

1893.

NEW ZEALAND.

PUBLIC TRUST OFFICE

(REPORT RELATING TO THE).

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

The PUBLIC TRUSTEE to the Hon. the COLONIAL TREASURER.

SIR,—

Public Trust Office, Wellington, 10th June, 1893.

I beg leave to submit a report on the Public Trust Office.

The Royal Commission exposed the conduct of the office and some of the details of its business to so strong a current of public criticism that a temporary fear was occasioned that all confidence in the institution would be swept away. Some information, therefore, besides that which may be readily gathered from the accounts merely of the pecuniary transactions of the office may be expected as to the arrangements which have been made during the past two years, and as to the financial position of the office. This information, furnished in a statement unencumbered by returns, which, however useful for statistical purposes, are commonly unattractive, may operate profitably to the office in drawing attention to its business, and to the value of its services. It should be interesting to the public to know what is taking place in their institutions, and especially in one which is established for the purpose of affording a safe, inexpensive, and convenient recourse to all persons who, resident as well abroad as in New Zealand, may be unable or unwilling, for various reasons, to undertake the administration of estates in the colony, or who may be in doubt or difficulty as to the choice of trustees or executors.

The cases in which the administration of properties had been unfortunate or unsatisfactory, wanting in foresight or prudence, or impeded by impracticable legislation may be passed over, but the position in which the office was found with regard to many of its investments of the capital funds of properties is too important to be dismissed without a cursory mention. These investments, it may be recollected, which had in the greater part been made in mortgages, had been made in a large number of cases by such a contribution to the amounts of the mortgages that the funds of two or more properties were lent upon one security, and there appeared reason to fear that contributory investments of this character might be held as breaches of trust. The office was placed for the moment in a position of extreme embarrassment, and the only means of escape from the difficulty without loss of strength or prestige was in a resolution to accept the responsibility of any loss of capital from all the investments which had been made at the option of the Public Trustee. This resolution was promptly adopted by the Government, and there was designed, submitted to the Legislature, and passed into law the most important perhaps of the Acts relating to the Public Trust Office—"The Public Trust Office Acts Amendment Act, 1891," under which the integrity is guaranteed by the colony of the capital funds which, arising for investment from properties placed in the office, may be invested at the option of the Public Trustee in New Zealand Government securities, or in mortgages of real estate within the colony. The Act also authorises the regular quarterly payment of a common rate of interest on such capital funds, and requires them to fall into a common fund for general investment.

This measure, which, besides providing these guarantees, removes many impediments to the prompt and efficient administration of the business of the office, has won general approval, and gained for the office the confidence of the most sensitive and timid possessors of property. No person arranges a trust or makes a will without being principally concerned as to the security of the capital fund, and the larger the amount of the capital fund the more important becomes the question of security, and the less that of the rate of interest.

Even in the subordinate matter of the accounts, though a matter on which I should dwell a little, the adoption of the principle of the common fund has been satisfactory in facilitating the