It is only where the trust instrument, whether statute, deed, or will, provides specially that the trust funds subject thereto are to be separately invested that separate investments will be made. The beneficiary in that case would get the full rate of interest earned, but—(*a*) he gets none during an interval of non-investment; (*b*) a commission is deducted; (*c*) mortgage-tax is paid if incurred.

A further distinction is that if the trust moneys are to go into the Common Fund they are guaranteed by the State, but if they are specially invested, neither the Public Trustee nor the State is responsible for any failure of or deficiency in the security, provided the Public Trustee has acted as a trustee ought to do in making and looking after the investment.

In this connection it should be carefully noted that in so far as an estate comes into the Public Trustee's hands already invested in any form not casting liability upon him, then, unless it is his duty to convert the investments, they are retained in specie, and the beneficiary gets the full interest derived therefrom, less the Trustee's commission, and not merely the common rate. These securities are not guaranteed.

Skilled Work required.

It is necessary to emphasize that a good supply of skilled officers must be kept up to ensure effective working. Those in charge of branches, the Corresponding Clerks, Examiners, and Accounts Clerks must all possess some knowledge of law and accountancy to enable them to determine the ordinary questions connected with trusts and administration, and to make up accounts of estates based upon the requirements of the trust documents and the law.

These accounts, it may be noted, are first made out by the Accounts Clerks, who have to take the whole file, and study it so as to see what the position is and what points have required attention, and whether they have been disposed of. An account is then passed over to an Examiner, who goes over it in the same way to test its correctness. We saw what work was involved in this, and are satisfied that special knowledge and experience are required for it.

I. Whether Estates are efficiently administered.

The first head of inquiry put to us is: "Whether estates in the hands of the Public Trustee are efficiently administered."

We exclude from this head Native trusts, which are dealt with under another head.

As regards the investment of trust funds, both on public and private account, we may say at once, in order to anticipate misapprehension, that in our opinion the administration with respect to the methods adopted in making investments and the collection of the income and revenue therefrom is eminently efficient.

The practical work of administering estates as regards their realization and management, as already pointed out, is necessarily in the hands of District Managers and Agents controlled by the Head Office, and the efficiency with regard to each estate must further be dependent upon and vary according to the business capacity, judgment, and energy of the individual Manager or Agent, and the recommendations he makes to the Head Office for its consideration. The Head Office is the advising and accounting body.

We do not pretend to answer this question upon the basis that we have reviewed more than a very small fraction of all the estates that are or have been in the hands of the Public Trustee. It would be next to impracticable to do so.

A general affirmative answer may be given by reference to the increasing amount of business *voluntarily* placed in charge of the office year by year, for example,—