

Although the War Expenses Account has recorded the receipt in respect of the total amount of Allied military lire advanced to New Zealand to date, no settlement has yet been effected with the British Military authorities.

The High Commissioner's Office, London, was advised by the War Office on 31st May, 1944, that any such currency used by the New Zealand Government in Italy would form one of the many items to be taken into account in arriving at New Zealand's ultimate settlement with the Italian Government under the Peace Treaty.

### **Ancillary Expenditure**

Section 2 of the War Expenses Act, 1939, permits moneys of the War Expenses Account to be expended, without further appropriation than the section itself provides, on any purpose 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 the account may be used. As in previous years, the published War Expenses Account shows the expenditure in connection with the three fighting Services separately. The Ancillary (previously Civil) Subdivision of the War Expenses Account recorded net expenditure for the year of £1,640,241, the difference between some £45,400,000 and £43,800,000 approximately one-third of which involved inter-departmental transfers and the balance cash.

### **Eastern Group Supply Council**

Since my last report further claims totalling £3,915,705 against the British Ministry of Supply have been certified by the Audit Office. The total sum recovered to 30th June, 1946, is £14,887,403.

Acting on behalf of the British Government, the War Assets Realization Board is now disposing of surplus stocks.

### **Food Controller**

The Food Controller's purchasing operations were on a reduced scale during the year and call for no particular comment. The Audit Office is at present endeavouring to satisfy itself that the Controller and other Government purchasing authorities recovered all drawbacks of customs duty due from contractors. It was mentioned last year that the Controller had agreed to take action in connection with his debtors' accounts, and at present the oldest remaining are those of Government Departments and the United States Joint Purchasing Board. These are being slowly reviewed and cleared.

A large item of expenditure by the Controller was the subsidy to retail butchers, which amounted to £644,000, against which was set off a contribution of £300,000 from the Meat Stabilization Account. It would appear that a further £100,000 is due from this Account. When operated efficiently by all parties, the accounting system in connection with the subsidy provides a