

REPORT.

To His Excellency the Right Honourable Arthur William de Brito Savile, Earl of Liverpool, P.C., G.C.M.G., M.V.O., Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies.

IN terms of Your Excellency's Commission to inquire into and report upon the efficiency and economy of the financial administration of the Defence Department and of other Departments acting in aid thereof during the present war, we commenced our labours at the end of January, 1918.

The Minister of Defence made it clear to us at the outset that he was most anxious that all information in the Department should be opened up to us, and promised us the fullest assistance in his power. All through our inquiry he has shown that desire in a practical way, and often at personal inconvenience. The instructions that he issued to his officers on the same lines have been faithfully carried out, and we have had the fullest and most courteous assistance from all with whom we have been brought into contact in the Department. In short, we have experienced no hindrance of any kind.

The General Officer Commanding cordially seconded the Minister's efforts to make us thoroughly acquainted with the Department's history and methods, and issued orders throughout all the Department's branches instructing that leave be granted to all, irrespective of rank, to give evidence before us; and many availed themselves of the privilege, and were evidently under no constraint.

We suffered a serious loss through the absence during the latter portion of the inquiry of our colleague, Mr. Peter Barr, through illness. We have sorely missed his large experience, his shrewd judgment, and his never-failing courtesy, and we earnestly hope that he will soon be restored to his usual health.

Our position was awkward in that the scope of our inquiry embraced only the administrative portions of the Defence Department, and had nothing to do with training; but the two seemed often inevitably to overlap—for instance, where expenditure was involved. Had some of the witnesses desired to be nicely particular they could have resented, or at any rate objected to, some of the questions we put as being outside the scope of our Commission; but not in one instance was any objection made. We mention this because we are aware how delicate is the line of demarcation between the two branches, and, although we trod carefully, we may have overstepped it.

It must be understood that an inquiry of this kind has to do with faults and failings, and unless this is borne in mind a wrong impression may be gathered from our report. Broadly, our opinion is that a great work has been well done. We shall indicate faults and shortcomings, all of which, fortunately, can be easily remedied. And errors were bound to occur under the conditions in which the Dominion suddenly found itself called upon to wage war, without warning and with scant previous preparation.

The following return indicates concisely the task the Department has had to carry out:—

PROGRESS OF EXPENDITURE AND NUMBER OF TROOPS HANDLED FROM APRIL, 1914, TO APRIL, 1918.

	A. <i>Expenditure.</i>			£	£
Year ended 31st March, 1914	..	..	..	..	518,756
Six months ended 30th September, 1914	..	..	..	513,293	
Six months ended 31st March, 1915	..	..	..	2,172,900	
					2,686,193
Year ended 31st March, 1916	..	..	..	..	6,384,744
Year ended 31st March, 1917	..	..	..	..	14,742,309
Year ended 31st March, 1918	..	..	..	..	15,135,858