

REPORT.

To the Hon. the Attorney-General, Wellington.

SIR,—

I have the honour to submit my Sixth Report on Enemy Property, setting out the work performed during the year ended 31st March, 1926, in connection with the realization of ex-enemy property in New Zealand, and the disposal of claims lodged by or against British nationals resident in New Zealand for settlement in accordance with the Clearing Office procedure established under the provisions of Article 296 of the Treaty of Versailles.

2. The proposals to which I referred in my last report for the purpose, *inter alia*, of conferring upon the Clearing Offices the power of finally rejecting claims lodged by the opposing Clearing Offices have now reached finality.

3. It was mutually agreed between the New Zealand Clearing Office on the one hand and the German Clearing Office on the other that this power should be available for exercise upon condition that the claims rejected become unenforceable in the clearing procedure unless formally submitted to the Anglo-German Mixed Arbitral Tribunal within nine months after rejection.

4. This power of rejecting claims has been freely exercised by this office, and up to the present some 240 outstanding German claims, totalling £7,944 15s., have been included on final rejection schedules. The German Clearing Office on its part has notified the rejection of six claims, totalling £3,024 17s. 10d. The result of the operations of this agreement will, it may be anticipated, be reflected in a considerable reduction of the Clearing Office claims during the coming year.

5. In addition to this provision, the agreement concluded between the New Zealand Clearing Office and the German Clearing Office contains other provisions relative to the clearing procedure, of which the more important are :—

- (a.) The amalgamation of the accounts between New Zealand and Germany under both Articles 296 (Clearing Office procedure) and 297 (Liquidation of German property rights and interests). This necessarily followed upon the adoption of the Dawes Plan of which a cardinal feature was the principle that Germany should make one comprehensive payment annually in settlement of its Treaty obligations. This payment is made to the Reparations Commission, and payment of the Clearing Office balances will not now be made separately by Germany. It was understood that the Reparations Commission would not favourably consider applications for payment of Clearing Office balances in cases where sufficient surplus funds derived under Article 297 of the Treaty are available for application towards the Article 296 account; as a consequence the proposal to amalgamate the accounts under Articles 296 and 297 was put forward and duly agreed to.
- (b.) A provision that awards by the Anglo-German Mixed Arbitral Tribunal for compensation under Sections IV or V of Part X of the Treaty of Versailles, or by the arbitrator appointed under clause 4 of the Annex to Section IV, shall be interest-bearing. This provision is of some considerable benefit to British claimants under the above-mentioned Treaty provisions.
- (c.) The extinguishment of the right previously conferred by agreement with the German Government to claim interest on the balance of the Article 296 account with Germany.
- (d.) An undertaking by the German Government that it will not claim through the Mixed Arbitral Tribunal any interest or profits derived from or arising out of the proceeds of the liquidation of German property rights or interests liquidated either by virtue of war legislation confirmed by the Treaty or by the application of Article 297 of the Treaty of Versailles. This undertaking is, however, not to be considered as depriving the German Government of any right which it may claim to prosecute a claim of this nature through channels other than the Mixed Arbitral Tribunal.

6. While steady progress is being maintained towards the completion of the various duties imposed upon the Public Trustee by virtue of the War Regulations and the Treaty legislation, I am unable to report that the end of the work involved is yet in sight. Although it is confidently anticipated that the next twelve months will see the settlement of most of the outstanding claims, and the completion of action in regard to the bulk of the German property yet undisposed of, there will almost certainly be at the expiration of that period some claims and some property in regard to which it will have been found impossible to reach finality.

7. The subject-matter of this report is set out in substantially the same manner as in my previous reports. One exception is that a number of tables appearing in the body of my previous reports have this year been relegated to the appendix.

PART I.—REALIZATION AND DISPOSAL OF EX-ENEMY PROPERTY IN NEW ZEALAND.

AMOUNT CREDITED TO THE GERMAN LIQUIDATION ACCOUNT BY THE NEW ZEALAND CLEARING OFFICE.

8. The Court case to which I referred in my previous report, where the right of the New Zealand Government to retain certain property by virtue of the Treaty of Versailles was questioned, has been settled, judgment being entered by consent from the defendants, the Hon. the Attorney-General and the Public Trustee as Custodian of Enemy Property.