As a result of agreement having been reached regarding the basis of apportionment of pool expenditure, an amount of £170,354 was paid to Australia in July, 1947, representing the balance of a claim for £770,354 received prior to the end of the previous financial year for New Zealand's share of costs up to 28th February, 1947.

During last financial year further claims amounting to £1,023,463 were received in respect of the period up to 30th November, 1947. The sum was arrived at after credit had been allowed by the Australian authorities for expenditure of £493,004 incurred by the New Zealand Government for maintenance supplies forwarded to Japan.

These claims, together with a progress payment of £100,000 covering the period 1st December, 1947, to 31st March, 1948, were paid and charged to War Expenses Account for the year ended 31st March, 1948. The Audit Office made representations to Treasury that arrangements should be made with the Australian authorities for claims against New Zealand to be certified by the Commonwealth Auditor-General, but the matter has not yet been settled.

Food Controller

The Food Controller's purchasing operations continued on a reduced scale during the year, apart from the importation of tea, which, when it reaches this country, is handled by the Tea Brokers' Association on the Controller's behalf. Tea-costs are charged against the War Expenses Account, and the sale proceeds are credited thereto. Tea is sold at stabilized prices under cost and, prior to 1st April, 1947, the loss remained in the War Expenses Account, but during the year 1947–48, a progress transfer of £600,000 was made to that account from vote, " Stabilization," towards the estimated loss on that year's trading. The loss considerably exceeds that of previous years, due mainly to a substantial increase in purchase-prices in Ceylon and India following the termination of the Empire Tea Scheme, under which the United Kingdom Government purchased the crop and released supplies to other consumers.

The Controller supervised disbursement of the meat subsidy to retail butchers, which amounted to some £750,000 for the period 1st April, 1947, to 26th September, 1947, at which latter date is terminated. Owing to its staff position, the Audit Office was unable to impose a satisfactory audit on this subsidy, and arrangements were made for the Food Controller's staff to make an independent test check of payments to butchers. No very material errors were disclosed by the examination.

Iron and Steel Industry Account

Reference was made last year to the lack of any provision in the legislation setting up the Iron and Steel Industry Account for the submission of an annual Balance-sheet.

The Audit Office represented to Treasury that a direction should be given in terms of section 57 of the Finance Act, 1932, requiring preparation of