

General

Owing to the staff position of the Audit Department it relies mainly on the work of departmental Inspectors so far as military stores are concerned. All reports furnished by these Inspectors come under its notice.

Services by Army Personnel

According to departmental records farmers still owe £3,187 for Army transport and labour supplied for harvesting and other farm work during the war period. Collections since 1st April, 1949, have amounted to £1,247, and £535 has been written off on grounds of hardship. The Audit Office has been informed that legal action is to be taken against unresponsive debtors.

Occupation Force in Japan

During the last financial year further claims amounting to £40,472 were preferred by the Australian authorities against the New Zealand Government for its share of expenditure charged to the British Commonwealth Occupation Force "Pool Account."

In these claims, which adjusted charges for expenditure made but not previously debited to the Pool Account, credit has been given for the sum of £32,617 in respect of the cost of maintenance supplies forwarded direct to Japan by the New Zealand Government.

An additional credit of £158,257 was allowed in respect of New Zealand's proportion of the gross proceeds from the sale of surplus yen held by the Force in Japan, resulting in a sum of £117,785 being received into War Expenses Account.

Disabled Servicemen's Re-establishment League (Inc.)

This incorporated society came into existence to provide for the needs of disabled veterans of the war of 1914-18, and it has acted as an agent of the Rehabilitation Board in respect of disabled men from the 1939-45 war. The accounts of the League are audited by a firm of public accountants on behalf of the Audit Office.

Land, buildings, plant, and motor-vehicles valued at some £260,000 have been provided out of the Public Account either by way of monetary grant or rent free. Grants to meet administration expenses have also been made and interest-free loans to provide for working capital. Cabinet decided to convert such interest-free loans, which totalled £88,400, into "free grants," and the Audit Office inquired from Treasury whether the amounts should be included in the schedule of items written off the Public Account under the Appropriation Act. Treasury was of opinion that no useful purpose would be served by such inclusion, as the loans could have been turned into grants in Treasury's books by a transfer between the two relative items in the War Expenses Account, and there would then be no reason for writing them off charge. The Audit Office did not question the matter further, being content to refer to it here.

Loans to Industries

In terms of section 29 of the State Advances Corporation Act, 1936, the Corporation may, with the approval of the Minister of Finance, make loans for the development of any industry being carried on in New Zealand or for the establishment of any new