

A final audit of all New Zealand Expeditionary Force personal pay accounts was completed during the year, with the result that irrecoverable debit balance of deserters (caused through fines and forfeitures), and other debit balances caused by small individual overpayments, totalling in all £3,699, have been written off. This represents only 0·01 per cent., or a fraction over 2d. for each £100 of the total amount paid by way of pay of troops, allotments, dependants' allowances, and gratuities, which together run into the huge figure of £36,391,170, or nearly half of New Zealand's war expenditure.

As a set-off against the irrecoverable debit balance must be considered the savings effected, as follows:—

- (a.) Included in the list were 160 cases where gratuity was not paid owing to desertion, misconduct, or there being no eligible claimant, the estimated value of gratuities saved in these cases being £4,800.
- (b.) Deserters' credit balances unclaimed and now forfeited under the Regimental Debts Act, and other miscellaneous unclaimed credit balances, total £1,672, which remains in the War Expenses Account.
- (c.) By watching the fluctuations of the exchange value of the franc in France and ensuring that the Base Paymaster did not have much cash when the value depreciated, whilst carrying usable balances when the value was appreciating, the New Zealand Expeditionary Force Staff Paymaster did exceptionally well, and on account of this appreciation a total sum of £10,615 2s. 11d. was paid to the Public Account for credit of War Expenses Account, while after allowing for losses on exchange totalling £356 3s. 5d., and amount paid to War Office for New Zealand's proportion of difference in conversions in Egypt, £1,058 19s. 3d., there remained in the Exchange Account a net credit of £9,556 3s. 8d., which far more than makes restitution for the total amount written off as bad debts on pay accounts.
- (d.) The debit balances (apart from those caused by desertions and forfeitures) were mostly overpayments during the demobilization period, when the staff was working at high pressure dealing with men returning at the rate of ten thousand per month, which made it necessary to dispense with the postings from acquittance rolls, &c., from overseas, and to work on the active service ledger cards, owing to the necessity for settling with the men in full immediately upon discharge, whilst the overseas accounts and acquittance rolls did not come to hand until a considerable time after the men had returned. By dispensing with the posting from overseas acquittance rolls, &c., a saving in clerical labour of approximately £20,000 was effected, which was a great consideration in comparison with any small overpayments which have resulted.

War medals, illuminated certificates, plaques, and scrolls have been issued in all cases where the addresses of the soldiers or next-of-kin entitled to same are known to the Department, but there are still 410 1914–15 Stars, 10,030 British War Medals, and 9,650 Victory Medals unclaimed, while 6,198 illuminated certificates, 10 plaques, and 10 scrolls still await claimants. Steps are taken to issue the medals, &c., upon addresses becoming known to the Department, or on application, and during the past year 60 Stars, 960 British War Medals and 1,180 Victory Medals, and 730 certificates have been disposed of in this manner. All returned soldiers who have not yet received the medals to which they are entitled should at once apply to the Defence Department for them.

A Roll of Honour in book form containing the names of all members of the New Zealand Expeditionary Force who were killed in action or died of wounds or other causes as a result of war service has recently been compiled and published. The book also contains matter outlining the work of the Imperial War Graves Commission in the construction of cemeteries and treatment of war graves, and a short description is also given of each of the battlefield memorials erected by New Zealand in the battlefield areas to commemorate the exploits of the New Zealand Division. The book is obtainable from the Government Printer at a price of 5s.

11. GENERAL REVIEW.

In this annual report it is not necessary or expedient that I should discuss in detail the special strategical conditions which particularly affect this Dominion and govern the organization and training of the Defence Forces. In concluding this brief review, however, I feel it my duty to direct attention to the following facts, which are sometimes overlooked:—

The relations between the Great Powers are still unstable; international crises will continue to arise suddenly and may become acute at very short notice. To a limited extent the League of Nations—the formation of which is reassuring as indicating and making provision for a growing desire on the part of all nations concerned for mutual consideration and discussion of international questions—may assist in preventing and controlling individual aggression and warlike action.

If the nations comprising the League are without the power of enforcing their collective decision and policy, the Court of international arbitration thus formed is obviously useless, and, moreover, may prove a source of actual danger in inducing a false sense of security until an emergency actually arises. Recent events proved conclusively that where a deep sense of international injustice exists, or when the honour and prestige of a Great Power are involved, the settlement of such a vital question will almost certainly not be submitted to the League of Nations or to any other outside arbitration.

The recent conference and treaties agreed to by some of the Great Powers to limit and control competition and excessive expenditure on armaments have, within the restrictions defined, been successful, but it is abundantly evident that the result has been an extensive development and expansion up to the extreme limits of these mutual undertakings.

The interdependence of all parts of the Empire, and an acceptance of a proportionate share in the responsibility for and provision of defensive measures, was never more necessary than at the present time. Adequate preparation and training for defence can only be economically carried out during time of peace. Neglect to take these essential defensive measures is an inducement to outside aggressive action, and, when the emergency arises, entails extravagant expenditure and often irreparable loss.