

Disposal of Surplus Assets.

A new item on the receipts side of War Expenses Account is "Disposal of Surplus Assets," from the sale of which £3,500,000 was received. Previously receipts for the sale of such assets had not, comparatively speaking, been very large and were allowed as credits in reduction of expenditure of the relative subdivisions, mainly those of the Service Departments. With the reversal of the Japanese threat to New Zealand into an Allied threat to Japan the need for the holding of accumulated war and other stores of certain kinds has diminished. In addition, the decreasing demands on our production for munitions, enables plant acquired for their manufacture to be released for other purposes. So that full inventories of surplus stores and assets may be compiled and their disposal arranged either in New Zealand or overseas, the War Assets Realization Board has been established to undertake their sale or, alternatively, to ensure they are used to the best advantage.

Memorandum of Security.

During the year a total of £8,480,000 was borrowed under the Memorandum of Security Agreement with the United Kingdom Government, and a total of £6,250,000 was repaid. The account during the year is summarized as follows:—

	£
Balance owing 31st March, 1944 ..	16,732,500
Amounts borrowed 1944-45 ..	8,480,000
	25,212,500
Less repayments 1944-45 ..	6,250,000
	£18,962,500

Reciprocal Aid.

So that the war may be ended at the earliest possible moment, a full measure of effort is required from all United Nations engaged in reducing the last Axis stronghold—Japan. Shortages between one country and another must be adjusted on a basis of mutual co-operation if each is to render maximum assistance. In accordance with this policy the United States, now joined by Canada with mutual aid, continues to extend valuable assistance under lend-lease. Such aid from both countries expressed in terms of money amounted last year to £24,300,000 in the case of the United States of America, and £300,000 in the case of Canada.

Reverse lend-lease assistance, on the other hand, totalled £26,700,000 for last year, so that we have now reached the stage when, even without any allowance for the substantially high-price basis operating overseas as compared with New Zealand prices, the reciprocal aid which we provided exceeded the assistance which we received under this heading.

War borrowing.

After deducting repayments met from War Expenses Account, a net amount of £48,168,343 was borrowed during last financial year made up as follows:—

	£	£
Victory Loan, 1944—		
Stock issued	30,064,320	
National savings	10,251,603	
	40,315,923	
Loan as subscribed		38,761,263
Less advance subscriptions, 1943-44	1,554,660	17,870
Interest-free loans		8,480,000
Memorandum of Security		7,111,700
Departmental funds		
Balances, 2nd and 3rd Liberty Loans		47,510
		54,418,343
Less repayments under Memo- randum of Security		6,250,000
		£48,168,343

**£40,000,000
Victory Loan,
1944.**

The largest single item in our war borrowing for last year was in respect of the 1944 Victory Loan, totalling £40,316,000, and it is satisfactory to note that of this sum no less than £10,252,000, or over one-quarter, was provided by national savings—a striking indication of the extent to which war loans are being supported by the rank and file of the people.