

Negotiable securities belonging to estates are the subject of a detailed check by a responsible officer at each branch at half-yearly intervals, and a further independent audit of the securities is made once a year by the Chief Auditor or Chief Inspector.

An annual check is in force in regard to the securities for investments of the Common Fund. By virtue of section 8 of the Finance Act, 1927, and as a corollary to the decentralization of the loans work, the relative mortgage securities, which in the past were held at the Head Office, have now been forwarded to the branches controlling the mortgage investments, where they are now held under two keys. The senior accounting officers attached to the branches conduct an annual audit of the securities, acting, if possible, in conjunction with an officer of the Audit Department. The remaining securities for investments of the Common Fund, consisting of Government debentures, local-body debentures, fixed-deposit receipts, &c., are held at the Head Office under three keys and are checked by an officer of the Audit Department.

All overdrafts in estate accounts have been scrutinized by Reviewing Inspectors to ensure that advances have been made only on proper authority and that the necessary margin of security is being maintained.

A half-yearly check of jewellery and valuables held on behalf of estates is made at each branch by a responsible officer, and an independent annual check is made by the Chief Auditor or Chief Inspector.

Regular and systematic attention is given to the collection of rents, interest, and book debts. The position of every case of arrears is investigated by the Reviewing Inspectors on their visits to the branches.

ENEMY PROPERTY IN NEW ZEALAND AND CLEARING-OFFICE OPERATIONS IN REGARD TO ENEMY DEBTS.

113. In continuation of the procedure adopted in my report of last year (with the concurrence of the Hon. the Attorney-General, who controls this work), a survey of the enemy property and the Clearing Office operations is included in the report on the working of the Office.

There have been few developments of importance during the past year, and in view of the fact that the bulk of the work has now been disposed of it is not anticipated that there will be many developments of note in the future. Steady progress has been made towards the completion of the various duties imposed on the Public Trustee under the War Regulations and the Treaties of Peace Orders which related to—

- (a) The settlement, through the clearing procedure provided for by the Treaty of Versailles, of claims in regard to pre-war debts and to New Zealand owned property in Germany :
- (b) The control, liquidation, and disposal (by credit to the liquidation account of the ex-enemy countries concerned or by release in appropriate cases) of property or businesses owned by alien enemies or in which there were alien enemy interests.

The work in connection with the claims lodged through the clearing procedure set up under the Treaty of Peace with Germany has been carried almost to completion. Of claims totalling over £317,000 those undisposed of amount to £215 only. The claims now outstanding present almost insurmountable difficulties to settlement between the parties interested, and in all cases have been referred to the Anglo-German Mixed Arbitral Tribunal, the body set up under the Treaty to adjudicate upon disputed claims.

Some time must yet elapse before the liquidation of enemy property in New Zealand can be completed. In some cases properties have been sold under agreements for sale and purchase under which the balances of purchase-money have not yet fallen due ; in other instances it has not up to the present been possible to effect realization ; whilst in others again the ex-enemy interests have not yet devolved upon the ex-enemies concerned, the properties being subject to prior non-enemy interests. The work in regard to the enemy property is not completed in all cases even when realization and credit to the liquidation account is effected. Claims