

eventually found necessary to restrict activities to a central depot in Wellington, which has been in operation since the beginning of February, 1922. Over the counter sales are restricted to one day weekly, postal orders being dealt with on other days. This system excludes cost of sales-depot staff in other centres, freight on goods distributed to depots, travelling-expenses, &c., and enables postal and counter sales being handled concurrently with a minimum staff. The total sales of clothing and miscellaneous stores during the period 1st April, 1921, to 31st March, 1922, amounted to £177,346.

The Military Supplies Purchase Board continued during the year to purchase for the Department and to supervise the disposal of surplus stores. It also purchased for the Departments of Health, Marine, External Affairs (Samoa), Navy Office, and for the Public Works canteen at Mangahao, until September. The total value of the goods purchased amounted to £111,750, and the cost of maintaining the office was £1,804, equalling 1·6 per cent.

During the past two years the more thorough checking of store ledgers has resulted in many applications to write off stores, but I am satisfied that a very large proportion of the deficiencies is due to issues made during the war—usually to troops proceeding overseas—and not properly accounted for at the time. Losses are unavoidable when a large amount of valuable property—in the form of clothing, arms, and equipment—has to be issued to thousands of individuals, but every endeavour is made to reduce losses to a minimum, or to recover the value from trainees who fail to return Government property.

SMALL-ARMS AMMUNITION.

A new contract for small-arms ammunition has been executed with the Colonial Ammunition Company. This contract provides for an annual supply of approximately half the amount supplied under the previous contract, and means a saving of approximately £50,000 per annum.

PUBLICATIONS.

The New Zealand Army List has been brought up to date, and will be issued periodically.

FINANCE.

The amount voted last year from the Consolidated Fund for Defence purposes was £418,784, of which £415,451 was actually expended. This expenditure represents approximately 2·66 per cent. of the total expenditure of all Departments of the State, while that for the year 1913–14 represented 6·44 per cent.

The amount of £17,500 was also provided under the Public Works Fund—vote “Contingent Defence”—for the purchase of land, the erection of new buildings, and the construction of rifle ranges, and of this amount £15,586 was expended.

The amount received from the sale of surplus stores during the past financial year totalled £177,346.

The institution of the system of cost-accounting, which was introduced last year, involved a great deal of work, but the system has produced good results and been the means of reducing expenditure. Actual accounts are now made up monthly in every branch, under the eyes of the officer in charge. From these accounts a combined account is built up in every command for the information of the O.C. Command; and from the command accounts is built up the total account at General Headquarters. By this means every responsible officer has at hand an account showing just what is being spent under his charge and responsibility, and how the cost of the various units is working out. This enables him to control the expenditure and keep it within the limits of his allocation. I am pleased to state that the officers of this Department fully realize the need for economy and are doing their best to reduce expenditure.

WAR ACCOUNTS, RECORDS, MEDALS, ETC.

The staff of this branch has been reduced as work permitted, and the strength, which on the 1st April, 1921, was 153, is now only forty-one.

The total net expenditure from War Expenses Account for the year ended 31st March, 1922, was £914,226 19s. 7d., while imprest advances outstanding on the 31st March brought the total to £1,041,591 12s. The principal items included in this total were,—

	£	s.	d.
Pay of troops	23,510	10	6
Retrospective allowances	23,366	2	5
War gratuities	49,746	18	7
Medical treatment	244,848	13	11
Transport of troops	138,475	11	0
Post-war equipment.. .. .	406,263	19	4
	<u>£886,211</u>	<u>15</u>	<u>9</u>

Owing to reduction in the staff, the issue of war-service medals to members of the N.Z. Expeditionary Force has taken longer than was anticipated. At present the numbers of “authorities to issue” still to be dealt with are—

1914–15 Star—

On account of men discharged overseas	850
On account of claims being still investigated	1,440
On account of men who joined the N.Z. Expeditionary Force in the United Kingdom	320
	<u>2,610</u>