

agree therewith. At the same time stores surplus to peacetime requirements are being sorted either for disposal or for return to main depots. This work is taking a considerable time and up to the present only two out of five stations have been checked.

The certificates of stocktaking relating to these stations have been perused by Audit and they confirm previous evidence that the position is not satisfactory. The Audit Office hopes that with the fresh start stations will be able to set a higher standard than in the past.

The Department maintains three stores depots, but one, Mangaroa, is being closed. This store was recently inspected by the Audit Office, but it was unable to inspect the other two. These have been noted for early attention.

Navy.—The Navy stores depot at Devonport, the only one in service, has been inspected by the Audit Office within the year, and the position can be regarded as fairly satisfactory.

Services by Army Personnel

During the war the Army assisted farmers by providing man-power and transport for harvesting and other seasonal farm work. The soldiers received a bonus, and payment at agreed rates was to be made by those for whom the work was done. At 31st March, 1948, farmers still owed approximately £4,700, and collections since then have been small. A Treasury recommendation that legal action to recover should be taken was made in September, 1948, but no proceedings have yet been instituted.

Recovery of Treasury Expenditure Charged to War Expenses Account

Treasury undertook prior to last year's report to scrutinize its files to ensure that proper action had been taken in respect of any recoverable war expenditure which had been charged to War Expenses Account, Ancillary (Treasury). It has lately advised that it has not yet been able to do so, but that arrangements have been made for an officer to take up the work "in about three or four months' time."

Financial Arrangements With the Government of Fiji

Considerable expenditure was incurred by New Zealand during the war on account of defence measures in Fiji, and the amount due by the Government of Fiji after all adjustments had been made was £(F.)768,580. This sum was accepted as correct by the Fiji Government, which advised that the claim had been referred to the Colonial Office, London, for payment of the New Zealand equivalent to the credit of the New Zealand Public Account, London. After considerable delay advice was received that the United Kingdom Treasury submitted that the Colonial Office was under no liability to pay as the debt was the responsibility of Fiji.

Following discussions between the Governments of New Zealand and Fiji in which Fiji gave certain undertakings respecting future defence, Cabinet approved on 3rd November, 1948, that New Zealand accept in full and final settlement an annual payment of £(F.)50,000 for ten years. The first payment has been received and utilized in Fiji to fund New Zealand Imprest Accounts operating there.