

## WAR EXPENSES ACCOUNT

### (a) " Lend-lease " Assistance

As mentioned in my last annual report, the Treasury endeavours to record in the public accounts contained in parliamentary paper B.-1 [Pt. I] the cost of assistance to New Zealand met by the Government of the United States of America. The cost is included in the War Expenses Account in the expenditure of the Departments which received the supplies—*e.g.*, Navy, Army, Air, and Ministry of Supply (item " Civil ")—and credited to the item " Reciprocal Aid, Lend-lease," on the *contra* side of the same account. The published cost includes the estimated value of certain warlike stores the actual cost of which is not known to the Treasury. The entries in the Public Accounts are based on—

- (a) Actual costs of certain supplies met by the United States Government according to copies of United States manufacturers' invoices.
- (b) Value of stores from United States Ordnance Depots stated in United States shipping dockets.
- (c) Value of lend-lease freights (not on United States transports) from a list prepared by New Zealand Supply Mission, Washington.
- (d) Value of certain Navy, and much Army and Air Force equipment estimated by personnel of the New Zealand Armed Forces.
- (e) Value of supplies and freight in connection with New Zealand Forces in the Pacific area according to debit notes submitted by United States Forces.

The total recorded value of lend-lease assistance since the commencement of the war until the 31st March, 1944, is £59,290,903. An approximate reconciliation between that total and the cost of supplies as disclosed in a United States Government return has been made by Treasury, but the New Zealand figure includes several millions of pounds at only the estimated cost of supplies.

### (b) Reverse " Lend-lease " Assistance

New Zealand provides supplies and services to the Armed Forces of the United States and records the cost thereof in the item " Reverse Lend-lease " in the War Expenses Account, the total debits to the item amounting to £31,439,386 up to 31st March, 1944. Apart from any general adjustment of lend-lease accounts which may subsequently be made, this figure is subject to adjustment in respect of particular items, such as the residual value of buildings originally occupied by the American Forces, and certain cash expenditure made on account of United States.

### (c) Civil Expenditure

Section 2 of the War Expenses Act, 1939, permits moneys in the War Expenses Account to be expended, without further appropriation than the section itself provides, on any purposes 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 a purpose for which War Expenses Account may be used.

The net civil expenditure included in this account amounted to £7,859,886 for the year ended 31st March, 1944, as compared with £14,933,087 for the previous year.

### (d) Advances to Freezing and Canning Companies

Government advances to facilitate the construction or extension of freezing and canning works for war emergency purposes have been vouched by an Audit inspection of the construction accounts maintained by the companies to which the advances were made.

### (e) Eastern Group Supply Council

The Audit Office has again certified the New Zealand Government's claims against the British Ministry of Supply in respect of a wide range of stores produced under Eastern Group Supply Council requisitions. At the date of this report the value of all certified claims, amounting to almost £5,000,000, has been recouped to New Zealand.