

Inquiries were made by the War Office as to whether the New Zealand Government would be prepared to admit a claim for reimbursement to the United Kingdom of the amount involved, although the nature of the transaction precluded precise calculation.

The matter was considered by Cabinet, which agreed in principle to accept liability for payment to the United Kingdom Government of the amount claimed, subject to final determination of the amount involved. An interim payment of £500,000 sterling was made and is included in the War Expenses Account for the financial year 1946-47 under the heading "Ancillary."

Military Currency issued to New Zealand Force in Japan

Since the arrival of the New Zealand Force in Japan all cash requirements of yen currency have been obtained on requisition from the Chief Paymaster, British Commonwealth Occupation Force, who in turn is funded from the American authorities in Japan in exchange for a simple receipt. The accounts for the financial year under review disclose that yen of the New Zealand equivalent of £229,155 have been received by the New Zealand Forces Paymasters.

The receipt of this amount has been recorded in the War Expenses Account as a separate item.

Financial Arrangements : British Commonwealth Occupation Force in Japan

Financial arrangements in connection with the British Commonwealth Occupation Force in Japan have been drawn up and considered by the Governments concerned. Each of the Governments concerned will bear directly the cost of equipment of its contingent and the cost of transport to and from Japan, and each will be directly responsible for the pay and allowances issuable to its own Forces and for the maintenance of its own pay accounts.

Costs incurred in the maintenance of the Force from its inception will, however, be charged to a "Pool Account," which will be controlled by the Australian authorities, and it is proposed to apportion the total charge between the Governments concerned on the basis of the number of troops provided by each.

Prior to the end of the financial year a claim was received from the Australian authorities for the payment of £770,354, being the New Zealand Government's share of the costs charged in Australian accounts to the Pool Account up to 28th February, 1947, such payment to be subject to any adjustment found necessary upon agreement being reached by all countries concerned regarding the basis of apportionment of charges to the Account. An interim payment of £600,000 was made by New Zealand on 31st March on account of this claim, and is included in the 1946-47 accounts.

The Audit Office has represented to Treasury that arrangements be made with the Australian authorities for future claims covering New Zealand's share of the Pool expenditure to be certified by the Commonwealth Auditor-General.