

the bad debts in New Zealand in addition to the expenses incurred in connection with the Clearing Office, especially in view of the fact that 1 per cent. of the 2½ per cent. deducted by this Office from claims by New Zealand nationals admitted by the German Clearing Office must be paid to the Central Clearing Office for transmitting New Zealand claims and advising this Office in connection therewith.

56. Any loss which may be incurred owing to the inability of this Office to collect the amounts due in respect of Clearing Office debts owing by British nationals in New Zealand can be met from the ample funds derived from the realization of enemy property in New Zealand.

CONVENTIONS WITH BELGIUM AND FRANCE.

57. On the 20th July, 1921, conventions under Article 296 (f) of the Treaty of Versailles were concluded between His Majesty's Government and the French and Belgian Governments respectively. New Zealand has been included within the scope of both conventions. The general effect of the conventions is to apply the provisions of Article 296 of the Treaty of Versailles to French and Belgian nationals residing within New Zealand, and to New Zealand nationals residing in France and in Belgium, in the same way as if such nationals were actually nationals of the country in which they are resident. The following notice was accordingly inserted in the *New Zealand Gazette* dated 17th November, 1921, page 2784 :—

In view of the agreements between the British Government and the Belgian and French Governments which are now awaiting ratification, and which apply the procedure under Article 296 of the Treaty of Versailles relating to pre-war debts to the claims of French and Belgian nationals in New Zealand on the 10th January, 1920, the Controller of the New Zealand Clearing Office (Enemy Debts) desires to receive at the earliest possible moment the names and addresses of such claimants, together with the amounts of their claims. These claims must be confined to debts against German nationals as defined by Article 296 of the Treaty.

No claims have been received under the above heading.

COUNCIL OF ALLIED CONTROLLERS.

58. The following paragraph, extracted from the first report of the Controller of the Clearing Office, London, is of general interest :—

Immediately upon its establishment, this office was confronted with difficulties which, although in a measure foreseen, could only be fully appreciated in the light of actual experience. In applying the operative articles of the Treaty which regulate the Clearing Office procedure, problems were at once presented to which solutions had immediately to be found. It appeared desirable that the Allied Clearing Offices should agree upon a common solution of these problems, and with this end in view I communicated with my colleagues, the Directors of the Allied Clearing Offices, and as the outcome of correspondence which took place between us it was decided to form a consultative body, to be designated "The Council of Allied Controllers," of which the Directors of the Clearing Offices of Belgium, France, Great Britain, Italy, and Siam became members. It was arranged that the Council should meet from time to time in the capitals of the various Allied countries to discuss and, if possible, to agree upon common solutions of these various Treaty problems. Meetings have been held in Paris, Brussels, and London, and the proceedings of the Council have been marked by the most complete unanimity. In spite of the varied circumstances of the different countries and of their divergent interests, unanimous resolutions have been arrived at on every question submitted. These resolutions have been embodied in a *procès-verbal* which has been assented to by the six countries concerned, and, subject to any contrary decisions by the Mixed Arbitral Tribunal, will guide the respective Clearing Offices in deciding the questions dealt with therein.

It would be difficult to exaggerate the mutual benefit which the Allied Clearing Offices have derived from these meetings. All the members of the Council have the same functions to perform and are faced with the same difficulties. To have acted independently of one another would have resulted inevitably in varying and contradictory solutions of the same problems, and consequent delay and confusion. On the other hand, the Council has had the advantage of the combined knowledge and assistance of its members, and the interchange of their views has led to uniformity of practice. The most cordial relations exist between the members, and, speaking for myself, I cannot be sufficiently grateful for the loyal and whole-hearted assistance which the other members of the Council have, one and all, rendered to me.

RESTITUTION IN SPECIE OF PROPERTY IN GERMANY BELONGING TO BRITISH SUBJECTS.

59. In paragraph 15 (ii) of my first report it was stated that persons who made application for the restitution in specie of their property in Germany which had been subjected to measures of transfer had been advised that in view of the terms of paragraph 9 of Article 297 it was not in accordance with the intention of the Treaty that restitution in specie should be accorded to British nationals under the circumstances described in paragraph (f) of Article 297. Under Article 2 of an amended agreement, dated London, 31st December, 1920, between the British and German Governments, respecting Article 297 of the Treaty of Versailles of the 28th June, 1919, ratifications of which were exchanged at London on the 6th October, 1921, British nationals are now entitled to claim, under section 4 of Part X of the Treaty of Versailles, restitution of their property, rights, and interests in Germany in so far as these have not been liquidated by the German authorities under German war legislation, or the proceeds of their sale if they are so liquidated. In addition to the actual amount realized by the sale of their property, nationals are also entitled, under Article 297 (e), to compensation for any loss or damage which they may have sustained by reason of such sale, or the application of exceptional war measures.

CLAIMS BY BRITISH NATIONALS UNDER ARTICLE 297.

60. In addition to the account which is kept between New Zealand and Germany under Article 296 of the Treaty of Versailles, the following two accounts are necessary under Article 297 :—

- (1.) *The Liquidation Account*, which deals with the property of each nation in the hands of the other. This account is credited with the proceeds of German property liquidated in New Zealand, and debited with the proceeds of New Zealand property which has been liquidated in German territory.