

The plans for the Ngaruawahia depot provide for magazines which are urgently required to relieve the present congested magazines, and to enable a number of the existing magazines to be utilized for naval purposes.

The Military Supplies Purchase Board, through which all Defence Department's requirements, in addition to requirements of many other State Departments, were purchased at considerable saving to the State, has been abolished on the inauguration of the Stores Control Board, through which all stores are now purchased.

The system of accounting for stores introduced in 1921 has proved very successful, and losses are now comparatively negligible. The inauguration of the new system, combined with the changes of staff consequent upon reorganization, involved very considerable work, and the disposal of outstanding deficiencies in stores caused largely through unrecorded issues to the Expeditionary Force or faulty book-keeping by the ever-changing temporary staff was a work of some magnitude, but has not been completed.

The sale of surplus stores through a central depot in Wellington has been continuous since the establishment of the depot in December, 1920, and has proved successful in every way. The sales now average approximately £1,000 per week, and the prices obtained are much higher than could be obtained by any other method.

To enable a considerable surplus of khaki service uniform jackets to be sold a dyeing contract has been arranged, and supplies of these garments, dyed dark blue, are now on the market. Khaki trousers are being similarly dyed to provide complete suits. The contract is very advantageous to the Department, since faded garments of little sale value are thereby restored to excellent condition and are saleable at very satisfactory prices.

On completion of each training-year large quantities of uniform clothing are withdrawn from Territorials who have completed their service. To enable this clothing to be reissued it is thoroughly cleaned and renovated by a dry-cleaning process, under contract, and the resultant saving is very considerable. For the period of six months ended 31st March, 1923, the figures are as follows: Number of garments dry-cleaned, 43,263; number of garments renovated, 16,598. Total cost of dry-cleaning and renovation, £3,510.

Prior to the present system, clothing was laundered and renovated. For the above period the cost of laundering and renovating the garments indicated would amount to £8,423, so that the present system resulted in a saving of £4,913 for six months.

FINANCE.

The amount voted out of the Consolidated Fund to defray the cost of defence was £328,630, of which sum £285,113 was expended, leaving a credit balance of £43,517.

The total receipts from the sale of surplus stores, including those from War Expenses stocks, for the year amounted to £71,387 10s. 10d., making a grand total received since sales were inaugurated in 1920 of £371,594 10s. 10d.

WAR ACCOUNTS, RECORDS, MEDALS, ETC.

The staff, War Accounts and Records Office, which at the date of last year's report numbered forty-one, has been gradually reduced throughout the year and now number twenty-six.

The total net expenditure from vote "War expenses" for the year ended 31st March, 1923, was £166,798 17s. 1d., while imprest advances outstanding on the 31st March brought the total to £190,389 17s. 6d. A detailed statement of expenditure from the beginning of the war to the 31st March, 1923, is attached (see Appendix IV).

Claims for war gratuities by V.A.D.s of British domicile, under section 15, Finance Act, 1922, are now being dealt with.

The adjustment of outstanding transport accounts with the Imperial shipping liquidation, which has been somewhat protracted, is being expedited.

During the year 16,640 illuminated certificates recording the services of soldiers who died while on active service have been inscribed and issued to the soldiers' next-of-kin. 211 of these have been returned through the Dead-letter Office and are being held pending receipt of postal addresses. The writing of the whole of the certificates for living soldiers, approximately 83,000 has been completed, and 9,600 of these are at present being held awaiting despatch on account of men whose present addresses are unknown.

There were 99,260 members of the New Zealand Expeditionary Force who embarked for service from New Zealand and became entitled to war medals. Some were entitled to three medals—namely, 1914-15 Star, British War Medal, and Victory Medal; others were entitled to two, and others to one only. The Department has issued to date 25,642 1914-15 Stars, 90,205 British War Medals, and 80,605 Victory Medals. Of these, 2,800 packages have been returned through the Dead-letter Office as unclaimed, while there are in addition 9,600 men to whom medals cannot be delivered owing to lack of addresses.

There is still a large amount of current work and correspondence of various descriptions being dealt with by this branch of the Department.

SUMMARY.

The present state of the N.Z. Defence Forces is not satisfactory, except that they now have an organization based on war experience, that a large number of officers and non-commissioned officers who served in the late war would be available on mobilization, and that, unlike the position in 1914,