II. Whether Realizations are properly conducted.

We have investigated the course followed with regard to realizing assets, and are of opinion that realizations are carried out on proper business lines consistently with the duties of trustees.

In determining the course of realization in the case of wills, the provisions of the will must be the primary guide for a trustee. Sometimes the will directs immediate realization, or it may authorize postponement and a carrying-on of a farm or business for a certain time. The Public Trustee acts upon such provisions, but is reluctant to carry on business for more than a short period. A going concern would be worked with a view to immediate sale if the assets could be best realized in that way. The action of the Public Trustee in regard to realization and carrying on is guided, in cases of doubt, by the beneficiaries where they are of age and available. In practice their wishes are consulted with regard to the time and the mode of realization, the agents to be employed in doing so, the reserve to be fixed, and so on.

In the case of intestacies, the large proportion of which consists of estates of small value, it is the duty of the office to realize within a year if practicable. In these cases those interested, where of age and available, are consulted in cases of doubt or where for other reasons it is thought desirable. Intestate estates are very troublesome to handle, for frequently they are represented by a suburban section with a cheap house and a heavy mortgage. Such properties are difficult to dispose of so as to satisfy the expectations of beneficiaries, and especially so when suburban properties of that kind come to be a glut in market. Again, in many cases of intestacy, it is found that the beneficiaries desire immediate realization in order to get hold of the money.

From the evidence before us and the investigation of many files we find that the Head Office and its various agencies are fully and anxiously alive to the various business considerations combined with trustees' duties to be taken into account with respect to the realization of estates. It must be borne in mind that trustees—and the Public Trustee is one—cannot, without incurring uncalled-for responsibility, deal with another man's property and affairs without regard to what the law demands of a trustee.

We had a return submitted with regard to the real property realized by the various agencies of the office over the past three, and in some cases five, years, showing the valuations for death-duty purposes and the prices obtained. In the Auckland District, in the great majority of cases, the price exceeded the valuations. There, of course, the land-market has been particularly active over the period in question, and the return shows that the Department has shared in the advantage of that activity. In other districts the cases in which the price obtained exceeded the valuation were as numerous as those in which the result was less, and in almost all the latter cases the sale was with the consent of the beneficiaries. Moreover, it is not always to be assumed that the valuation was correct.

We have not had any similar return of personal property, as to obtain it would have unduly taxed an already overworked office; but as sales are, except in special cases, made by auction, and as far as possible after consultation with the beneficiaries interested, it is difficult to see why the Public Trustee should not realize to as good advantage as any other trustee whose business is to realize, and to do so without unreasonable delay.

From the long experience of District Managers in realizing estates, more expert knowledge of methods of realization is available at their hands than would be the case in many instances of private trustees.

III. Are the Moneys controlled by the Public Trustee satisfactorily invested?

By far the greater portion of these moneys is invested on mortgage of freehold security throughout the Dominion. The position of the funds as at the 30th September last was as follows:—