

Greater control is now being exercised by the officers of the Board over the canteens and stores in the Pacific area, and two supervisors conduct regular tours of inspection of these establishments. Losses by pillage, shortage on out-turn, and breakage are still in evidence, however, and a small percentage of loss arises from climatic conditions.

WAR EXPENSES ACCOUNT

(a) "Lend-lease" Assistance

The basis on which lend-lease assistance by the United States to New Zealand is valued by Treasury for recording in the public accounts was set out in my last report. During the year the recorded value of this assistance was £24,248,092, and with £59,290,903 received to 31st March, 1944, a total of £83,538,995 has been included in the public accounts as the value of lend-lease assistance from the United States of America.

(b) Reverse "Lend-lease" Assistance

Reverse "lend-lease" assistance provided by New Zealand to the Armed Forces of the United States during the year amounted to £26,734,594 making a total of £58,173,980 from the commencement of the war to 31st March, 1945.

(c) Canada Mutual Aid

Canadian mutual aid to New Zealand recorded in the public accounts during the year amounted to £297,609.

(d) Civil Expenditure

Section 2 of the War Expenses Act, 1939, permits moneys in the War Expenses Account to be expended, without further appropriation than the section itself provides, on any purposes connected directly or indirectly with the war, and the Minister of Finance is empowered to decide any question which arises as to whether any purpose is one for which War Expenses Account may be used.

The net civil expenditure for the year ended 31st March, 1945, amounted to £4,889,811.

(e) Eastern Group Supply Council

Since my last report further claims totalling £3,684,433 5s. 2d. have been certified by the Audit Office and have been paid by the British Ministry of Supply. The total sum recovered to date is £8,624,530 0s. 10d., and substantial requisitions have yet to be fulfilled.

(f) Linen-flax Development

The trading accounts of the linen-flax industry have been audited to 31st March, 1944. The industry has been carried on at considerable loss, and, under agreement with the British Government, losses are to be shared by it and the New Zealand Government in proportion to the value of flax shipped to the United Kingdom and sold in New Zealand. The British Government has within the last few days remitted £150,000 sterling, approximately 90 per cent. of its portion of losses up to 31st March, 1943.

The question of the British Government bearing part of the loss on realization of capital assets was submitted to the British Ministry of Supply in 1943 and agreed to in principle with the exact terms to be decided upon later. In view of the closing-down of some of the factories this matter has been again raised with the Ministry by the Linen Flax Committee.

(g) Food Controller

Records of stock for which the Food Controller was responsible have been maintained satisfactorily throughout the year. Apart from Imperial Government supplies, practically all stocks have been disposed of, the policy now being to deliver direct ex-ship or ex-factory.