should be utilised as an auditor of private estates. As I explained my meaning clearly to Mr. Loughrey, who seemed to think that the proposal was one which if carried out was calculated to prove useful, I shall not trouble you at present with my views at length. I may mention that it is a long time since I suggested the alteration, and, though it has been generally admitted to be sound, no one has taken it in hand. I am quite sure it would reduce the trouble to private trustees, and render frauds extremely hazardous if not absolutely impossible. It would also tend to remove the rivalry which exists between those who seek the office of trustees and the Public Trust Office, and which must increase so long as the Public Trustee seeks a monopoly.

Yours, &c.,
T. W. HISLOP.

The Hon. W. J. M. Larnach, C.M.G.,
Chairman, Public Trust Office Commissioners, Wellington.

No. 126.

The CHAIRMAN, Public Trust Office Commission, to the Hon. Sir HARRY ATKINSON.

DEAR SIR HARRY,— Wellington, 28th April, 1891.

In the course of this investigation, the Rev. Mr. De Castro stated in his evidence, by way of justifying his systematic and continuous dealings and purchases of portions of the estates of dead men and dead women, that he had been authorised by Mr. Hamerton to purchase at auction for you certain watches, and that you were then Premier and Colonial Treasurer of the Colony. This information appeared so startling to the Commissioners that they deemed it fair to you to place you early in possession of it, in order that you might have the opportunity of offering any explanation if you so desire.

I remain, &c.,
W. J. M. LARNACH.

The Hon. Sir Harry Atkinson, K.C.M.G.

No. 127.

The SECRETARY, Public Trust Office Commission, to the Hon. the PREMIER.

SIR,— Royal Commission, Public Trust Office, Wellington, 1st May, 1891.

I have the honour, by direction of the Commissioners, to forward to you, at this stage of their investigation, the evidence taken by the Commissioners up to the close of Saturday, 25th April.

The Commissioners' reason for bringing the evidence under your immediate notice will be apparent after you have read and considered it. So important and so startling are the revelations to the minds of the Commissioners that they do not think they would be acting with prudence and justice to themselves, to the members of the Government, and to the public of the Colony were they to proceed further with their investigation without placing you in possession of the evidence now forwarded to you.

It is the intention of the Commissioners to continue their investigation to the end, when they will be prepared to send their final report to His Excellency the Governor.

The portions of the evidence to which the Commissioners desire to direct your special attention will be found on pages 1 to 7, on Part I., and pages 8 to 164, Part II., but more particularly from page 101 to 164 of Part II.

If you desire that the Commissioners should wait upon the Government, they will be prepared to meet your convenience.

I have, &c.,
J. G. GREY, Secretary.

The Hon. the Premier and Colonial Treasurer.

No. 128.

The Hon. the PREMIER to the CHAIRMAN, Public Trust Office Commission.

SIR,— Premier's Office, Wellington, 1st May, 1891.

I have the honour to acknowledge the receipt of your letter of this date, forwarding copy of evidence taken by the Public Trust Commissioners up to the 25th April. The Government propose to take immediate action in the matter, and, in the meantime, do not think it necessary to interview the Commissioners as suggested.

I have, &c.,
J. BALLANCE.

W. J. M. Larnach, Esq., Chairman, Public Trust Commission.

No. 129.

The SECRETARY, Public Trust Office Commission, to the Hon. the PREMIER.

SIR,— Public Trust Office Commission, Wellington, 4th May, 1891.

In acknowledging the receipt of your letter of the 1st instant, I am directed by the Commissioners to point out that they did not suggest any interview. They merely expressed their willingness to attend upon the Government if requested to do so.

I have, &c.,
J. G. GREY, Secretary.

The Hon. the Premier and Colonial Treasurer.

No. 130.

The Secretary, Public Trust Office Commission, to the Hon. Sir Harry Atkinson.

Sir,— Public Trust Office Commission, Wellington, 4th May, 1891.

Referring to the Chairman's letter to you of the 28th ultimo, on the subject of the Rev. Mr. C. D. de Castro's evidence before the Commission, Mr. Macdonald has informed the Commissioners that you desire a copy of that portion of the evidence concerning yourself. I am now directed to forward the evidence to you, and you will notice that it is contained in questions running from 2413 to 2432, and 2663 to 2667.

I have, &c.,

The Hon. Sir Harry Atkinson, K.C.M.G. J. G. Grey, Secretary.

No. 131.

The Secretary, Public Trust Office Commission, to the Auditor-General.

Sir,— Royal Commission, Public Trust Office, Wellington, 4th May, 1891.

I have the honour, by direction of the Commissioners, to ask you what day it will be convenient for you to attend the Commission in order to give evidence.

I have, &c.

J. G. Grey, Secretary.

James Edward FitzGerald, Esq., Controller and Auditor-General.

No. 131A.

The Auditor-General to the Secretary, Public Trust Office Commission.

Sir,— Audit Office, 4th May, 1891.

In reply to your letter of this day, I beg you will inform the Commissioners that I am unable to state what day it will be convenient to me to wait upon them to give evidence, as I have not yet received a copy of the evidence given by the officers of my department, although the same appears to have been made public.

I have, &c.,

James Edward FitzGerald,

J. G. Grey, Esq. Controller and Auditor-General.

No. 132.

The Secretary, Public Trust Office Commission, to the Auditor-General.

Sir,— Public Trust Office Commission, Wellington, 4th May, 1891.

In reply to your letter of this day's date, I am directed by the Commissioners to request that you will be good enough to attend the Commission at the Public Trust Office, Wellington, at 11 a.m., on Wednesday, the 6th instant, in order to give evidence before the Commission.

I have, &c.,

J. G. Grey, Secretary.

James Edward FitzGerald, Esq., Controller and Auditor-General.

No. 133.

Mr. A. Willis, to the Chairman, Public Trust Office Commission.

Dear Mr. Larnach,— Premier's Office, Wellington, 4th May, 1891.

Can you let me have some more copies of the evidence—half a dozen; the Premier and Mr. Buckley have each asked me several times for them.

Yours, &c.,

Alex. Willis.

No. 134.

The Secretary, Public Trust Office Commission, to the Hon. the Premier.

Sir,— Public Trust Office Commission, Wellington, 5th May, 1891.

At the request made yesterday by Mr. Willis, Secretary to the Cabinet, I am instructed by the Commissioners to hand you six more copies of the printed evidence up to Saturday, the 25th April, which I am also instructed to personally deliver to you.

I have, &c.,

The Hon. the Premier. J. G. Grey, Secretary.

No. 135.

The Secretary, Public Trust Office Commission, to the Public Trustee.

Sir,— Public Trust Office Commission, Wellington, 15th May, 1891.

The Commissioners are of opinion that the question on which Messrs. Buckley and Co. have advised is of such great importance to the Colony that the Public Trustee should obtain the opinion of Sir Robert Stout, who is now in Wellington, on the same points. The Commissioners, in the terms of their Commission, are also desirous that you should obtain Sir Robert Stout's opinion on the duties and responsibilities of the Audit Department in connection with the accounts of the Public Trust Office.

I have, &c.,

R. C. Hamerton, Esq., Public Trustee. J. G. Grey, Secretary.

No. 136.

Memorandum from the Public Trustee to the Hon. the Colonial Treasurer.

A question having arisen before the Commissioners as to the power of the Public Trustee to invest moneys upon contributory mortgages, I deemed it my duty to obtain the opinion of my advisers—Messrs. Buckley, Stafford, and Treadwell—which, with the remarks of the office solicitor, were placed before the Commissioners. By letter of to-day's date they desire me to obtain the opinion of Sir Robert Stout on the point referred to, and also upon another point relating to the duties of the Audit Department. I can, of course, have no objection, but it appears to me that I should obtain your sanction to the expenditure, which I now ask for.

15th May, 1891. R. C. Hamerton.

No. 137.

MINUTE by the Hon. the PREMIER on the Public Trustee's Memorandum.

I SEE no reason for incurring expenditure in this direction. It appears to me the Commissioners have only to take evidence and report. J. B.

Premier's Office, 16th May, 1891.

No. 138.

MEMORANDUM from the PUBLIC TRUSTEE to the SECRETARY, Royal Commission, Public Trust Office.

The Secretary, Royal Commissioners, Public Trust Office.

YOUR letter of the 15th instant, suggesting that the Public Trustee should obtain the opinion of Sir Robert Stout upon two questions therein referred to, requiring an expenditure which I considered outside my powers, I referred to the Hon. the Colonial Treasurer for his sanction, which has not been given.

Wellington, 18th May, 1891. R. C. HAMERTON, Public Trustee.

No. 139.

The SECRETARY, Public Trust Office Commission, to Sir ROBERT STOUT.

Royal Commission, Public Trust Office, Wellington, 16th May, 1891.

SIR ROBERT STOUT is requested by the Commissioners to advise under the following circumstances:—

An application for a loan on mortgage of £16,000 was received, valuations obtained, and the Board sanctioned the advance. No one estate in the office had sufficient funds uninvested to make the necessary advance; the funds, therefore, of several estates were invested in this mortgage. Again, other applications for smaller sums have been sanctioned where the funds of one estate respectively were available, but advances in each case were made from two or more estates.

The question upon which the Commissioners wish to be advised is whether such an investment of funds of different estates upon one mortgage is within the strict letter of the law; and, if not, what is the measure of responsibility incurred by the Public Trust Office in any such advances. The only enactment referring to the matter in the Public Trust Office Acts is section 47 of "The Public Trust Office Act Amendment Act, 1873." Also, your opinion of the duties and responsibilities of the Audit Department in connection with the audit of the Public Trust Office books and accounts and securities. I have, &c.

J. G. GREY, Secretary.

[NOTE.—See Sir Robert Stout's opinion at end of evidence.]

No. 140.

The SECRETARY, Public Trust Office Commission, to the Hon. the PREMIER.

SIR,— Public Trust Office Commission, Wellington, 19th May, 1891.

The attention of the Commissioners has been called to certain correspondence which has passed between the Public Trustee and yourself in reference to the necessity of legal opinion being obtained as to the right of the Public Trustee to invest funds under his control in contributory mortgages; and so important did the system that has obtained with the Public Trustee, as to his manner of recouping his bank account with funds from estates in his office after a loan had been sanctioned by his Board, appear, that the Commissioners requested the Public Trustee to take counsels' opinion, and he did so, by getting the opinion of Messrs. Buckley, Stafford, and Treadwell; and while the Commissioners look upon this opinion as most able and valuable, they came to the conclusion that it would be prudent to have a second opinion on so important a question; and as Sir Robert Stout is now in Wellington, they requested the Public Trustee to take his opinion upon the same points as were considered by Messrs. Buckley, Stafford, and Treadwell, and also in respect to the control of the Audit on the business of the Public Trustee. This gentleman is suddenly impressed with the necessity of referring this latter request of the Commissioners tc you, as Colonial Treasurer, and you have made the following Ministerial minute upon the Public Trustee's memorandum to you on the subject: "I see no reason for incurring expenditure in this direction. It appears to me the Commissioners have only to take evidence and report. —J. B. 16/5/91."

The Commissioners venture to think that you have forgotten the full tenor of their instructions, as conveyed in the Commission under the hand of His Excellency the Governor. (See subsections (1) to (6) in the second paragraph of the Commission.)

The question of contributory mortgages is one of such paramount importance as to require a special report from the Commissioners, and it is impossible for them to arrive at any satisfactory conclusion upon the subject without the assistance of the best legal advice obtainable. Therefore, acting under the authority vested in them, they had prior to the receipt of your minute, already requested an opinion from Sir Robert Stout upon this important matter.

The Commissioners would respectfully express their belief that any request of theirs to the Public Trustee should not be the subject of correspondence and minute of such a character as has been presented to them. It will compel them, in the future conduct of their investigations, to abstain from giving any instructions to the Public Trustee which may lead to a repetition of what they have now to complain of. I have, &c.,

The Hon. the Premier and Colonial Treasurer. J. G. GREY, Secretary.

No. 141.

The Secretary, Public Trust Office Commission, to Sir Robert Stout.

Dear Sir,— Public Trust Office Commission, Wellington, 19th May, 1891.

In reply to your letter of the 16th instant, I now forward to you the several regulations made by Order in Council for the conduct of the business of the Public Trust Office, and shown in the several *Gazettes* sent herewith (Nos. 1 to 19 inclusive). The Commissioners also desire your opinion as to the Public Trustee's duty in respect to all accrued interest in relation to the principal moneys earning the same, and whether the two kinds of money should not go together or follow each other.

I remain, &c.,

The Hon. Sir Robert Stout, K.C.M.G. J. G. Grey, Secretary.

[Note.—See Sir Robert Stout's examination on the subject.]

No. 142.

The Secretary, Public Trust Office Commission, to the Public Trustee.

Sir,— Royal Commission, Public Trust Office, Wellington, 21st May, 1891.

I have been instructed by the Commissioners to bring under your notice the many returns asked for by them from your office that are still unfurnished; and, as the taking of evidence in Wellington has now ceased, the Commissioners desire to know when they may expect to be in possession of the remaining returns, and hope that every exertion may be used to furnish them as quickly as possible.

I have, &c.,

R. C. Hamerton, Esq., Public Trustee. J. G. Grey, Secretary.

No. 143.

The Public Trustee to the Royal Commission, Public Trust Office.

Gentlemen,— Wellington, 21st May, 1891.

Referring to the application I made to you yesterday, to be permitted to go carefully over my evidence and make supplementary notes on it, or give explanations thereon, and to your refusal to allow me to do so, and to your permission to grant me leave to address you personally or by letter, provided such was received to-day, I have the honour to state that I find it quite impossible to do justice to myself or to my department in such a limited time.

As I have stated to you, and as you are no doubt aware, I have been lately in weak and indifferent health, and by the labour to which I was necessarily subjected by the Commission; and in the absence of counsel, which was denied me, I feel that there are many things not explained or made clear as they might and should have been.

Perhaps, if the Government desire it, I may be furnished with an opportunity of going more fully into my management of the important duties which have been confided to my care.

I have, &c.,

R. C. Hamerton, Public Trustee.

The Hon. W. J. M. Larnach, C.M.G., T. Kennedy Macdonald, Esq., M.H.R., and A. Loughrey, Esq., Royal Commissioners to inquire into the Public Trust Office.

No. 144.

The Secretary, Public Trust Office Commission, to the Hon. the Premier.

Sir,— Public Trust Office Commission, Wellington, 22nd May, 1891.

I am directed by the Commissioners to advise that the Royal Commission entrusted to them by His Excellency the Governor in reference to the Public Trust Office will expire on the 27th instant. The Commissioners have not been able to extend their investigations in so far as respects visiting districts outside of Wellington, the great labour involved in the work at the Head Office having absorbed the whole of the time at their disposal.

The Commissioners are very desirous to send in their report, but they cannot draw it up until the Trust Office has completed and supplied them with a number of valuable and necessary returns ordered by the Commissioners some weeks since. I am, therefore, instructed to forward to you His Excellency's Commission, with a view to its being extended for four weeks, before which date the Commissioners hope to have completed their labours in Wellington.

I have, &c.,

The Hon. the Premier and Colonial Treasurer. J. G. Grey, Secretary.

No. 145.

The Hon. the Premier to the Chairman, Royal Commission, Public Trust Office.

Sir,— Premier's Office, Wellington, 22nd May, 1891.

In reply to your letter dated this morning, I have been directed to state that the Government think the report of the Public Trust Commissioners should be made prior to the commencement of the approaching session, and with that view His Excellency the Governor will be advised to extend the time within which the report should be made for fourteen days from the 27th instant.

I have, &c.,

Alex. Willis, Secretary to the Cabinet.

Hon. W. J. M. Larnach, C.M.G., Chairman, Public Trust Commission.

No. 146.

The Secretary, Public Trust Office Commission, to Mr. A. Burnes.

Sir,— Royal Commission, Public Trust Office, Wellington, 23rd May, 1891.

I am directed by the Commissioners, in reply to your letter of the 12th instant, to state that the Commissioners have obtained a statement of account from the Public Trustee in reference to your sister's trust, and it is now forwarded to you.

I have, &c.,

Adam Burnes, Esq., Wellington. J. G. Grey Secretary.

No. 147.

The Secretary, Public Trust Office Commission, to Mr. W. McK. Harcourt.

Sir — Public Trust Commissioners' Office, 28th May, 1891.

I have the honour, by direction of the Chairman of the Public Trust Office Commission, to return you the enclosed papers, and to inform you that the matter to which they relate has been thoroughly investigated, and will appear in the evidence to be submitted to Parliament.

I have, &c.,

W. McKenzie Harcourt, Esq. W. Mitchell, Secretary.

No. 148.

The Secretary, Public Trust Office Commission, to Mr. J. M. Hay.

Sir,— Public Trust Commissioners' Office, Wellington, 4th June, 1891.

I am desired by the Chairman of the Public Trust Office Royal Commission to acknowledge the receipt of your letter relative to the payment of certain money alleged to be due you by the Public Trust Office, and to state, in reply, that the matter has been referred to the Public Trustee. If you will be good enough to call at the Public Trust Office, the Commissioners have no doubt the balance of the money will be paid to you.

I have, &c.,

Mr. J. M. Hay. W. Mitchell, Secretary.

No. 149.

The Secretary, Public Trust Office Commission, to the Hon. the Premier.

Sir,— Public Trust Office Commission, Wellington, 8th June, 1891.

I have the honour, by direction of the Commissioners, to advise you that they find it necessary to apply for a further fourteen days' extension of time from Wednesday next.

You will remember that on the 22nd May the Commissioners wrote for an extension of four weeks, to which request they received a reply that the Government were desirous that the report should be made prior to the commencement of the approaching session of Parliament, and that fourteen days' extension would be recommended to His Excellency the Governor. The Commissioners now find that the original four weeks sought will be absolutely necessary.

The Commissioners have been busily engaged day and night with a view to the presentation of their report at the earliest possible moment, but they still find that several necessary returns are lacking. They will endeavour to place their report in the hands of His Excellency the Governor at the latter end of the present week if they can get the balance of the evidence from the Government Printing Office; but, apart from this, there are other functions which the Commissioners will have to discharge, and for the completion of which it is absolutely necessary that a fortnight's extension of time should be granted.

I have, &c.,

The Hon. the Premier. J. G. Grey, Secretary.

No. 150.

The Secretary to the Cabinet to the Chairman, Public Trust Commission.

Sir,— Premier's Office, Wellington, 8th June, 1891.

In reply to your letter of this day's date, I am directed by the Hon. the Premier to inform you that the Government has agreed to advise His Excellency the Governor to extend the time within which the Commission is to report for seven days from Wednesday next.

I have, &c.,

Alex. Willis,
Secretary to the Cabinet.

W. J. M. Larnach, Esq., C.M.G., Chairman, Public Trust Commission.

No. 151.

The Secretary, Public Trust Commission, to Mr. W. Crowe.

Sir,— Public Trust Office Commission, Wellington, 11th June, 1891.

I am directed by the Public Trust Office Commission to acknowledge the receipt of your letter of complaint dated the 31st ultimo, and to state, in reply, that the matter will be considered by the Commission.

I have, &c.,

W. Mitchell, Secretary.

Mr. William Crowe, care of Mr. James Mackay, merchant, Teviot, Otago.

No. 152.

The Chairman, Public Trust Commission, to the Public Trust Office Agent, Christchurch. (Urgent telegram.)

J. J. M. Hamilton, Esq., Agent, Public Trust Office, Christchurch.

Your evidence given before Royal Commission posted to you to read over and revise. Be good enough to return after perusal by first post. Matter urgent. Wire when posted.

11th June, 1891. W. J. M. Larnach, Chairman.

No. 153.

The Deputy Public Trustee to the Chairman, Royal Commission, Public Trust Office.

The Chairman, Royal Commission, Public Trust Office.

In reference to the return of amounts paid for legal services forwarded to the Commission with memorandum No. 2,544 of the 26th ultimo, I have the honour to state that the return contains the

legal expenses only which have been incurred after death—that is to say, the legal expenses are excluded which were claims on the estates before the Public Trustee had control of them. The statement or return embraces the expenses charged against the particular estates, and also against the office "Expenses Account."

Wellington, 11th June, 1891. J. K. WARBURTON, Deputy Public Trustee.

No. 154.

The Hon. the PREMIER to the ROYAL COMMISSION, Public Trust Office.

The Royal Commission, Public Trust Office Inquiry.

I HAVE no objection to a copy of the evidence affecting the Chief Clerk in the Public Trust Office being forwarded either to himself or his representative.

12th June, 1891. J. BALLANCE.

No. 155.

The SECRETARY, Public Trust Commission, to the Hon. the PREMIER.

SIR,— Public Trust Office Commission, Wellington, 13th June, 1891.

In reply to your letter of yesterday, delivered by Mr. De Castro, of the Gülcher Electric Light Company, in which you say, "I have no objection to a copy of the evidence affecting the Chief Clerk in the Public Trust Office being furnished either to himself or his representative," the Commissioners beg now to forward you a copy of the Rev. Mr. De Castro's evidence, and they will refer his representative to you on the subject.

I have, &c.,

The Hon. the Premier. J. GRATTAN GREY, Secretary.

No. 156.

The SECRETARY, Public Trust Commission, to — DE CASTRO, Esq.

DEAR SIR,— Public Trust Office Commission, Wellington, 13th June, 1891.

With reference to the note delivered by you yesterday from the Hon. the Premier, I am directed by the Commissioners to say that a copy of the Rev. Mr. De Castro's evidence has been forwarded to the Premier this morning.

I have, &c.,

— De Castro, Esq. J. GRATTAN GREY, Secretary.

No. 157.

The SECRETARY, Public Trust Commission, to W. HUTCHISON, Esq., M.H.R.

DEAR SIR,— Public Trust Office Commission, Wellington, 13th June, 1891.

With reference to your interview with the Commissioners this morning, I have now the honour to enclose particulars with regard to the estate of the late William Jamieson.

I have, &c.,

William Hutchison, Esq., M.H.R. J. GRATTAN GREY, Secretary.

No. 158.

Mr. J. J. M. HAMILTON to the CHAIRMAN, Public Trust Commission.

SIR,— The Public Trust Office (Canterbury Agency), 13th June, 1891.

In compliance with your telegraphic instructions, I have the honour to return you by first mail proofs of my evidence, revised as requested, and thank you for your kindness in enabling me so to do.

I am, &c.,

J. J. M. HAMILTON,

The Hon. W. J. M. Larnach, District Agent of the Public Trustee.

Chairman of the Public Trust Office Commission,

Wellington.

No. 159.

MEMORANDUM for the CHAIRMAN, Royal Commission, Public Trust Office.

ANSWERING your inquiry, I have the honour to inform you that there are cases where funds of an estate have been invested as a contribution to the amount of a mortgage executed many months before the date on which the funds of that estate were received by the office; and that the contributions from estates towards mortgages have, when the amounts of those contributions were required for payment before the expiration of the mortgages, been transferred to the credit of other estates.

Before the end of 1889 10 per cent. was charged for the collection of rents—5 per cent. for the office and 5 per cent. for the agent. From that date the total charge was reduced to 7½ per cent.—allotted, 2½ per cent. to the office and 5 per cent. to the agent, except in the case of one agent who receives, by special agreement, not more than 2½ per cent. All appointments of new agents since that date have been made on the understanding that their commission on rents collected is to be 2½ per cent., and thus the total charge of the office has been reduced to 5 per cent. within the relative districts. Six new agents have been appointed under this arrangement.

The commission on income of estates is at the rate of 5 per cent., shared equally by the office and its agents; but where such income does not come through an agent the whole commission falls to the office, when no special arrangements have been made to the contrary.

17th June, 1891. J. K. WARBURTON, Deputy Public Trustee.

DOCUMENT PRODUCED IN EVIDENCE BY THE ACCOUNTANT.

INDIVIDUAL LEDGER.

Date.	Cash-book or Journal Folio.	Voucher No.	Name.	Particulars.	Commission deducted.	Current Account.				Balance.	Investment Account.			Unrealised Assets.		
						Capital.		Income.			Dr.	Cr.	Bal'ce.	Dr.	Cr.	Bal'ce.
						Dr.	Cr.	Dr.	Cr.							

CASH-BOOK.

Dr. [Left-hand page.]

Date.	Ledger Folio.	Particulars.	Receipt No.	Acknowledgment No.	Intestates A to L.	Intestates M to Z.	Real Estates.	Lunatics' Estates.	Estates in the Office A to L.	Estates in the Office M to Z.	Native Reserves.	West Coast Settlement Reserves.	Under Sections of Acts.	Miscellaneous.	Expenses Account.	Commission.	Cash.

The right-hand page would be similar, except that in place of Receipt and Acknowledgment Nos. there would be Voucher No. and Cheque No.

JOURNAL

Would have similar ruling to the cash-book, except that Receipt and Acknowledgment Nos. would give place to Voucher No., and of course no cash-columns would be required.

CHECK LEDGER.

Date.	Cash-book or J'rnal Folio.		Current Accounts.			Investment Accounts.			Unrealised Assets.		
			Dr.	Cr.	Bal'ce.	Dr.	Cr.	Bal'ce.	Dr.	Cr.	Bal'ce.

Diagrams

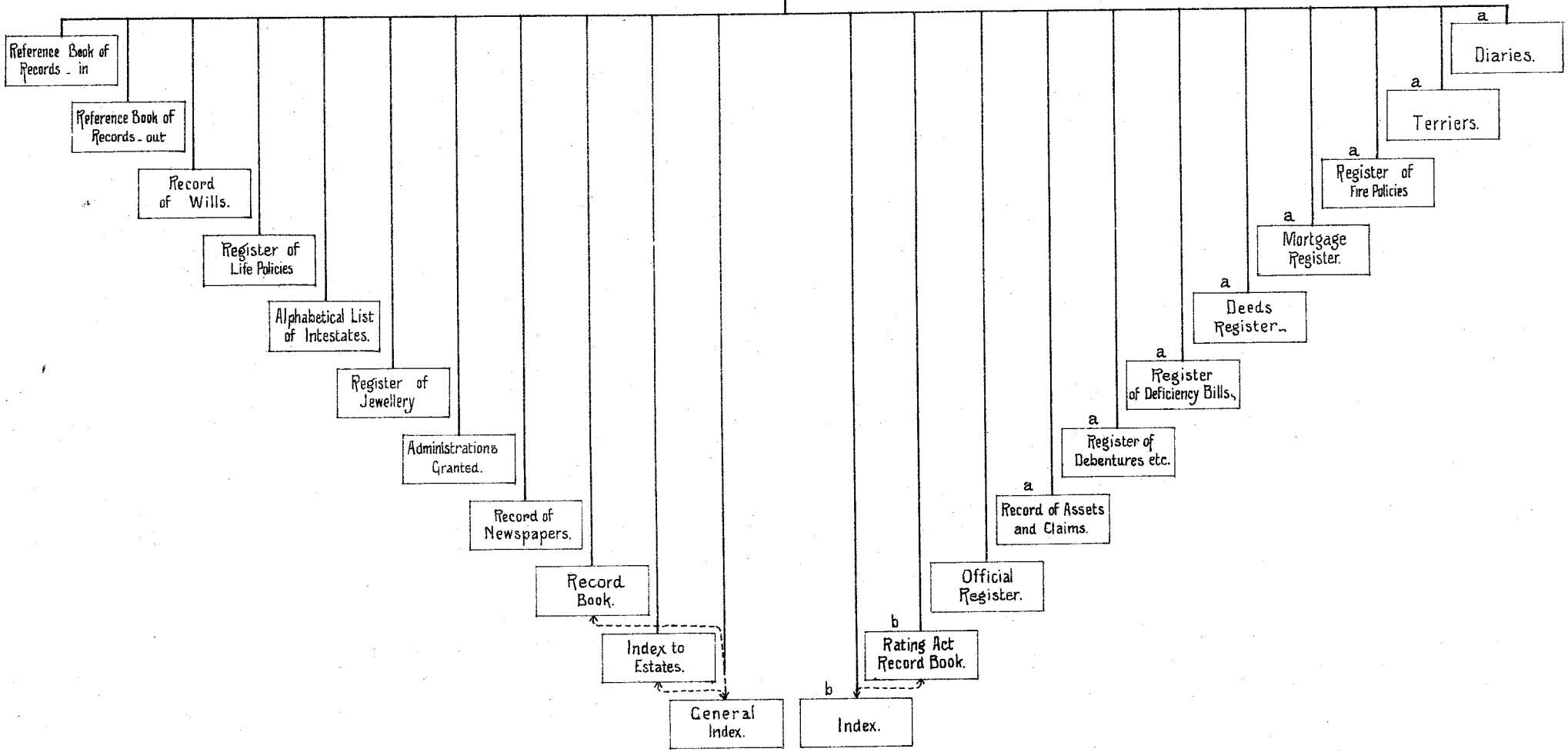
of

the Books in use

in the

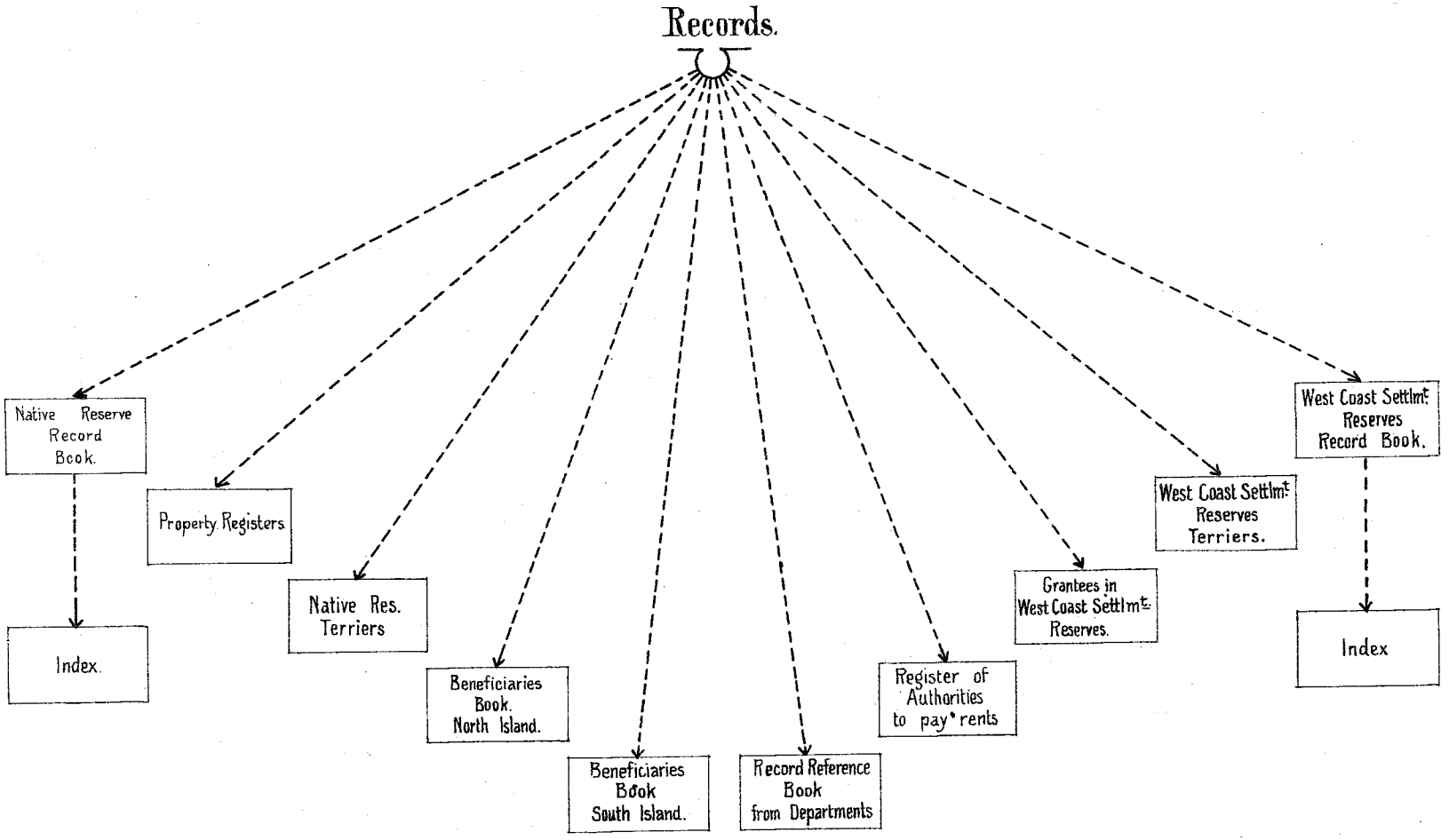
Public Trust Office.

General Record Branch

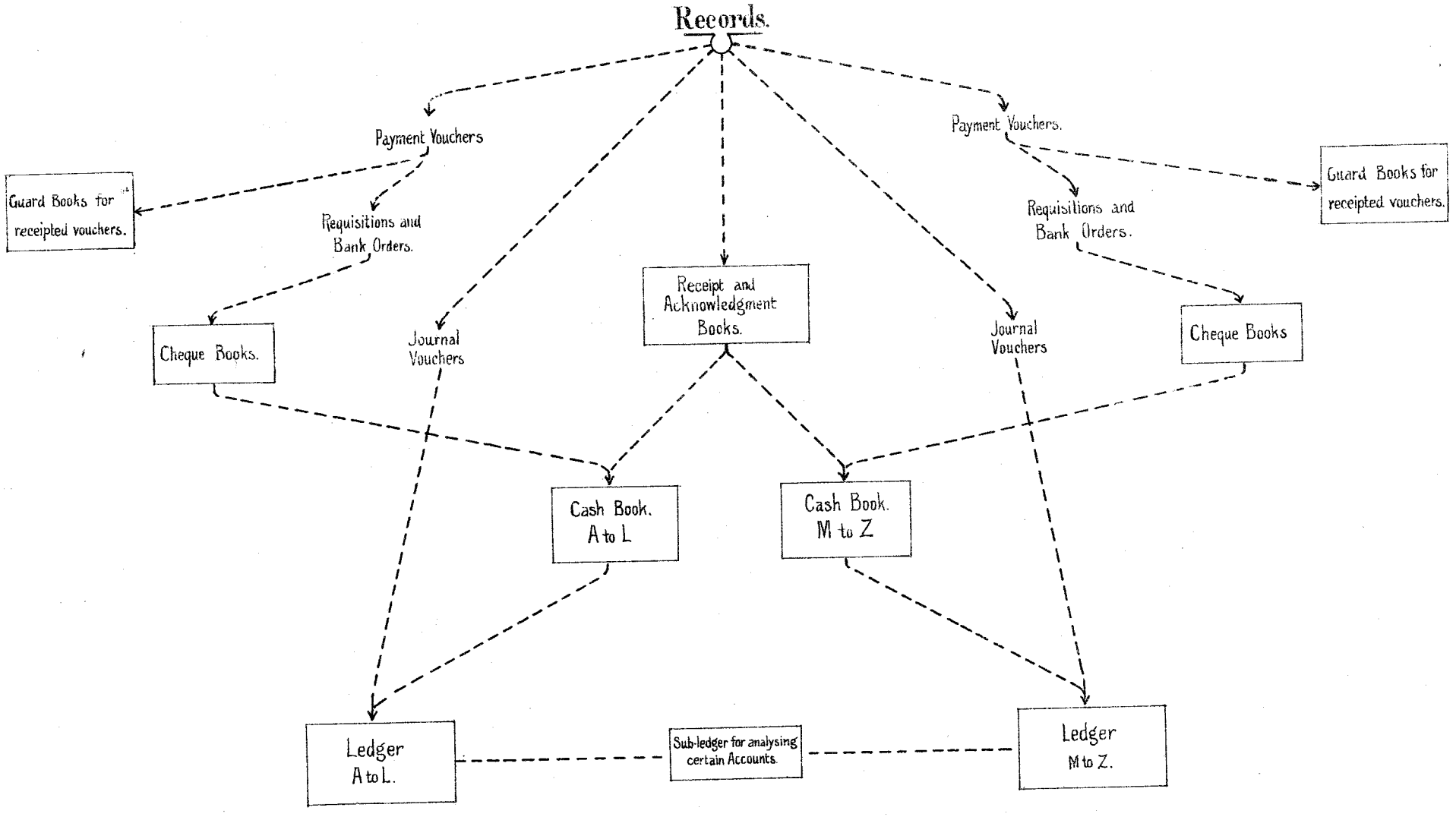


Note - The books marked "a" have for convenience been placed with this group, but they are kept by officers in the Accountants' room. Those marked "b" are kept by the Officer keeping the Native Records.

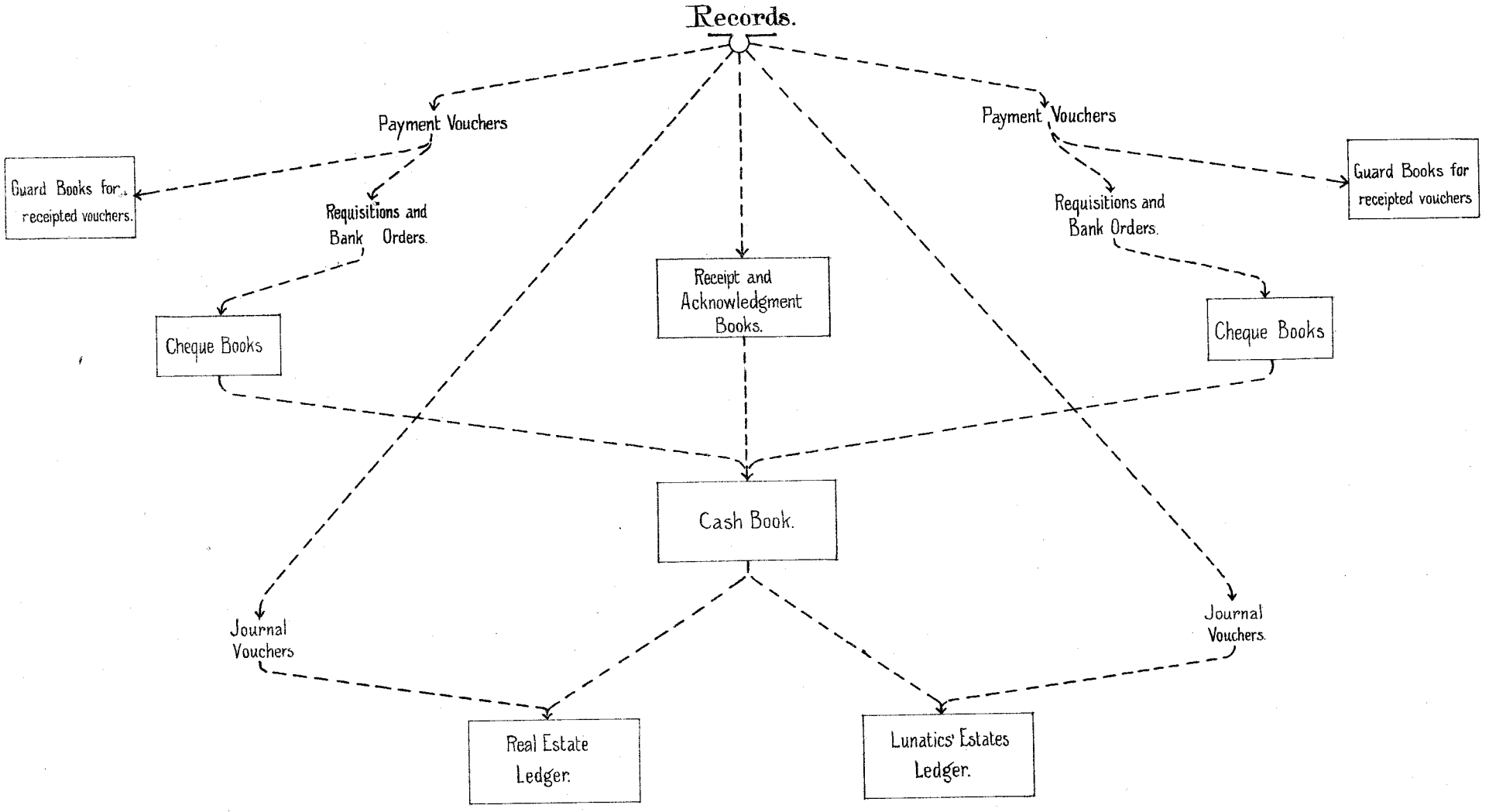
Native Reserve and West Coast Settlement Reserves Record Branch.



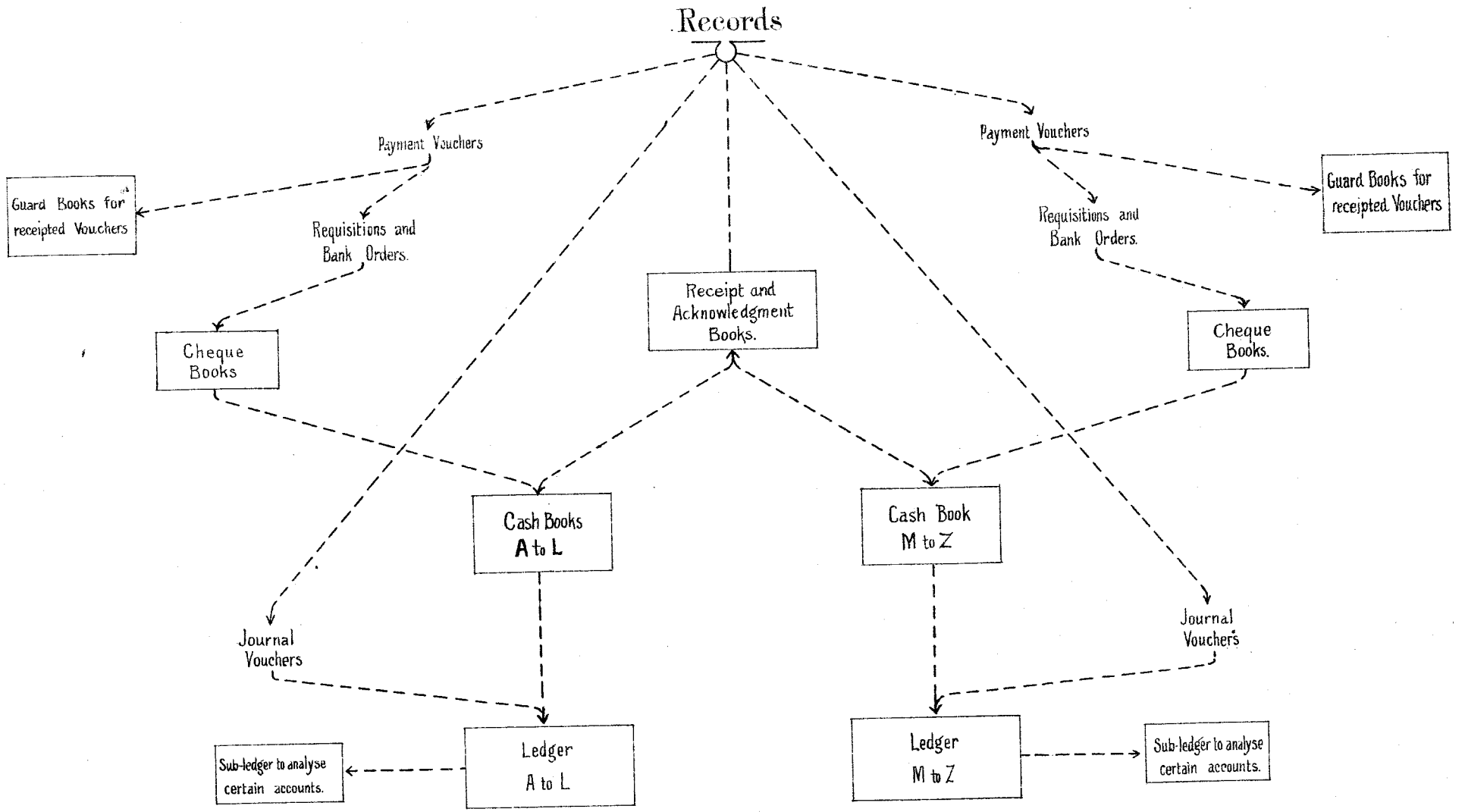
Intestate Estates.



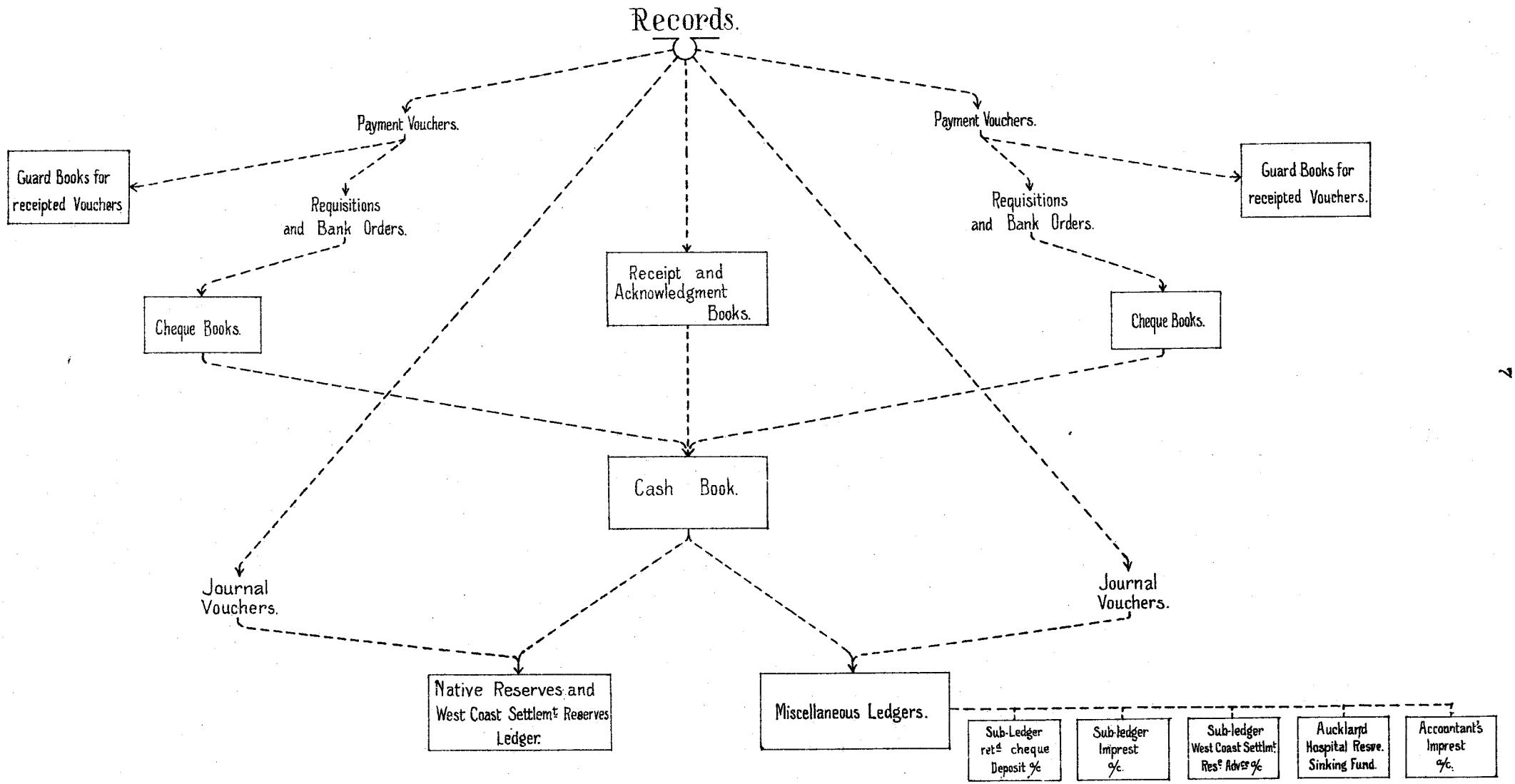
Real and Lunatics' Estates.



Wills and Trusts.



Miscellaneous.



Note— The guard books for vouchers contain the vouchers from all branches.

Check Ledger Series.

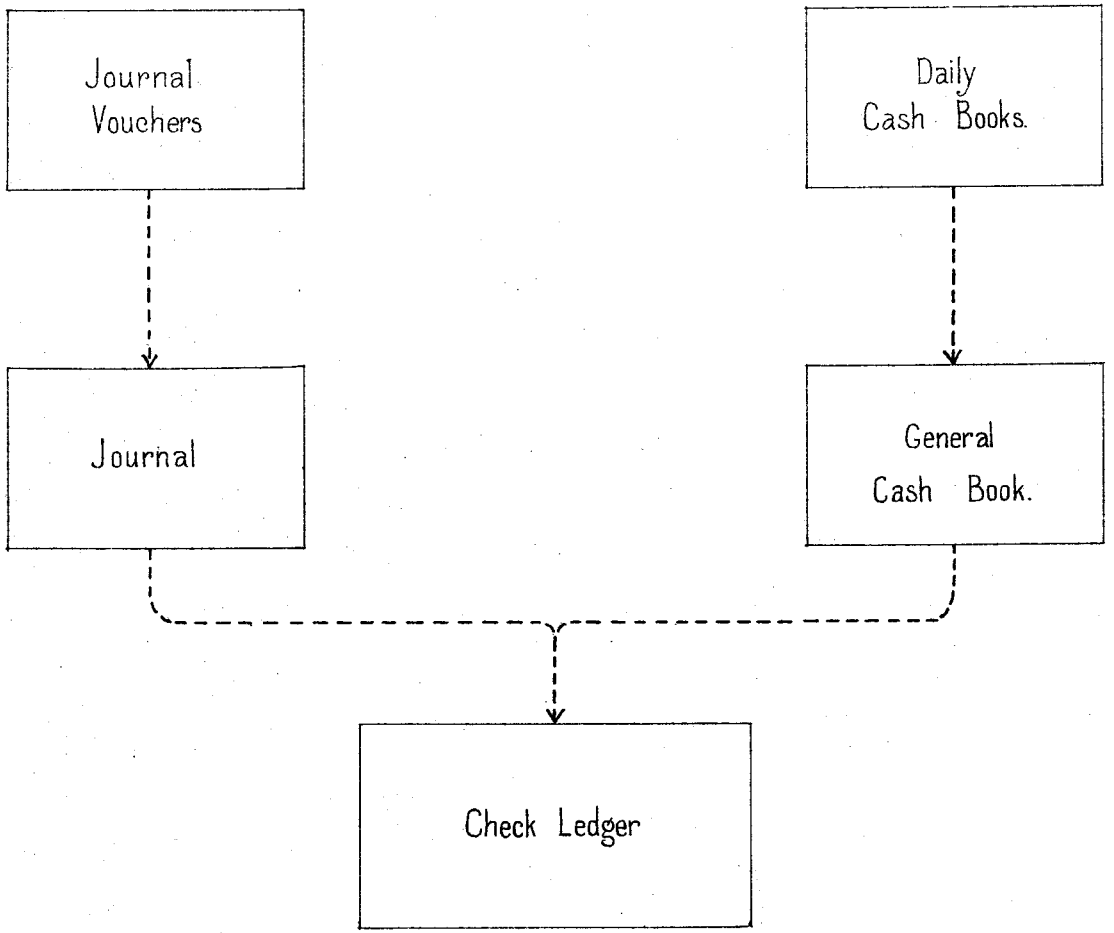


Diagram of Class Ledgers, *shewing progress of moneys into them.*

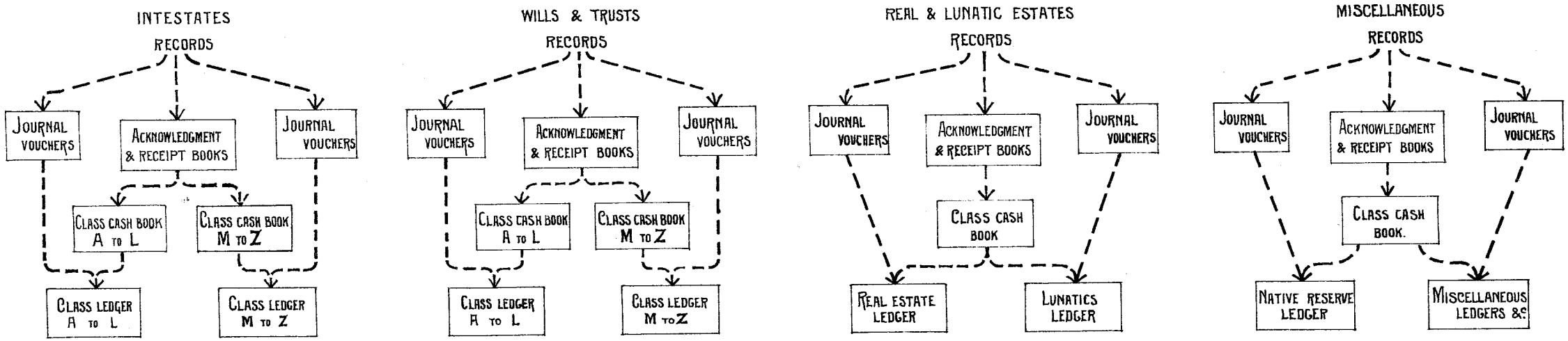
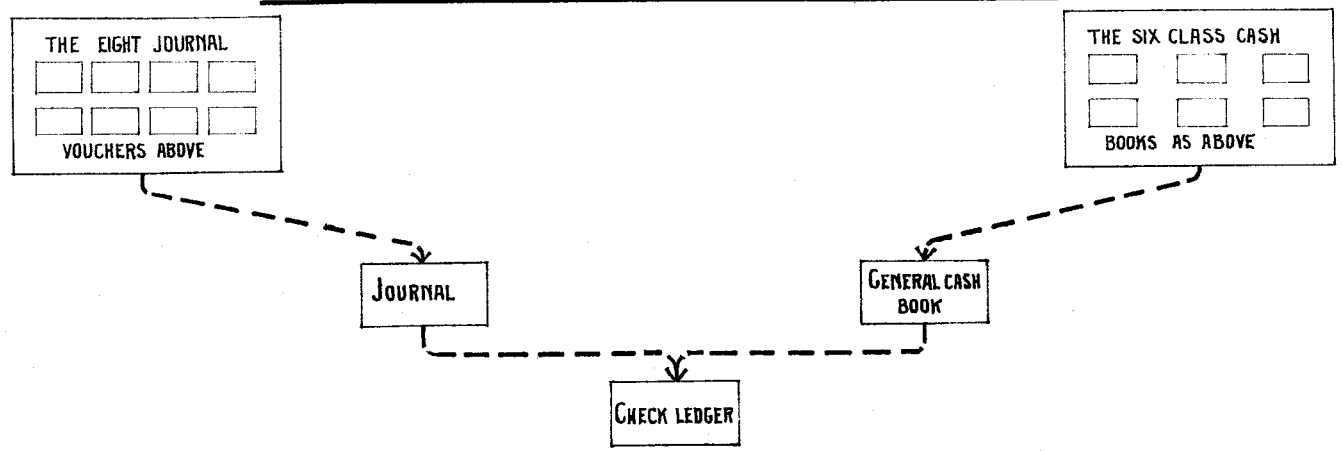
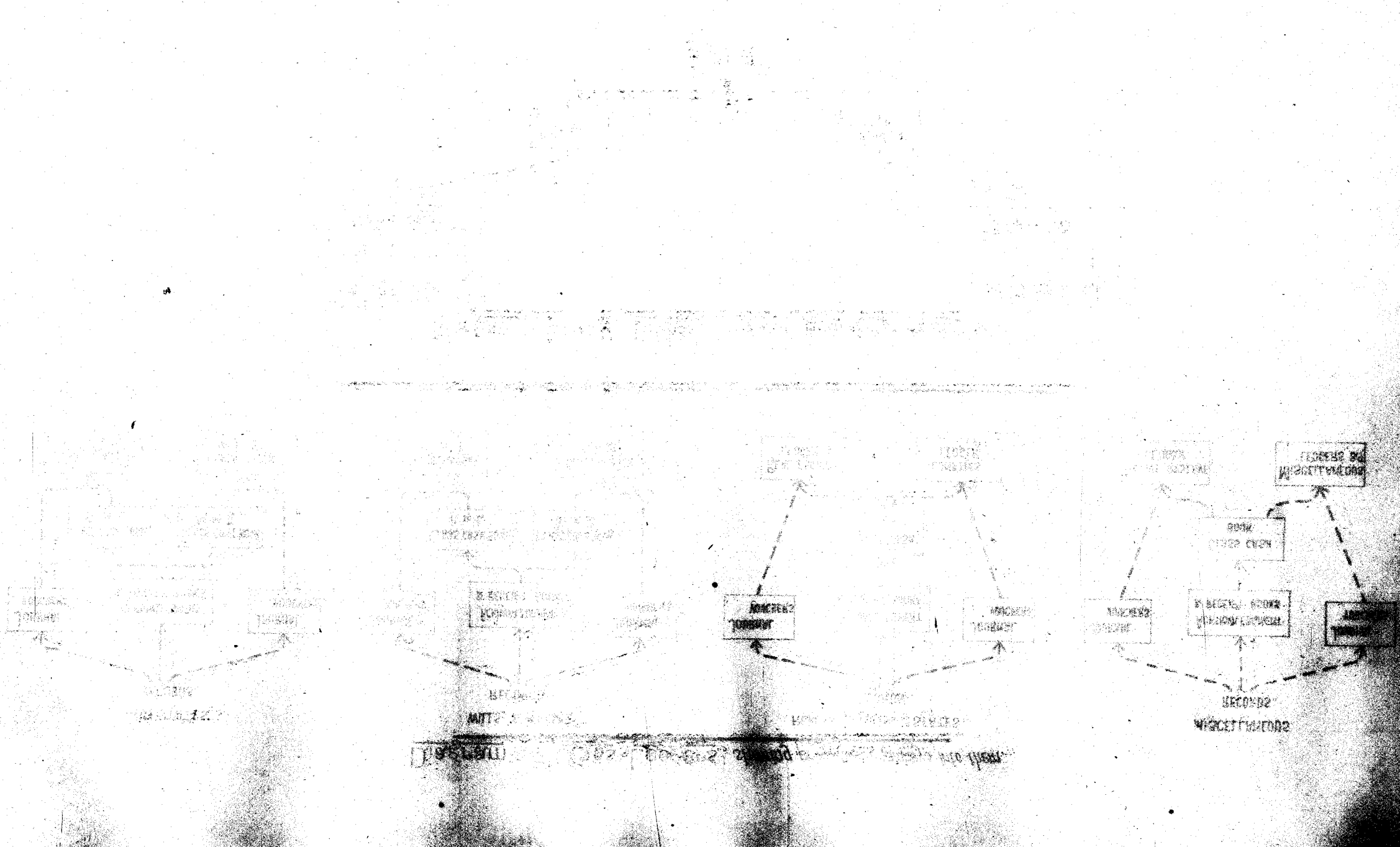


Diagram of Check Ledger, *shewing progress of moneys into it.*





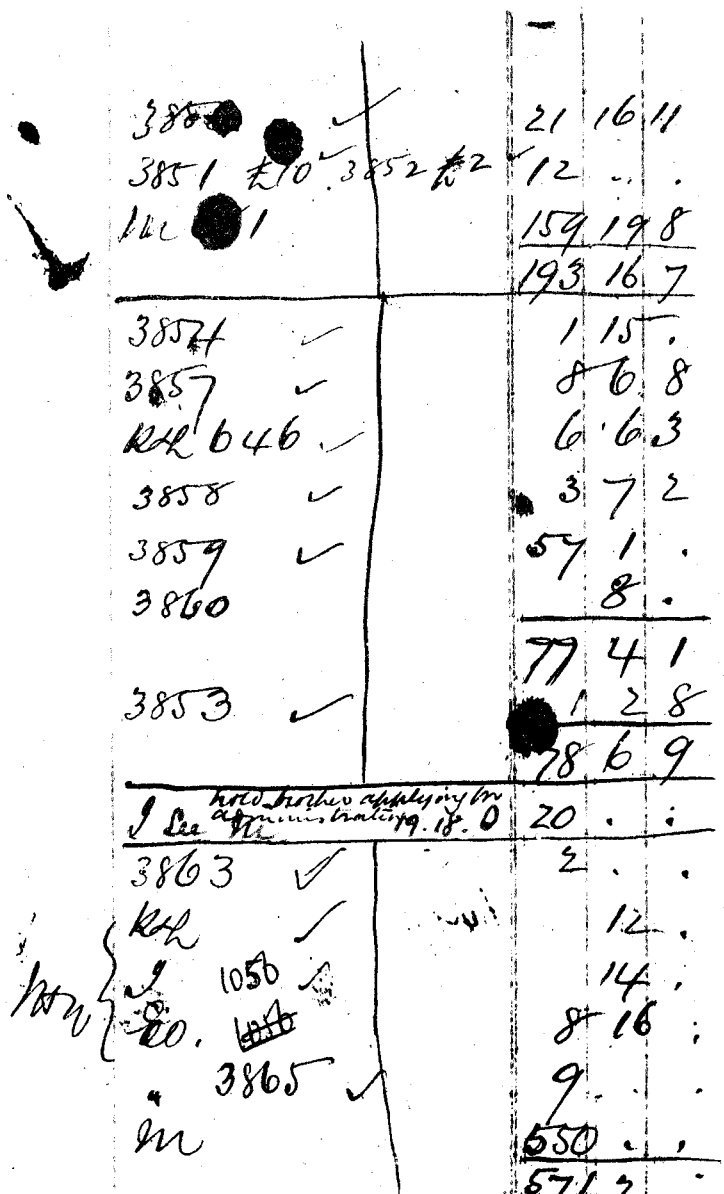
SPECIMENS

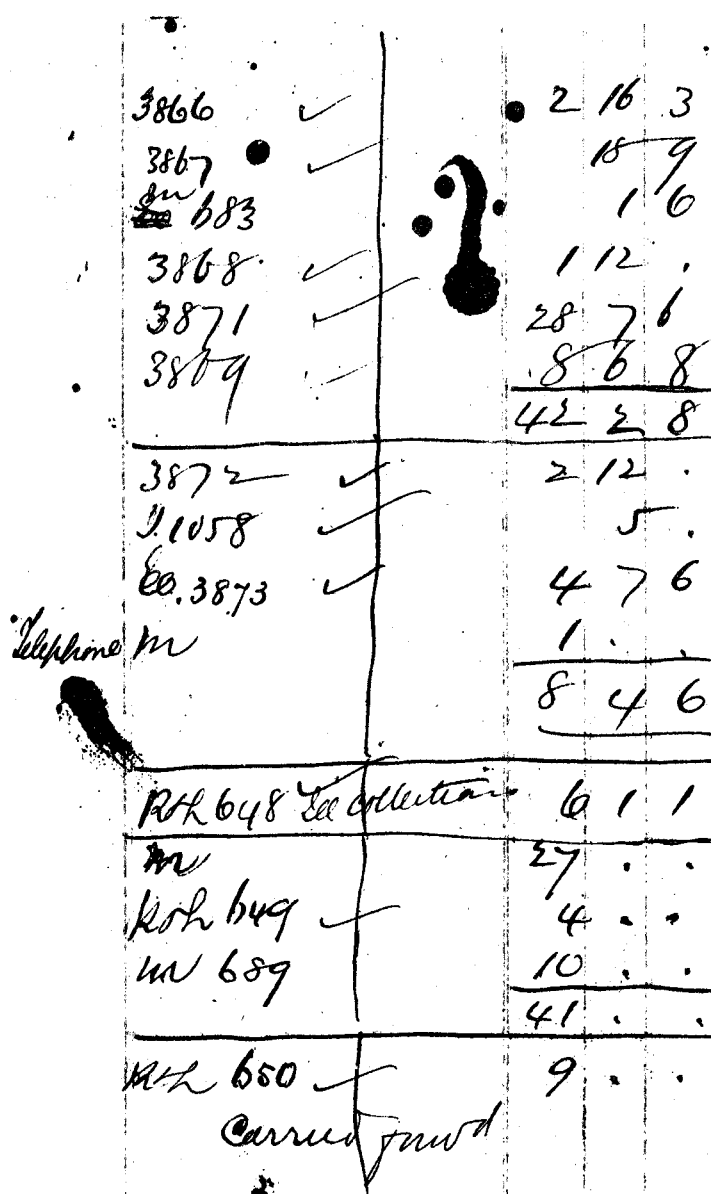
OF

PAGES OF ROUGH CASH-BOOKS

OF

PUBLIC TRUST OFFICE.





Wpa Masters
3707 ✓ 3.10.0
3708 ✓ 17.10.0 21 .

Wm & Masters
KK626 2 10.

W.S.W. Masterton
3714 5 12 6

Wpa Otaweca
KK534 6 .

Wm & Invercargill
Co 3720 Gift

Wm & Palmerston North
M 655 ✓ 5.5.0
" 656 ✓ 6 5 5 0

Wm & Carterton
Co. 3722 ✓ 2 10

C WK New Plymouth
M 663 ✓ 1.0
Co 3723 ✓ 8.0.0 8 1 .

Wm & Carterton
3730 ✓ 5 14 .

Wm & Masterton
3744 ✓ 7.0.0
M 661 ✓ 6 7 - 6

Wm & Carterton
J 1024 ✓ 3 12 6

W.S.W. Masterton
3760 5 .

U S Hastings
J 1028 ✓ 20 15 7

U S Southbridge
J 1029 ✓ 105 .

Wm & Otaroa
3770 ✓ 4 .

U S Ch. Ch.
3771 ✓ 32.15.0
M ✓ 2.0 22 17 .

Wm & Carterton
J 1033 15 12 8

Wm & Feilding
KK636 7 10 .

12 KK539 2 .
3754 ✓ 1 12 .
J 1026 ✓ 7 .
Co. 14 .
M 540 10 .
5 3 .

13 3756 1 17 6
3757 ✓ 8 .
Wpa J 1027 ✓ 4 .
13 17 6

3758 ✓ 74 18 .
3759 ✓ 7 8
M 663 ✓ 10 .
92 6 .

Co 3761 ✓ 5 5 N 6
" 3761 ✓ 1 4 .
7 .

3765 ✓ 7 10 .
Co. 3766 ✓ 54 6 3
KK 633 ✓ 3 8 6
65 4 9

3767 ✓ 4 .
J 1031 ✓ 7 .
Wm & Co. 3768 ✓ 3.18.0 4 10 .
KK634 ✓ 12/- 4 1 9
Co. 2 11 .

J 1030 ✓ 15 .
M 664 ✓ 8 11 .
3769 ✓ 9 5 .
J 1032 ✓ 20 4 4
38 15 4
W Rees Co. £10 .
48 15 4

KK635 ✓ 8 3 .
M 666 ✓ 36 7 3
" 667 ✓ 6 14 .
M 541 1 1 .
44 2 3

3772 8 .
KK637 ✓ 10 .
3773 1 .
1 13



Wm & Daigaville		
In 669 ✓		101 1 8
Wm & Foster		
3777 ✓	17.10.0	
In 670 ✓	1.0	17 11 1
Pte Wm	Hazelay	
J 1034 ✓		50 . .
B.R.S.W.	Manuka	
Do. ✓		5 16 .
C.S.	Bluff	
J 1035		70 . .
~~Wm~~ C.S	Lauderdale	
J 1038 ✓		10 . .
Wm &	Arrow	
J 1039 ✓		7 . .
Wm &	Wanganui	
In 673		25 10 .
Wm &	Manuka	
3857 ✓		7 . .
Wm Jas	Manuka	
3802		35 12 6

N.W.	Auckland	
Do. 3128		
" 3129		31 18 9
In 676	1.3	
C.S	Blenheim	
3827		65 . .
Wm & W	Whitiora	
J 1043		25 12
Wm & W	Manuka	
		97 10
Wm &	Kumara	
J 1042		32 15 6
	Auckland Kaipara	
In 2257	carried to Recruit	550 .
Pte Wm &	Carterton	
J. 1050 ✓		66 12 6
W.S	Palmerston North	
		250 . .
Wm & W.	Dunedin	
3856		9 2 11

J 1045 ✓		1 2 9
3824		2 5 8
In 675		16 11 3
J 1046 ✓		5 18 8
3832 ✓		5 5 .
In 550		5 . .
		36 3 4
In 551		10 . .
3833		17 5 7
Rfn 644 ✓	1.10.0	
Cpl 105 ✓	2.8.0	4 5 .
3834 ✓		
		31 10 7
678 Wm & ✓		2097 10 .
J 1047 ✓		1 6
~~1048~~ ✓		~~1 3 7~~
1049 ✓		55 8 .
		2152 19 6
J 1048		1 3 7
3837 ✓		10 . .
In 680 ✓		1 9 6
		1 9 6

Wm Jas		~~10~~ 19 6
3838 ✓		5 . .
In 679 ✓		3 4 2
3839		10 .
		38 13 8
Cpl Wm &	3849	0.0.0 1 2 6
	3840 ✓	17 .
	3841	6 13 .
		11 12 6
	3842	2 6 3
		13 18 9
	3843 ✓	4 6 8
	Rfn 645 ✓	6 13 4
	3844 ✓	5 5 .
	3845 ✓	15 . .
	3846 ✓	10 . .
	3848	6 . .
	3847 ✓	9 . .
		56 5 .

Bal forward	11	13 .
3774	7	17 2
3669	101	1 8
MR 542	1	5 .
	20	15 2
3775	1	8 .
3776	1	4 6
MR 543	3	
Leo 3778	2	8 .
3779 & 3780	4	7 6
	14	8 .
1036	4	. .
" 1037 10.0.		7 5
	4	7 5
3783	4	11 .
RL 638	20	. .
	24	11 .
3785	10	. .
RL 639	1	1 .
M 671	3	4 2
3784		10 .
	14	15 2

Mc Read Leo 3786	2	11 . .
RL 640	6	13 4
" 641	2	10 .
MR 544		10 . .
3787		9 . .
	28	3 4
M 672		2 10
3788		2 6
3789		14 .
3790	1	1 .
3791	12	15 .
3792	10	10 .
3793	15	. .
1040		14 .
Leo 3795	13	. .
" 3794	4	8 .
	47	7 4
3796	210	. .
3798	2	6 .
	212	6 .
Leo 3799 & 3800		

M 674	2	15 6
3802	6	5 .
3805	2	. .
	11	6
3807	3	. .
3806	3	5 .
3808	1	15
	1	15 .
	4	7 6"
	14	2 6
	9	.
	105	. .
	10	. .
	3	.
	30	. .
	148	. .
		8
	28	7
		7
	4	8 .
	33	6

3813		8 .
MR 545		10 .
3817	6	13 4
	7	11 4
3818	6	12 .
3819	2	9 .
	4	1 .
3820	8	6 8
3821	2	16 10
3822	7	. .
	18	3 6
3823	28	10 .
3825 4.5. 7.2.5	11	7 6
Leo		7 .
	2	8 .
	14	2 6
MR 549	18	. .
3831 3835 3836	358	6 10
RL 643	27	2 7
1045 Carried forward	1	2 4

1891

Feby 5 Do. 3742 8.6.8 ✓

" 3743 5.1.3 ✓

13 7 11 ✓

6 Do. 3744 7.0.0 ✓ Charleston

M. 661 6 1.6

7 M.662 1.1.0 ✓

Do. 3745 13.10.0 ✓

" 3746 2.5.0 ✓

" 3747 25.7.6 ✓

" 3748 7.4 ✓

45 10 10 ✓

9 Do. 3749 2.12.0 ✓

" 3750 7.0.0 ✓

J 1022 5.13.4 ✓

" 1023 44.6.4 ✓

44 11 8 ✓

10 Do. 3751 6.10.0 ✓

" 3752 8.2.6 ✓

" 3753 5.8.0 ✓ passed 11/2/91

J 1025 passed 12/2/91

7.0 ✓

20 7 6 ✓

11 M. 537 3.13.6 ✓

" 538 20.0.0 ✓

23 13 6 ✓

1891

Feby 12 M. 539 2.0.0 ✓

" 540 10.0 ✓

Do. 3754 12.0 ✓

" 3755 14.0 ✓

J. 1026 7:0 5 3 ✓

J. 1027 Charleston 8 12 6 ✓

13 Do. 3756 1.17.6 ✓

" 3757 8.0.0 ✓

J 1027 4.0.0 13 11 6 ✓

14 Do. 3758 74.18.0 ✓

" 3759 7.8.0 ✓

M 663 10.0.0 92 6 ✓

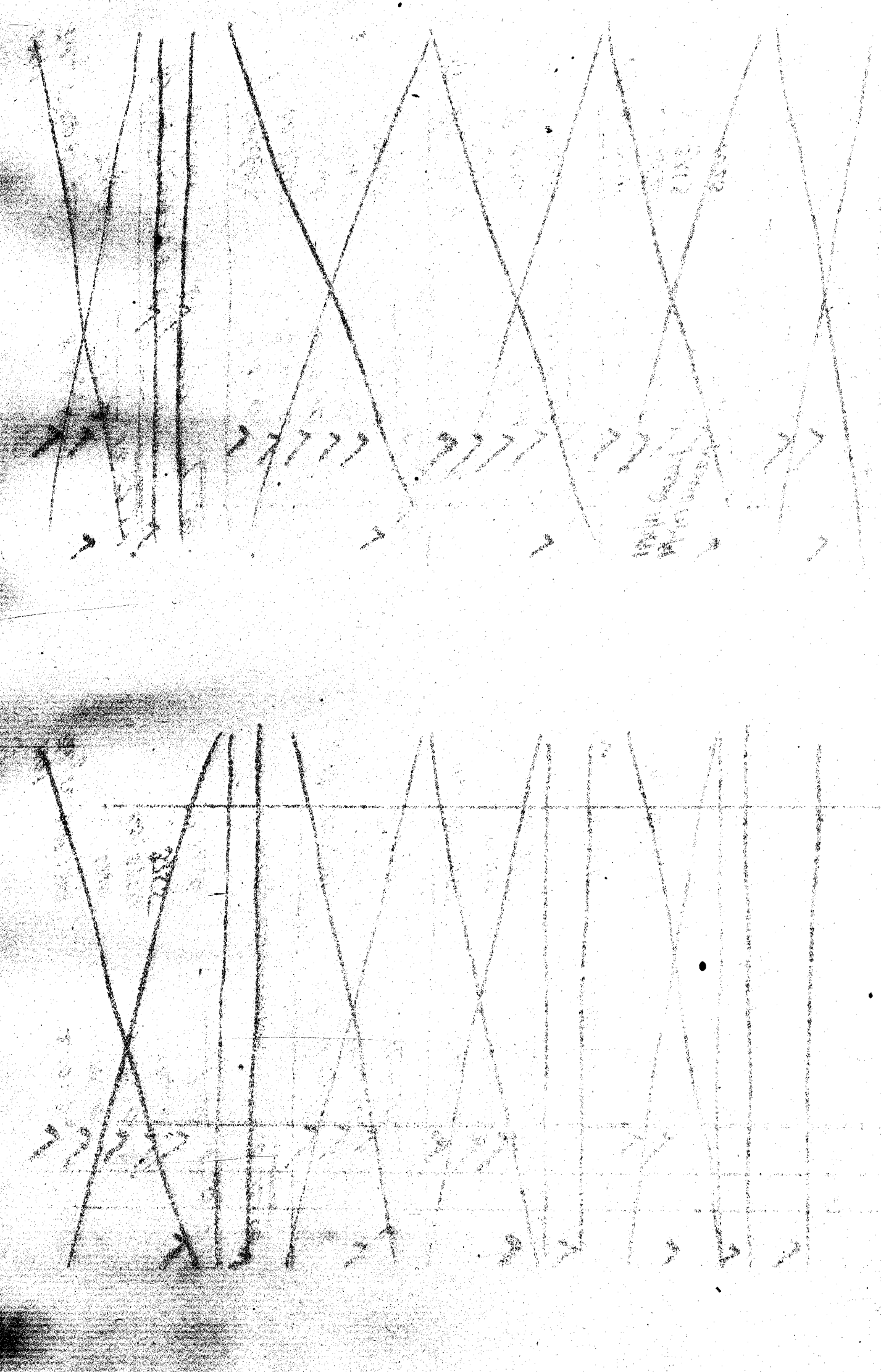
Do. 3760 Masterton 8 ✓

16 Do. 3761 5.15.6 ✓

" 3762 4.6 7 ✓

J. 1028 Hafner 20 15 7 ✓

1029 Smithbridge 105 ✓



1891

Feb 17 Bo. 3765 7.10.0
3766 54.6.3
" 3767 4.0.0
" 3768 3.18.6
RL 634 4.12.6
RL 633 3.8.6
J 1031 7.0
74 1 9

Bo. 3763 11.

18 J. 1030 15.0
" 1032 20.4.4
M 664 8 11.0
Bo. 3769 9.5.0
" 3764 210.0.0
248 15 4

Bo 3770 Attard 4.

19 RL 635 8 3

20 M 666 36.7.3
" 667 6.14.6
RK 541 1.1.0
44 2 3

Bo 3771 22.5.0
Ra 665 2.0
Ch Ch. 22 17

1891

Feb 20 RL 636 Faulkenham 7 10

23 Bo. 3772 8.0
" 3773 1.5.0
" 3774 7.17.2
RL 637 10.0.0
RK 542 1.5.0
20 15 2

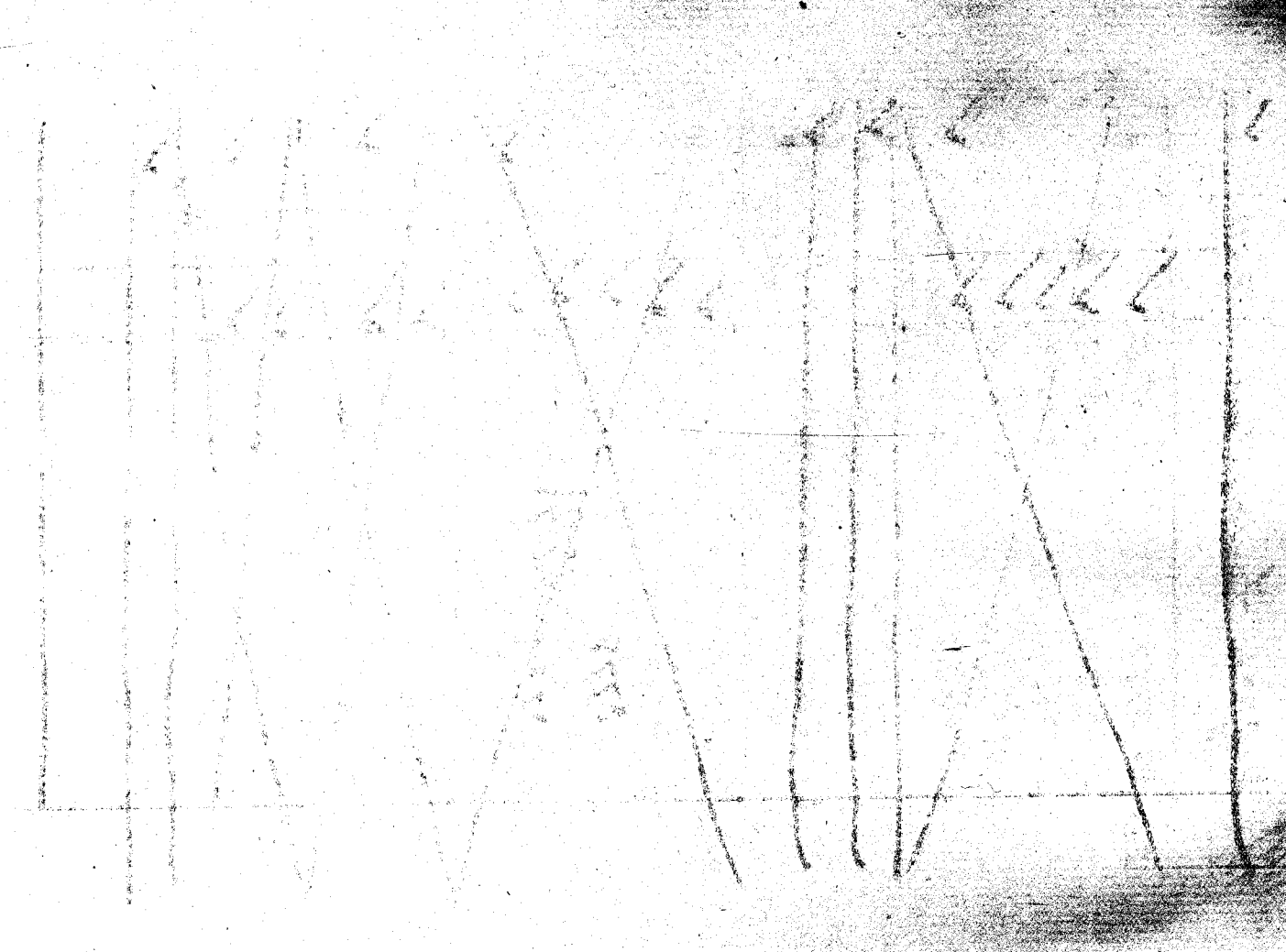
J. 1033 Carberton 15 12 8
M 669 Bergantes 101 1 8

24 Bo. 3775 1.8.0
" 3776 1.4.6
" 3778 2.8.0
" 3779 = 1:0:11
3786 = 5:6:7 4.7.6
RK 543 5.0.0
14 8

25 J. 1036 4.0.0
" 1037 7.5
4 7 5

26 Bo. 3783 4.4.0
RL 638 20.0.0
24 11

J. 1035 Kleiff 70





1891

~~Feby 24~~ ~~Do.~~ ~~Invercargill~~ ~~5 18~~

28 ~~Do.~~ 3785 10.0.0 ✓

" 3784 10.0 ✓

" RHL 639 1.1.0 ✓

~~Inv.~~ 671 3.4.2 14 15 2 ✓

~~Do. 3786~~ ~~2 11~~ ✓

~~24 Do. 3777~~ ~~17.10.0~~ ✓

~~Inv 670~~ ~~Forlan~~ ~~1.0~~ ~~17 11~~ ✓

Mar 2 ~~RHL~~ 640 6.13.4 ✓

" 641 2.10.0 ✓

~~HR 5244~~ 10.0.0 ✓

~~Do. 3787~~ 9.0.0 28 3 4 ✓

~~1038 Southbridge 10 5~~ ✓

~~" 1039 Arrived 7~~ "

~~4 Inv 670 Wanganui 25 10~~ ✓

1891

Mar 3 Inv 672 2.10 ✓

Do. 3788 2.6 ✓

" 3789 14.0 ✓

" 3790 1.1.0 ✓

" 3791 1.15.0 ✓

" 3792 10.10.0 ✓

" 3793 15.0.0 ✓

" 3795 13.0.0 ✓

" 3794 4.8.0 ✓

J 1040 14.0 47 7 4 ✓

4 Do. 3796 210.0.0 ✓

" 3797 2.6.0 212 6 ✓

" Do 3799 800 ~~2 2 8~~ 7 9 10 ✓ 9 12 6 ✓

5 Inv. 674 2.15.6 ✓

Do. 3804 6.5.0 ✓

" 3805 2.0.0 11 6 ✓

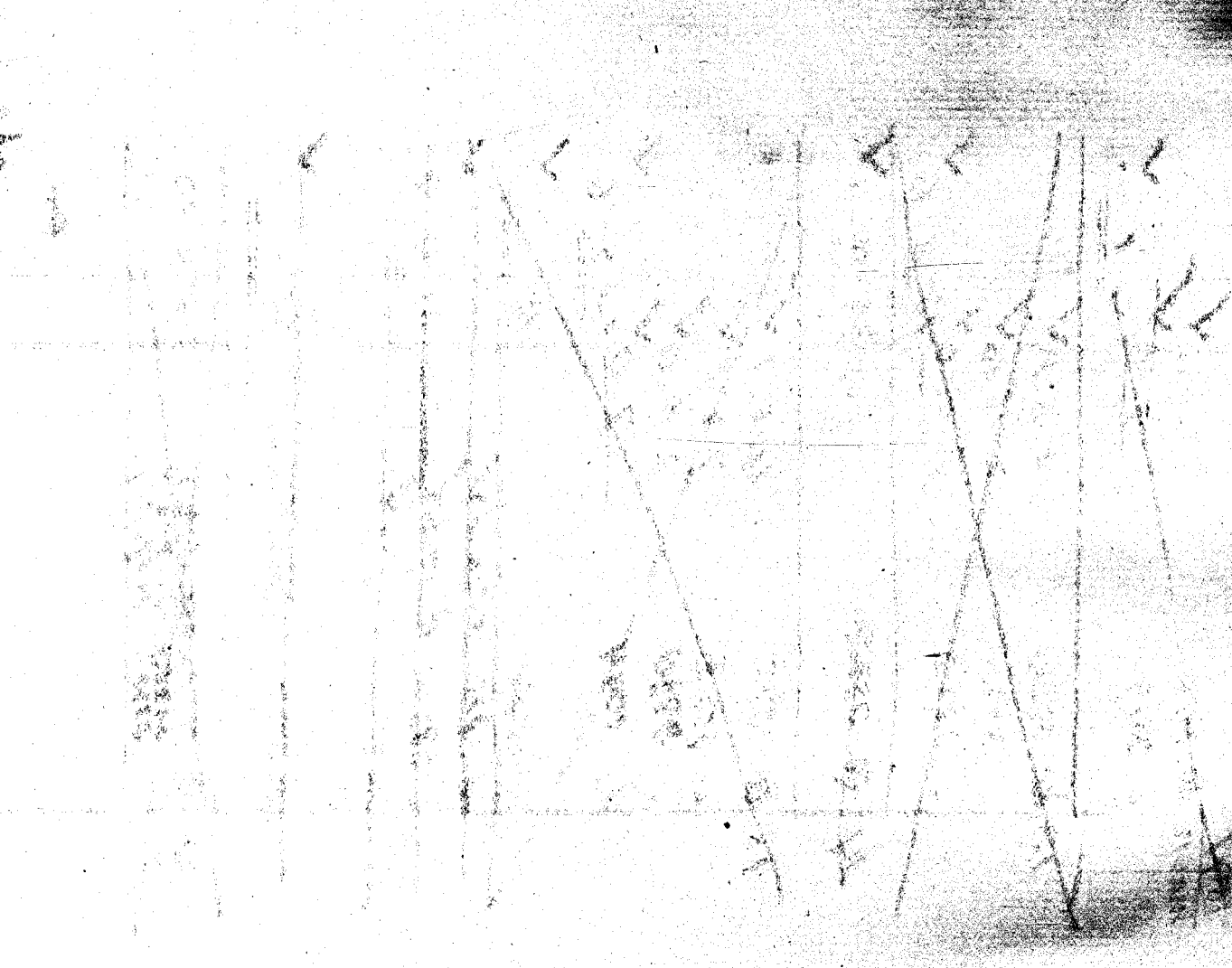
3801 Invercargill 7 ✓

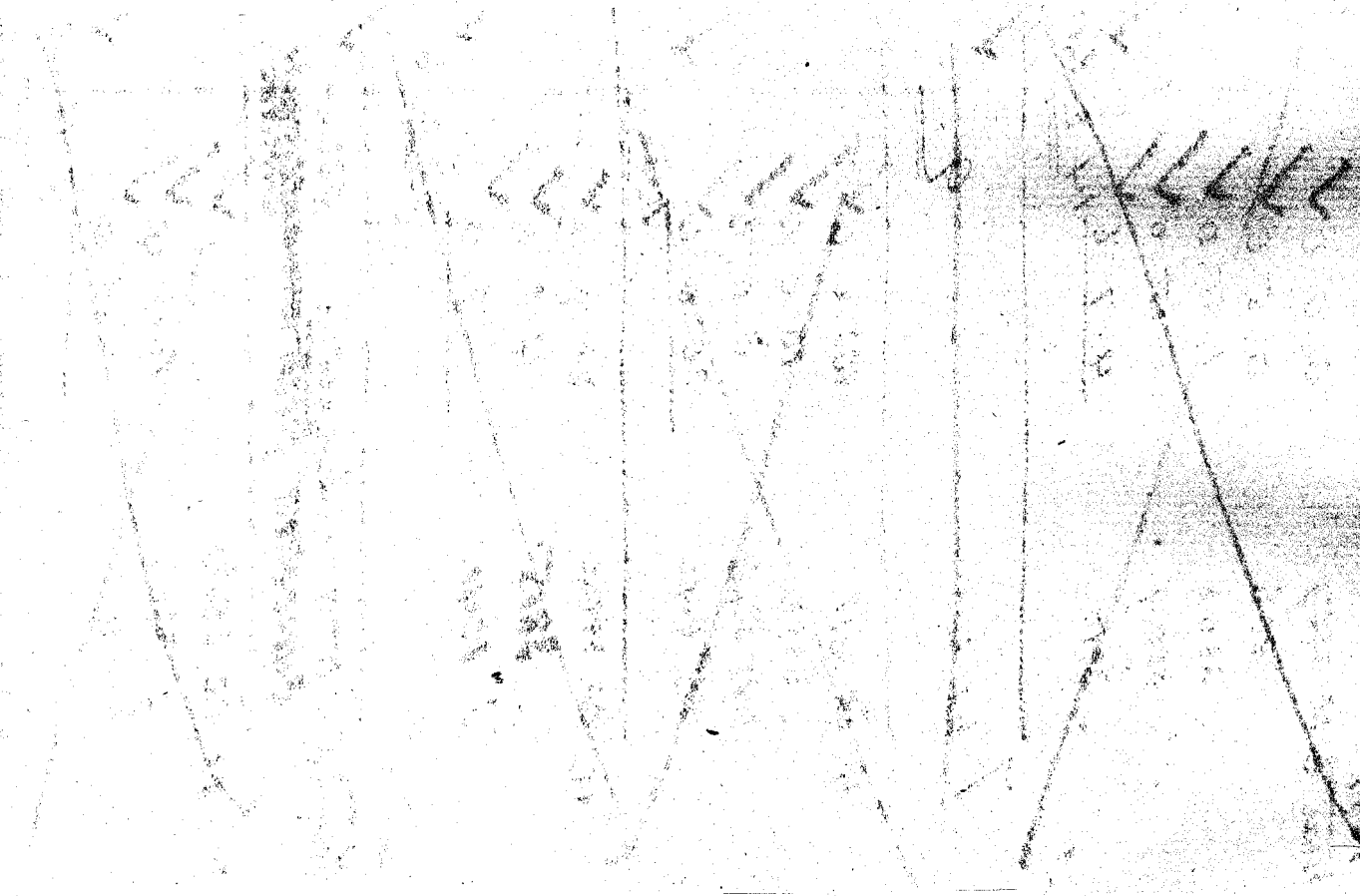
3802 Invercargill 35 12 6 ✓

1891

Mar 6	Co. 3807	3.0.0		
	" 3806	3.5.0		
	" 3808	1.15.0		
	" 3809	1.15.0		
	" 3810	4.7.6	14 2 6	
7	UR 545		9.	
9	Co. 3811	105.0.0		
	" 3812	10.0.0		
	UR 546	3.0.0		
	BR 642	30.0.0	148.	
10	Co. 3814	28.7.6		
	" 3815	4.8.0		
	J 1041	7.0	39 2 6	
Feby 24	J 1034	Hasely	50.	
	Cancelled - Fresh Receipt issued			
Mar 14	Co. 3813	8.0		
	" 3817	6.13.4		
	UR 548	10.0	7 11 4	

1891 Mar 12	Co. 3818	1.12.0		
	" 3819	2.9.0	4 1.	
13	Co. 3820	8.6.8		
	" 3821	2.16.10		
	" 3822	7.0.0	18 3 6	
14	Co. 3823		25 10.	
18	Co. 3825	4.5.1		
	" 3826	7.2.5		
	" 3830	2.8.0		
	J. 1044	7.0	14 2 6	
	UR 549		18	
	Co. 3828 (5.0.0)			
	" 3829 16.17.6		31 18 9	
	UR 676 1.3			
	Co. 3827 Blenheim		65.	
19	Co. 3831		358 6 10	
	3832	2.3.		
	3833	1.17.2		





1891

~~Mar 21 Rtk 643~~ 2 2 ✓

~~J 1042 Hamilton 32 15 6~~ ✓

~~1043 Hokianga 15 12 ✓~~

~~Mr 677~~ Mastertan 9 7 10 ✓

23 J. 1045 1. 2. 9 ✓

" 1046 5. 18. 8 ✓

do. 3824 2. 5. 8 ✓

" 3832 5 5. 0 ✓

Mr 675 16. 11. 3 ✓

Mr 550 5. 0. 0 36 3 4 ✓

~~Kaiwaka Mr 225 Auckland 550~~

Cancelled + acky Mar 8/07

24 Rtk 551 10. 0. 0 ✓

do. 3833 17. 5. 7 ✓

" 3834 2. 8. 0 ✓

Rtk 644 1. 10. 0 ✓ Paid

J 1051 7. 0 31 10 7

1891

Mch 25 Mr. 678 2097: 10: 0 ✓

J. 1047 1. 6 ✓

" 1049 55. 8 0 ✓

2152. 16. 6 ✓

26 J 1048 13. 7 ✓

do. 3837 ~~10 5 0~~ 0 ✓

J 1050 ~~Auckland~~ 66. 12. 6 ✓

31 Mr. 680. 19. 6 ✓

" 679 3. 4. 2 ✓

do. 3838 5. 0. 0 ✓

" 3839 10. 0 9. 13. 8 ✓

do 3840 3. 17. 0 ✓

" 3841 6. 13. 0 ✓

3842 2. 6 3 ✓

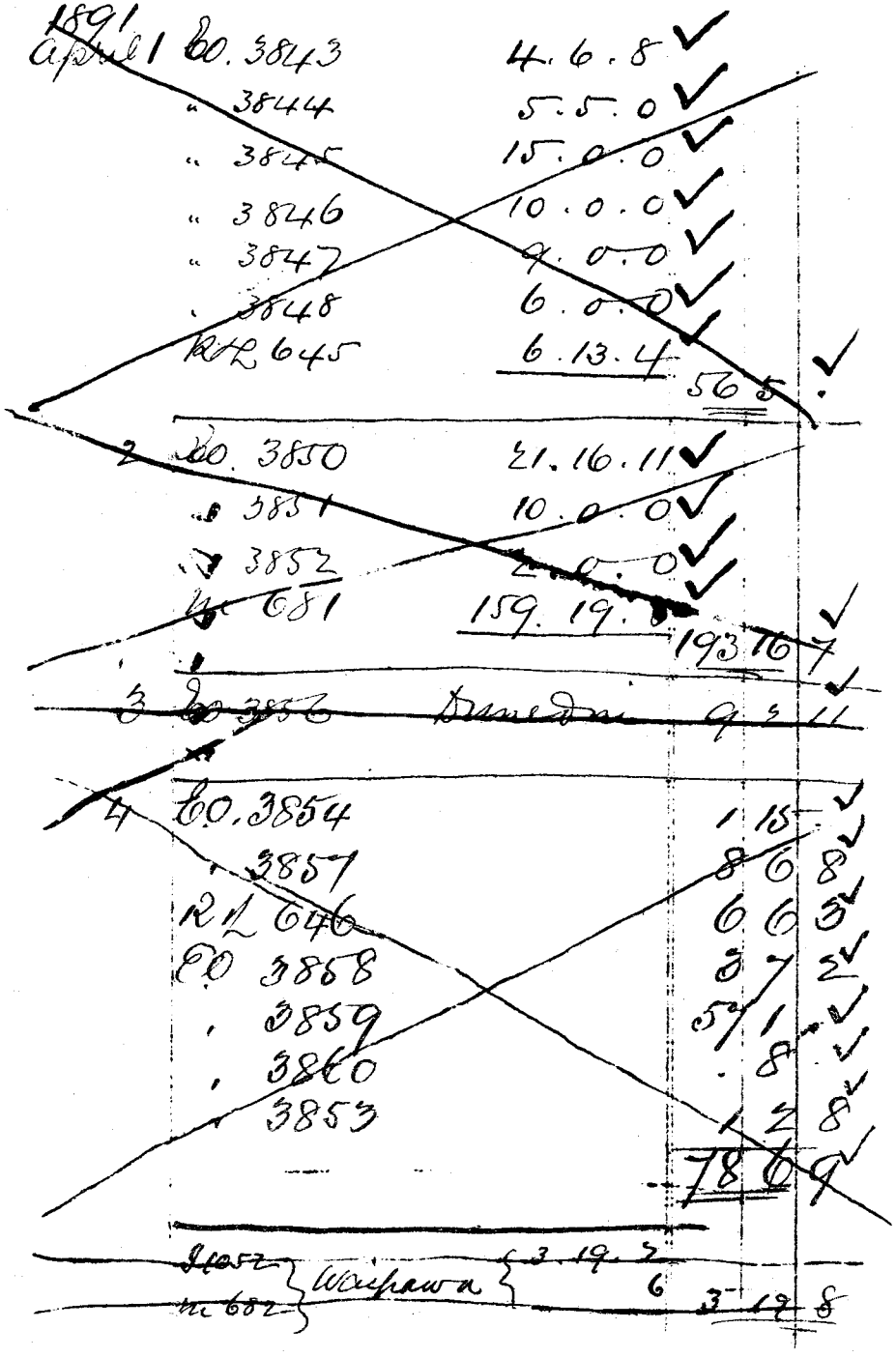
1. 2. 6 ✓

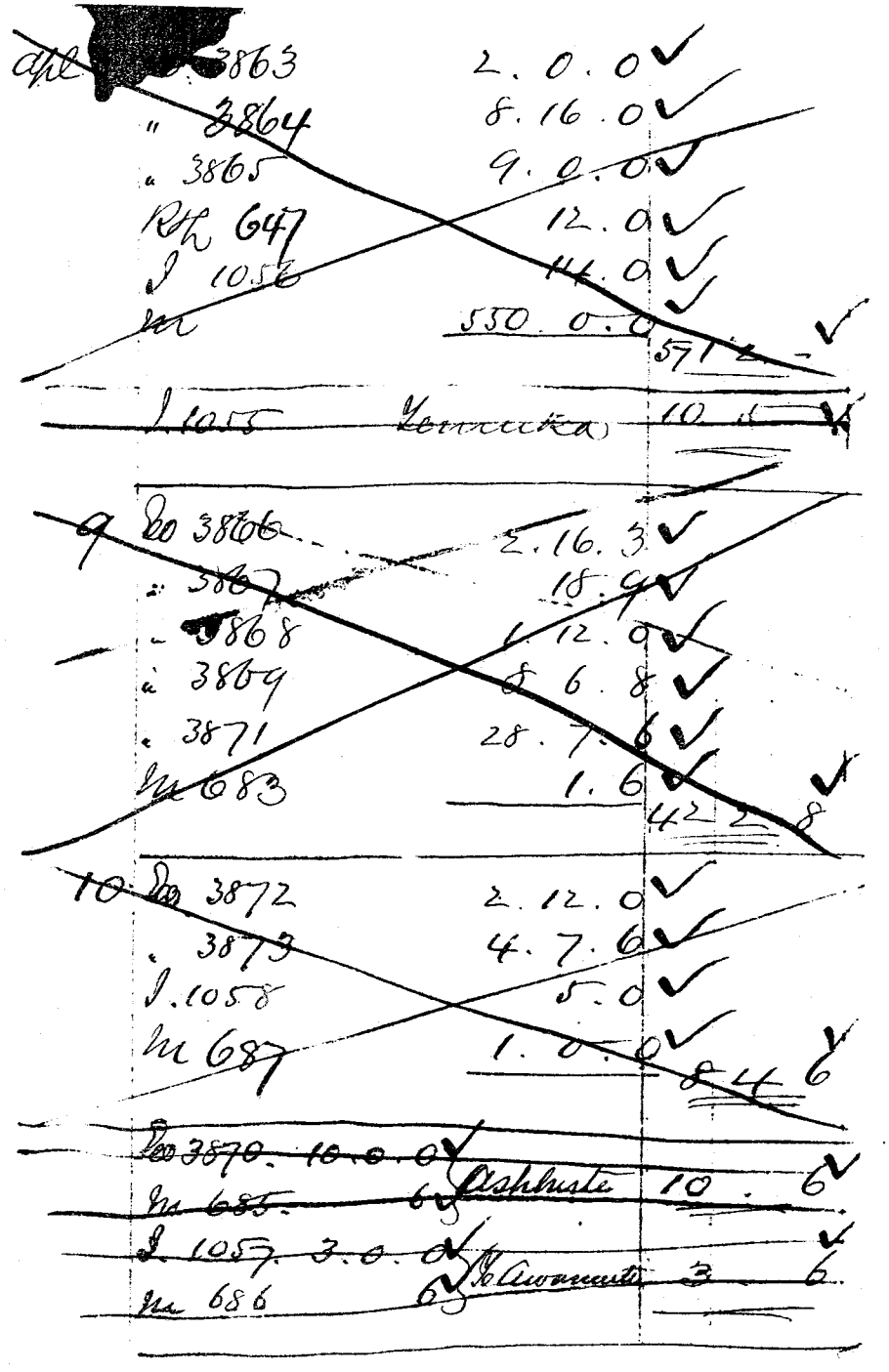
13 ~~14~~ 9 ✓

Govt. Rd:

Apl 1 ~~do. 3862 Rahmerston~~ 250: 0: 0

Rahmerston Mch Bro. Cl:


1891
April 1
do. 3843 4.6.8
" 3844 5.5.0
" 3845 15.0.0
" 3846 10.0.0
" 3847 9.0.0
" 3848 6.0.0
RR 645 6.13.4
56 8
2 do. 3850 21.16.11
" 3851 10.0.0
" 3852 2.0.0
M 681 159.19.8
193 16 7
3 do. 3856 Dunedin 9 5 11
4 do. 3854 1.15.
" 3857 8.6.8
RL 646 6.6.3
do 3858 3.7.2
" 3859 5.1.
" 3860 .8.
" 3853 1.2.8
78 6 9
Wairawa 3.19.2
M 682 6 3 12 8


April 3863 2.0.0
" 3864 8.16.0
" 3865 9.0.0
RR 647 12.0
I 1056 11.0
M 550.0.0 57
I 1055 Kennedy 10.6
do 3866 2.16.3
" 3867 18.9
" 3868 12.9
" 3869 6.8
" 3871 28.7.6
M 683 1.6
42 2 8
do 3872 2.12.0
" 3873 4.7.6
I 1058 5.0
M 687 1.0.0
84 6
do 3870. 10.0.0
M 685 6 Ashhurst 10.6
I 1057 3.0.0
M 686 6 Te Awamutu 3 6

1891			
June 13	In	27.0.0	
	RL 649	4.0.0	
	In 689	10.0.0	41 . .
	RL 648	Napier	6 1 1
	So 3874	Cambridge	2 10 .
14	RL 650.	9.0.0	
	I. 1059	7.0	
	So. 3875	4.3.0	
	3877	366.11.0	380. . .
	In. 690.		19 18 .
	In. 691		
15	So 3876	250.0.0	
	So 3878	8.15.0	
	3880	13.0	259 8 .
16	So. 3881		12 . .
	3879	Wentworth	14 . .
		Napier	100 1 .
	I. 1060	Cambridge	91 2 9

1891			
	RL. 651		5 . .
18	In 693	16.0.0	
	692	2.9.0	
	So. 3882	10.0.0	
	3884 = 12.10.0		
	3885 = 2.5.0	15.15.0	44 4 .
20	So. 3883	14.0	
	RL 652	20.0.0	
	653	7.6	
	In 694	1.0.0	22 1 6
Instant	So 3889 = 3.10.0		
	3890 = 17.10.0	Napier	21 . .
21	So. 3886.	100.0.0	
	3887	15.15.0	
	3891	2.8.0	
	I 1061	7.0	
	RL 654	12.0	
Aug?	In 695	51.6.10	170 8 10
	So. 3888	Carleton	2 16 3
22	So 3893		7 10 .