

REPORT.

PART I.

1. GENERAL SCOPE OF LEGISLATION.

It is considered desirable to commence this portion of the report by outlining the general scope of the legislation under which the Public Trustee has derived his powers and duties.

(i.) *War Regulations Act, 1914*.—The first of the war legislation affecting the Public Trustee was the War Regulations dated the 25th November, 1914, issued by the Governor in Council under the War Regulations Act, 1914, which came into force on the 2nd November, 1914. This Act empowered the Governor in Council to make such regulations as he considered necessary for the purpose of better securing the public safety, the defence of New Zealand, and the effective conduct of the military or naval operations of His Majesty during the war, and for the prohibition of any acts which in the opinion of the Governor in Council were injurious to the public safety, the defence of New Zealand, or the effective conduct of military or naval operations (sections 2 and 3). The subsequent regulations issued under this Act relating to enemy property will be outlined under appropriate headings.

(ii.) *War Regulations Amendment Act, 1916*.—In 1916 there was a further development in regard to the policy relating to enemy property in New Zealand; and under the War Regulations Amendment Act, 1916, which came into force on the 7th August, 1916, the powers of the Governor in Council were extended to include the issue of regulations for the suppression, restriction, or control of enemy trade, and generally such provisions as the Governor in Council might consider advisable with respect to enemy property (section 3). This amending Act further provided that the regulations made thereunder in relation to enemy trade might confer upon the Supreme Court such civil jurisdiction as might be thought necessary, and might create, determine, and affect civil rights, obligations, and liabilities (section 3 (4)).

(iii.) *War Legislation Act, 1917*.—The War Legislation Act, 1917, empowered the Governor-General in Council to make regulations providing for the control and enforcement of the labour of alien enemies in New Zealand (section 35 (1) (e)).

(iv.) *War Regulations Continuance Act, 1920*.—The power of the Governor-General in Council to issue further regulations under the War Regulations Act, 1914, and its amendments, was cancelled by the War Regulations Continuance Act, 1920, except in so far as it was necessary to amend certain regulations, which were set forth in the Second Schedule thereto, for the purpose of giving full effect to the intention and purport of those regulations, but not further or otherwise (sections 4 and 6). The War Regulations which were not included or referred to in the schedules to the above Act are deemed to have been revoked as from the 6th October, 1920 (section 8).

2. CONTROL AND LIQUIDATION OF ENEMY FIRMS.

(i.) *Power to appoint the Public Trustee as Controller of an Incorporated Company*.—The War Regulations dated the 25th November, 1914, empowered the Attorney-General to appoint by warrant under his hand the Public Trustee as Controller of any incorporated company which was or had been carrying on business in New Zealand, whether incorporated in New Zealand or elsewhere, if the Attorney-General was satisfied that not less than one-half of the issued share capital thereof was held by or on behalf of alien enemies, or that the company bore or had borne such a relation to any other company, firm, or person carrying on business in enemy territory as to render the exercise of this power expedient for the public safety (paragraph 2).

(ii.) *Powers and Duties of the Public Trustee*.—The foregoing War Regulations did not require the Public Trustee to wind up any enemy business over which he had been appointed Controller, although he was empowered to do so if such a course was considered desirable. The chief intention of the Government in appointing the Public Trustee as Controller was for the purpose of preventing any moneys belonging to such companies being transmitted out of New Zealand and perhaps ultimately reaching an enemy country. The Public Trustee was advised at that time that there was no justification for the proposal to wind up an enemy business, and that such a course was not demanded by any public policy. It was considered that such a course would probably give rise to heavy claims for compensation at the end of the war. As much of the goods owned by these companies was of a perishable nature, and as there was a strong demand for them, it was undoubtedly for the benefit of the community that these goods should be sold for consumption, instead of being stored and allowed to depreciate by effluxion of time, as was desired by certain sections of the public. These regulations were revoked on the 11th May, 1916, when amended regulations were issued. (See paragraph v below.)

(iii.) *Supervision of the Continental C. & G. Rubber Company (Limited)*.—The first company over which the Public Trustee was appointed Controller in pursuance of the foregoing regulations was the Continental C. & G. Rubber Company (Limited), which was gazetted as an enemy firm on the 28th November, 1914 (see *Gazette* of the same date, p. 4215). This company, which was incorporated in Australia, possessed two branches in New Zealand—one in Auckland and one in Christchurch. As the New Zealand employees of the company were capable and trustworthy, and were not of enemy nationality, their services were retained in carrying on the ordinary business operations of the company under the supervision of the Public Trustee. All receipts were required to be deposited to the credit of the Public Trustee's Account, and all payments were made through the Public Trustee. The company was not permitted to obtain further supplies of goods from its branches in Australia. Every care was taken to dispose of the goods as far as possible at current market rates, in order that British, French, and American firms would not have cause to complain of unfair competition from the goods of German manufacture. Both the Auckland and Christchurch branches were carrying considerable stocks. The price of certain lines, which were overstocked or for which there was not a steady demand, had to be reduced in order that the same might be disposed of. The fact that this company was permitted to carry on its ordinary trading operations subject to