

58. The New Zealand Government has continued to apply the proceeds received from Crown Estates in payment, so far as required, of the services necessitated in compliance with the mandate obligations. This is a very substantial and generous concession.

59. At the request of the Samoan Administration, the Colonial Office was approached for a statement of the policy adopted by the Imperial authorities in respect of German property situated in former German territories and mandated to Great Britain, having particular regard to the debts and claims which were considered to be chargeable against the proceeds of such property. In regard to Samoa, a considerable number of claims had been notified to the Administration against repatriated German nationals who were not possessed of any property in Samoa or whose property there was insufficient to meet all their liabilities. It was desired to know whether it would be permissible for the New Zealand Government, if they thought fit to do so, to discharge these liabilities out of the general proceeds of the liquidation of German property in Samoa. The statement by the Colonial Office was to the following effect :—

(1.) The proceeds of the liquidation of any individual German estate in the mandated territory are in the first instance utilized to pay debts which can be properly charged to that estate so far as the assets suffice. No distinction is drawn between creditors on the ground of nationality provided they are not nationals of an ex-enemy state.

(2.) After all the claims described under (1) have been paid from the proceeds of the liquidation of the individual estate, any balance remaining is paid into the general funds known as the "German Liquidation Account." This fund is, in accordance with paragraph 4 of the Annex to Article 297 of the Treaty of Versailles, utilized to pay—

(a.) "Debts" due by any German nationals who were resident in Germany on the 10th January, 1920 (including companies incorporated and having their head offices in Germany) to British nationals resident on the same date in the mandated territory (including natives of the territory). The "debts" here referred to are "enemy debts" as defined in Article 296 of the Treaty—i.e., generally speaking, pre-war debts.

(b.) Amounts found due to British nationals in the territory in respect of claims under Article 297 (e) of the Treaty of Versailles.

(3.) In cases not falling under (1) or (2) above it is not the practice to pay any debts out of the proceeds of the liquidation of German property in the territory, and creditors will be advised to endeavour to obtain payment from their debtors direct. Similarly, as regards the cases referred to under (1), if the assets of the individual estate prove insufficient to pay the debts of the estate in full it is not the practice to pay the balance from the general liquidation funds unless the creditor is a British national resident in the Territory and the debts fall within the definition of "enemy debts," in which event they would be payable out of the funds in accordance with the arrangement described under 2 (a) above.

COMPARATIVE STATISTICS OF THE ALLIED CLEARING OFFICES.

60. Following the practice adopted in connection with my previous reports, I have reprinted in the appendix to this report the comparative tables compiled by the Controller of the Central Clearing Office and published in his Fourth Annual Report, setting out the result of the operations of the Belgian, French, Italian, Siamese, Greek, and British Clearing Offices as at the 31st March, 1924. A perusal of these tables will furnish an indication of the progress made in clearing the indebtedness between the Allies and Germany.

CONCLUSION.

61. The salient features of the duties entrusted to the Public Trustee under the War Regulations and the Treaty of Peace Orders, and the developments in regard to that work during the past year, are set forth fully in the foregoing report. It will be seen that the work involved is considerable, and that the problems it presents are often of an unusual and difficult nature.

I have, &c.,

J. W. MACDONALD,

Public Trustee, as Custodian of Enemy Property and
Controller of the New Zealand Clearing Office.

Wellington, 8th August, 1925.