

for release on various grounds are lodged, and transactions apparently long concluded are often reopened. Various matters arise for consideration which often concern points of Government policy, and even at this late date the work involved is at times considerable.

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

114. The proceeds of ex-enemy property retained and liquidated under the Treaties of Peace are credited to the liquidation account of the country of which the owner is a national. The ex-enemy Governments undertake under the Treaties of Peace to compensate their nationals in regard to property so retained and liquidated.

For the year further credits totalling £17,664 6s. 9d. have been passed to the German Liquidation Account under Article 297 of the Treaty in respect of the proceeds of the realization of property, rights, and interests in New Zealand belonging to German nationals, and a small item has been recredited. The total amount now credited to Germany is £266,512 11s. 9d. The great bulk of the German property in New Zealand which is subject to the charge imposed by the Treaty has now been realized. The property notified to the Custodian but not yet liquidated is valued at approximately £18,574. For reasons which have been mentioned above, some time must necessarily elapse before the liquidation of this property can be completed. In addition, cash amounting to £18,311 and property to £2,335 are held subject to the determination of contingencies.

An application has been received for the release of an amount of approximately £12,000 credited to the German Liquidation Account. The applicant avers that he is a non-enemy subject, and had acquired by purchase, prior to the outbreak of war, the property liquidated. The claim has not been admitted, but the applicant has instructed local counsel regarding the matter, and possibly litigation will result.

The amount credited to the Austrian Liquidation Account in terms of Article 249 of the Treaty of St. Germaine-en-Laye is £1,728 15s. 3d. An amount of £66 16s. 3d. has been withdrawn with the concurrence of the Austrian authorities, leaving a net credit to the Liquidation Account of £1,661 19s.

AMALGAMATION OF ACCOUNTS UNDER ARTICLES 296 AND 297 OF THE TREATY OF VERSAILLES.

115. The Treaty of Versailles required Germany to effect cash settlement of any balance owing by her under the clearing system in regard to claims under Article 296. In September, 1922, however, Germany made default in the payments in respect of the Clearing Office operations, and since that time no further payments have been made, with the exception of some small amounts received in 1924. In consequence of the Dawes Report and the Spa Agreement it became clear that no further payments could be expected from Germany under Article 296 of the Treaty. In terms of this report and agreement, comprehensive annuities to cover all claims under the Treaty, including the Clearing Office balances, are being collected from Germany. The Allied Governments all hold considerable funds resulting from the liquidation of German property, rights, and interests in their territories, and it was apparent that the Reparations Commission would not consent, whilst the proceeds of German property were available in sufficient amounts to meet the Clearing Office obligations, to make any payments on account of the balances owing under Article 296 of the Treaty from the amounts paid to it by Germany. As a consequence an agreement regarding Clearing Office matters was negotiated between His Majesty's Government in Great Britain and the German Government, and was adopted by the New Zealand Government as at the 30th April, 1925, with some modifications not applicable to the matters dealt with in this report. One of the provisions of this agreement was for the amalgamation of the accounts under Articles 296 and 297 of the Treaty—that is, the amalgamation of the accounts relating to the claims under Article 296 of the Treaty with the accounts relating to the liquidation of German property mentioned in paragraph 114 above. The effect of this amalgamation is that balances due by Germany under Article 296 of the Treaty are set off