

With these reservations the committee would venture to classify the former enemy nationals concerned in the following order of merit:—

1. British-born ex-enemy nationals—such nationality having been acquired only upon and by reason of marriage.
2. Ex-enemy nationals resident here at the outbreak of war and permitted at its close either to remain in or return to this country.
3. Ex-enemy nationals wherever now resident whose property rights and interests here, to an extent not exceeding £2,000, represent earnings or savings from earnings made here.
4. Other ex-enemy nationals in the following order: (1) Hungarians, Austrians, Turks, Bulgarians; (2) Germans.

The committee suggest that the property rights and interests of these classes retained under the treaties should be realized and applied in the inverse order to that above given.

The committee would add that according to their information the United States have exempted the property of the class in America corresponding to class 1, and South Africa the class which there corresponds to class 2.

The committee in these circumstances hardly deem it necessary to labour the reasons which have led them to this classification. They are probably sufficiently obvious. They would only say this. The first class comprises British-born married women whose property here almost always consists of property settled upon their marriage and is usually held by British trustees for their benefit. Appeals from this class have been specially numerous, many of them very painful. The second class comprises every degree of allied sympathy and service on the part of those included in it: the property represents property lawfully acquired by these people while resident here: they will probably be the last to be compensated by their own Government; and if their property here be taken they may become chargeable on the rates. The third class includes the repatriated governesses, cooks, housekeepers, waiters, and other humble folk, many of them of long residence here, of high character, and now destitute in their own country. In very many cases their property here consists of Post Office Savings-bank balances and investments in British funds.

This suggestion of the committee, if effect can be given to it, will reserve till the last, for return to the owners, if such return be resolved upon, the property rights and interests of those who have deserved best of this country, or whose claims upon it are strongest.

The object is to preserve, so long as may be, their property from the Clearing House procedure. So soon as it is credited under that procedure it ceases to be open to exemption.

22. *Decisions of Imperial Authorities regarding Proposals of Lord Justice Younger's Committee.*—

At a conference to consider the proposals of Lord Justice Younger's committee with regard to the release of enemy property the Imperial authorities decided:—

- (1.) That the liquidation of property of all Germans outside the United Kingdom must be proceeded with by the Public Trustee without regard to the question of the release. As far as possible, however, the liquidation of property of Germans allowed to reside in the United Kingdom should be postponed.
- (2.) The crediting of the proceeds of German property other than "enemy debts" to the German Government through the Clearing Office should be postponed in the following cases: (a.) Where the owner is a woman born of British parents who became German by marriage and the property comes from British sources; (b) where the owner resided in the United Kingdom before the war and is now permitted to reside there; (c) where the property of the owner (wherever now resident) in the United Kingdom represents earnings or savings from earnings made there up to an amount not exceeding £2,000.

The Public Trustee, in order to ascertain in which cases he should postpone crediting, should examine the records of the Younger Committee and consider any other evidence brought to his attention, but he is not required to make inquiries elsewhere.

23. *Action taken in New Zealand.*—On receipt of particulars of the foregoing decisions, instructions were immediately cabled to the High Commissioner to withdraw from the German liquidation sheets which had been forwarded to him for transmission to the German Clearing Office certain amounts falling within those classes in which it had been decided to postpone crediting in the meantime. As soon as further information is received concerning any subsequent decisions made by the Imperial authorities the matter will be submitted to the New Zealand Government for consideration and direction.

DELIVERY TO THE NEW ZEALAND GOVERNMENT OF SECURITIES HELD BY GERMAN NATIONALS.

24. As advised in my previous report, Germany is required under paragraph 10 of the Annex to Article 298 of the Treaty of Versailles to deliver to the New Zealand Government all securities, certificates, deeds, or other documents of title held by its nationals relating to property rights or interests situated in the Dominion, including any shares, stocks, debentures, debenture stock, or other obligations of any company incorporated in accordance with the laws of New Zealand. The securities handed by the German Government to the New Zealand representative under the above provision have proved to be almost worthless. The only securities for which a market could be found realized £22. The fact that the other securities were valueless was duly communicated to the representative of the German Clearing Office in London. A reply was then received suggesting that these certificates should be handed back to the German Government for return to their former owners, as Germany would otherwise experience difficulties in compensating its nationals in respect of these securities. As it was ascertained that the British Government had already returned valueless securities to the German Government, it was decided to adopt a similar policy, and action has been taken accordingly.

ALIENS REPATRIATED FROM NEW ZEALAND.

25. *Duties regarding Property of Prisoners of War.*—A summary of the functions fulfilled by the Public Trustee in connection with the property in New Zealand belonging to the aliens who were interned during the war was contained in my previous reports. As a general rule the property belonging to the aliens who were repatriated from New Zealand, either at their own request or otherwise, was realized in pursuance of the War Regulations dated 24th July, 1916, and its amendments and the proceeds thereof were remitted to the High Commissioner for New Zealand in London for payment to the persons concerned in accordance with the policy of the Imperial Government in connection with similar cases in the United Kingdom.