

Armed Services expenditure covered cost of pay, equipment, and transport of returning men and that of maintaining J Force. Rehabilitation expenses met from this source were for farm, trade, and educational training schemes, tools, materials, &c., and gratuities. The remaining items financed from War Expenses Account largely represented the winding-up of undertakings such as UNRRA and reverse lend-lease, wartime shipbuilding, and defence-construction programmes.

At the close of the financial year substantial receipts mainly from the United Kingdom Government for war equipment supplied from New Zealand built up the cash balance in the Account to nearly £4,000,000. In accordance with accepted policy, the bulk of this sum (£3,500,000) was applied in reduction of war debt.

#### War Expenses 1947-48

Further rehabilitation expenditure and the cost of maintaining J Force have to be provided for, and these are the main items of expenditure out of the War Expenses Account for this year. Estimated Services expenditure is principally for J Force pay, provisioning, &c., but also includes some war commitments still uncleared. Examples are repairs to and reconversion of vessels requisitioned during the war, arrears of pay to personnel due to back-dated pay increases, and payment for some stores still required by Eastern Group Supply Council.

As compared with £107,100,000 in 1945-46 and £31,700,000 last year, the estimated net expenditure for this year is £13,600,000, as follows:—

Armed Services (including J Force)	..	..	..	£(m.)	5·9
Rehabilitation—				£(m.)	
Gratuities	..	..	..	1·9	
Land-settlement	..	..	..	2·5	
Training schemes, &c.	..	..	..	3·3	
				—	7·7
					<u>£13·6</u>

This will be financed by—

Transfer from Consolidated Fund of last year's surplus	..	..	..	£(m.)	4·6
Disposal of surplus assets	..	..	..	5·8	
Miscellaneous receipts	..	..	..	3·2	
					<u>£13·6</u>

On the above basis no further borrowing for the War Expenses Account will be required. It is a good thing to reach the end of borrowing for war purposes.