

A report of the Flax Plan Industrial Committee estimated that the ultimate annual revenue under the present planting programme, which is still proceeding, will, on the basis of current royalty rate, be £8,500. It was considered that this revenue would be unlikely to exceed the costs of maintenance, and that there seemed to be little prospect of providing any interest on the investment or recouping any part of the capital cost.

Estate accounts covering the operations between the initial purchase and 31st March, 1946, have been written up by the Industries and Commerce Department.

Linen-flax Development

The accounts of the linen-flax industry have been audited to 31st March, 1945, and the Audit Office has certified a statement of apportionment of loss showing a trading loss for the year of £167,704 8s., of which £151,520 18s. 6d. is recoverable from the United Kingdom Government.

The industry ceased to operate as a section of the Industries and Commerce Department at 31st March, 1946, when the Linen Flax Corporation took over the management and a large portion of the assets.

The disposal of the assets and stores rests with the War Assets Realization Board, which decided, subject to approval by the Right Hon. the Minister of Finance, that sales should be made to the Corporation at salvage value as determined by the Board. This will result in a considerable capital loss, but the United Kingdom Government has agreed to bear capital losses in the same proportion as trading losses—*i.e.*, the ratio in value linen-flax fibre supplied to the United Kingdom bears to fibre sold to New Zealand manufacturers. It is not yet known, however, whether salvage value will be acceptable to the United Kingdom as a basis of disposal.

Patriotic Funds

The accounts of the National Patriotic Fund and of eleven Provincial Patriotic Councils for the year ended 30th September, 1945, have been audited, and Audit reports thereon have been submitted to the Hon. the Minister of Internal Affairs as required by regulations. The audit of the accounts of a further Council for the same period is almost complete, but that of the remaining two has been delayed through lack of Audit staff.

Canteen Board

The accounts for the year 1945–46 at present being audited disclose a turnover of £1,123,000, which represents a reduction of £687,000 on that of the previous year.

Nearly all of the canteens in the Pacific area have been closed, but the Board has recently taken over the administration of New Zealand canteens in Japan, and some fifty others are still operating in the Dominion.

There were seven instances of theft reported, involving a total amount of £269, and a further case where \$5,200 was stolen at Green Island, but later recovered when the offenders were apprehended.