

canning fruit and vegetables, mainly for supply to the Armed Forces. The capital costs were recovered in the prices charged for the finished products. At the termination of hostilities the Government gave approval to the continuation of only certain of these activities, and the Audit Office has been informed by the Division that it has not yet been decided whether the plants will be taken over by the Division or otherwise disposed of.

The value of the buildings and equipment paid for out of War Expenses Account, and recovered as stated above, £793,000, is not incorporated in the financial books or stores records of the Division, although a record of all expenditure, supported by full details of the assets, is held.

Dairy Industry Stabilization Account

In 1946 a Commission of Inquiry decided in respect of certain subsidies and cost allowances incurred in holding the retail price of butter and cheese in New Zealand that, in terms of an agreement evidenced by letters which had passed between the Government and the Farmers' Federation, and which are now set out in the First Schedule to the Finance Act, 1946, the Government was "entitled under the agreement to debit to the Dairy Industry Stabilization Account the amount represented by both the subsidies and the cost allowances." The letters referred to passed in June, 1943, and charges, which were later upheld by the Commission's decision, had been made in the industry's Stabilization Account in the years ended 31st July, 1944, 1945, and 1946. The agreement still subsists, but the Government conceded that in respect of the 1946-47 season the industry's Stabilization Account should be relieved of the charge attributable to butter and cheese sold in New Zealand, and falling against it in terms of the agreement. Consequently a charge (subject to adjustment) of £1,200,000 arising from the Government's concession was met from Consolidated Fund, vote, "Stabilization," item, "Subsidies in respect of primary production."

The general rule is that items in a vote serve only to indicate the purposes of the vote, and do not limit expenditure under their particular headings, unless they are plainly specific, as, for instance, grants to a person or corporate body. The charge of £1,200,000 was made under this rule to the general item, but it may be that a payment made contrary to the terms of an existing agreement was of a nature which should have been met from a specific item of appropriation or, in the absence thereof, wholly from "Unauthorized."

Meat Industry Account

As from 1st January, 1943, an amount of $\frac{1}{2}$ d. per pound above the meat industry's export price was added to the price of meat supplied to the American Forces and paid for from War Expenses Account in terms of reverse lend-lease. This extra $\frac{1}{2}$ d. was intended to cover the estimated storage, transit, and other charges attaching to the meat supplied, and in excess of similar charges which would have attached to it had it been exported in the ordinary way. The extra $\frac{1}{2}$ d. found its way into the Meat Industry