

13. Through the agency of the High Commissioner close contact has been maintained with the English Custodian of Enemy Property upon the subject of the realization of the interests of German remaindermen, but it is learned that so far he has not yet found it practicable to effect any general realization of such interests. It will be necessary in the near future to decide what action is to be taken in regard to property of this nature.

#### CUSTODY OF GERMAN PROPERTY IN THE UNITED KINGDOM.

14. The High Commissioner for New Zealand in London has forwarded a copy of a Board of Trade announcement dated 31st December, 1924, advising that as the stage had then been reached when the work remaining to be carried out by the Public Trustee in connection with German property in the United Kingdom could with advantage and economy be consolidated with the work of the Clearing Office for Enemy Debts, the administrative work would accordingly be transferred from the Public Trustee to the Clearing Office as from the 1st January, 1925. All communications relating to German property in the United Kingdom should therefore be addressed in future to "The Administrator of German Property, Cornwall House, Stamford Street, London S.E. 1."

#### AMOUNTS CREDITED TO THE AUSTRIAN LIQUIDATION ACCOUNT.

15. The total amount credited up to the 31st March, 1925, to the Austrian Liquidation Account under the provisions of Article 249 of the Treaty of St. Germain-en-Laye was £918 0s. 10d. In addition a sum of £489 1s. 10d. is held which will be credited to this account upon receipt of additional information from the High Commissioner.

16. It is possible that there will be further credits to the above fund arising out of instructions issued by the New Zealand Government to the High Commissioner to collect from the London offices of companies incorporated in New Zealand amounts owing by them in respect of pre-war transactions with Austrian nationals. Recently the English Administrator of Austrian Property made application for payment of these amounts upon the ground that they were subject to the charge in England and not in New Zealand. In submitting the Administrator's claim for consideration the High Commissioner stated that he had ascertained from the Australian High Commissioner's Office in London that similar amounts collected by that office in the United Kingdom were credited to Austria by the Australian authorities and not the English Administrator. The position was carefully considered by the Legal Adviser to this Office, who advised that the matter turned upon the question of the local situation of these debts. After referring to the decisions of the English Courts in two cases, *Rex v. Lovett* (1912, A.C. 212) and the *New York Life Insurance Company v. The Public Trustee* (1924, 2 Ch.D. 101), he expressed the opinion that if the debts were incurred in New Zealand and could have been sued for in this country only, the London branches being merely agents for payment, the debts would be subject to the New Zealand charge and not to the English charge. If, on the other hand, the debts were incurred by the London branches they would then be subject to the English charge. The High Commissioner was therefore instructed to examine closely the transactions which gave rise to the debts in question, in order to determine in accordance with the Legal Adviser's opinion the respective rights of the English Administrator of Austrian Property and the Dominion Custodian of Enemy Property. His further report on the subject is not yet to hand.

17. As previously stated in my reports, a Clearing Office system in regard to pre-war debts such as that which operates between Germany and New Zealand was not established with Austria, as the number and value of the claims to be dealt with did not warrant the trouble and expense which would necessarily be involved. One of the main advantages derived by New Zealand creditors from the Clearing Office system is of course the valorization of the amount of the claims at the pre-war rate of exchange, and the prompt payment out of the Clearing Office funds of the claims immediately their correctness is established. It is understood that many of the New Zealand creditors of Austrian concerns who, by reason of the non-adoption of the Clearing Office system with Austria, were instructed to collect their claims direct from the debtors, have been unsuccessful in their endeavours to obtain payment of their claims, and their London representatives have approached the High Commissioner for New Zealand for relief out of the funds held by the New Zealand Government in respect of the liquidation of Austrian property in New Zealand. The necessary authority to subject the proceeds of the liquidation of Austrian property to payment of debts owing by Austrian nationals to British nationals resident in New Zealand is contained in paragraph 4 of the Annex to Section IV of Part X of the Treaty of St. Germain-en-Laye. Submission of the matter for the Government's decision is being deferred pending the receipt from the High Commissioner of further information as to the claims affected, and also until it is known, after finalization of the position regarding the Austrian claims collected by the High Commissioner in London, what amount is available for application in the direction indicated.