

the very Treasury itself depends upon the Post Office already to make small payments, and will soon, it is to be hoped, use the Post Office instead of the bank for the receipt and payment of money generally. But Mr. FitzGerald would, it might seem, by compelling the Post Office to follow a course which must end in the destruction of its efficiency, break up every department's arrangements which did not accord with his own peculiar views, and his own unfortunate principles, no matter what the public might suffer, and, I presume, no matter what the expense.

In the eleventh paragraph of his memorandum Mr. FitzGerald begins with a general reflection on the principle of the Act of 1891, that the capital funds of estates in the Public Trust Office should become one common fund, guaranteed by the colony, and be entitled to a common rate of interest. He speaks of that principle, I presume, when he says, "An idea appears to be springing up that one, if not the principal, object should be to make the institution a financial success, and to consider the interest of the office as a financial institution, instead of exclusively in the interests of its clients." Now, what was the state of things under the control of Mr. FitzGerald, who was "principally concerned in the establishment of the institution"? The investment of the capital of estates had, in many cases, been effected under his very eyes by a sort of common contribution of the funds of several estates to the amount of one mortgage. This was probably done in the interests of the estates, to enable the Public Trustee to more readily invest the funds, than a strict adherence to the theory of Mr. FitzGerald would allow. There was reason to fear that such investments were breaches of trust. At any rate, Mr. FitzGerald is right in implying that in those investments the original design was carried out by which "the office was to have no personal interest in the property further than such charges as would cover the cost of management." And the result was, as might have been expected, that the office, through this impersonal consideration "of exclusively the interests of its clients," left many of those clients to realise, in the loss of their capital by bad investments, that exclusive consideration in this respect was not without objection. "No person," as I have already reported, "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."

By the Act of 1891 the Legislature provided that the capital funds of estates, like the capital of savings-bank depositors, should be entitled to a common rate of interest, by falling into a common fund of which the investment *concerns only the Public Trust Office and the colony*, and of which the integrity is guaranteed by the colony. After the passing of that Act, the Public Trust Office made good to the estates the capital which they had lost by investment under the arrangement to which Mr. FitzGerald would return, and left to their benefit what the law did not, perhaps, strictly authorise—namely, the investments which had wholly or partially been allotted to such estates at the time. There was thus the consideration of these estates, both in the restoration to them of their capital lost in Mr. FitzGerald's days of control, and in leaving them to the benefit of the investments already allotted to them, whether these investments were breaches of trust or not. There was certainly no sacrifice here, or desire to sacrifice the interests of the estates to a consideration of "the interests of the office as a financial institution." When, however, the investments expire, or have expired, the relative capital must fall into the common fund and bear the common rate of interest. It is difficult to imagine how there can be in the investment of the capital on this principle a conflict of the interest of the estate with the interest of the Public Trust Office. The estate is allowed a guaranteed rate of interest for its funds, *and cannot be concerned in the investment*. What Mr. FitzGerald probably means, if he has any clear direct idea on the subject, is that the small disappearing quantity of earmarked or allotted mortgages, or fractions of such mortgages, have been, in the few cases in which the old allotment exists, occasionally transferred to the common fund before the estates to which the mortgages are allotted require the money, or the mortgages expire, and to the disadvantage of the estates. If he means this, he is stating what, I repeat, is not correct, and what is obviously inconsistent with the consideration already explained to influence the office in the matter of these allotted mortgages. Transfers have, in some cases, taken place before the expiration of the mortgages, but the motive has always been the interest of the estate consistently with the law: in the case, for instance, of the money invested having been required for other more urgent purposes of the estate, or the case of a mortgage in default, where the transfer is necessary to enable the office to pay the guaranteed rate of interest in lieu of the rate which the mortgage has ceased to yield. In this way, an estate to which a mortgage, allotted under the old cumbrous and unsatisfactory methods, can still remain allotted, is credited with the rate of interest provided in the mortgage so long only as this rate is paid by the mortgagor, and with the guaranteed common rate as soon as the mortgage expires or the mortgagor ceases to pay interest. As to the consent of the Board to a transfer, the question appears to me to be rather, whether the allotment can strictly continue at all, especially in cases of the contributory investments.

Mr. FitzGerald has misrepresented the facts in his assertion that "in one case where the money of a client was invested in mortgage at a high rate of interest, the mortgages were arbitrarily transferred to the investments of the common fund, and the client was informed that he would in future receive the statutory rate of 5 per cent. paid by the common fund. The result was that he immediately withdrew his whole estate from the office and had it returned to him in England." Now, the estate in question has not been withdrawn. None of the mortgages in which the funds of that estate were invested have been transferred from the estate. And a loss of capital by that estate under the "exclusively" considerate arrangements of the past was made good. All that happened was that uninvested money belonging to the estate and in my hands, after the Act of 1891 was passed, fell, as was required by the provisions of that Act, into the common fund, to thus yield the rate of 5 per cent. The "client," in some hasty conclusion, and adversely to his own pecuniary interest, proposed to do as Mr. FitzGerald now represents him to have actually done, but was eventually anxious that his fund should remain. "I do not want," he said, "any more remitted