

9. FINANCE.

The expenditure out of the Consolidated Fund for defence purposes, including aviation, during the financial year ended 31st March, 1925, amounted to £369,904—£49,266 less than the amount appropriated.

If the training programme had not been interrupted by the epidemic there would not have been any unexpended balance.

10. WAR ACCOUNTS, RECORDS, MEDALS, ETC.

(a.) War Expenditure.

The War Expenses Account was taken over by the Treasury Department on 1st November last, the Officer in Charge being detailed for duty at the Treasury to complete and close the account, this being effected on the 31st March, 1925, and a short clause formally closing the account is being inserted in a suitable Finance Bill during this session. Recurring liabilities hitherto borne by the account, such as cost of medical treatment of returned soldiers for war disabilities, will in future be a charge on the Consolidated Fund.

The gross expenditure from the War Expenses vote during the year ended 31st March last was £243,158, which included £118,835 for the medical treatment of returned soldiers for war disabilities, £47,842 for final adjustments of transport accounts, and £40,478 for war graves, cemeteries, and battlefield memorials; while recoveries totalling £112,537 were effected (including £81,593 on account of repatriation advances and £17,827 for sales of surplus and medical stores), leaving a net expenditure for the year of £130,621. The total net expenditure from the beginning of the war to the 31st March, 1925, was £79,677,228, a detailed statement of which appears in Appendix III.

During the year finality was reached in the adjustment of accounts with the Imperial Shipping Liquidation for the transport of New Zealand troops, and in connection therewith the following remarks are interesting. In August, 1921, the Imperial authorities gave an estimate of New Zealand's liability as £1,300,000, with an intimation that the figure was approximately correct, and made a request for a progress payment of £500,000. The request was declined, with an intimation that no payment could be made until the accounts with all detailed supporting documents had been submitted for examination.

The settlement actually effected was as follows:—

Claims actually rendered by the Imperial Shipping Liquidation (excluding "diversion" claims mentioned below) totalled	£	
Contras established by New Zealand for carriage of Imperial troops on New Zealand hospital ships and transports, and for miscellaneous credits, totalled		1,332,000
		540,000
Leaving an <i>apparent</i> balance in favour of Shipping Liquidation of		792,000
The amount actually paid by New Zealand in settlement was—	£	
Progress payment, March, 1924		100,000
Final payment, August, 1924		70,375
		170,375
<i>Less</i> amount held in Suspense Account in New Zealand Treasury for sale in New Zealand of stores and fittings ex Imperial transports, and which under the terms of final settlement accrued to New Zealand as a "set-off" for fittings dismantled abroad from New Zealand transports		20,140
		150,235
Showing a reduction in New Zealand's stated liability of		641,765
To the saving thus effected must be added an intimated proposed claim for interest of £83,000, which upon our intimation of line of contest and proposed counterclaim was withdrawn		83,000
The total approximate figure of reduction was therefore		£724,765

Apart from the above figures, claims totalling approximately £60,000 were lodged by shipowners for "diversion" of ships for transport purposes, of which only £5,860 has to date been admitted, with every prospect of complete rejection of the remainder. Included in the amount admitted is the case of one ship which has recently been the subject of legal proceedings against the Crown in the United Kingdom, the amount of claim being £20,709. The claim was contested by the Imperial Shipping Liquidation Department's legal advisers on lines of defence constructed by our Transport Accounting Officers, and advice has come to hand that the Shipping Liquidation has effected a settlement with the shipowners involving a payment of £4,360 by New Zealand.

With the exception of reparation claims, the only other accounting matter still outstanding is a claim against Australia, totalling £103,843, for ammunition taken over from the N.Z. Expeditionary Force in Egypt in 1915, against which contra claims owing by New Zealand (£31,728) have been withheld, leaving a net balance due to New Zealand of £72,115.

The Australian Imperial Forces accepted this debt in April, 1917, but settlement was deferred by them pending some adjustments they anticipated effecting with the Imperial authorities. Upon their failure to obtain certain anticipated credits from the War Office the Australian authorities