Ordinary Revenue Account. Difficulty was experienced in allocating expenditure between these votes and War Expenses Account, for, whilst some expenditure could be directly allocated, a considerable proportion was of a nature which could not be said to fall wholly on either the votes or the account. The Minister of Finance therefore approved that the expenditure should, as far as possible, be charged to the appropriate account, but where this was not possible that it should be charged to War Expenses Account in the first instance and an allocation later made on the best basis available.

War Gratuities

Mention was made in last year's report that the amount of £18,000,000 placed to the credit of the Post Office Account for the payment of gratuities might be subject to adjustment.

During the financial year under review it became necessary to transfer a further sum of £1,750,000 to the Post Office. In addition, an amount of £26,596 2s. 7d. was paid from War Expenses Account, mainly in respect of gratuities and compassionate grants to dependants of deceased servicemen, and discounts in terms of the War Service Gratuities Emergency Regulations 1945 on withdrawals from accounts for authorized purposes.

Ancillary Expenditure

War expenses ancillary expenditure is shown as a net figure in the public accounts. For the past financial year gross expenditure amounted to £21,790,731 7s. 8d. and receipts to £16,131,855 13s. 2d., the difference £5,658,875 14s. 6d. being the amount shown in the accounts.

Gifts to Great Britain

(*a*) *£1,000,000.*—In February, 1947, the Government decided to donate £1,000,000 worth of food to Great Britain, and the supplies were forwarded to Britain or elsewhere as the British authorities directed. The food was principally the balance of supplies which were to be directed to reverse lend-lease purposes, but which were ultimately not required by the American Armed Forces. The assessed value, £1,072,964, was debited to an item, " Gift of food to Great Britain," in the War Expenses Account, and the major portion was credited to the item in the same Account, " Disposal of surplus assets." The balance of the credit, £95,574, was due to the Internal Marketing Account.

(*b*) *£12,500,000.*—The Acting Minister of Finance determined, in terms of section 2 of the War Expenses Act, 1939, that the above-mentioned gift made in March, 1947, should be a charge to War Expenses Account, and it was therefore unnecessary to await appropriation therefor.

The relative parts of section 2 read as follows :—

Any moneys in the War Expenses Account may, without further appropriation than this section, be expended for defence purposes or for any purposes connected directly or indirectly with any war in which His Majesty may now or at any time hereafter be engaged, whether arising during or after the war.

If any question arises as to whether any purpose is a purpose for which moneys may be expended from the War Expenses Account it shall be determined by the Minister of Finance, and his decision shall be final.