Lend-Lease

Reciprocal aid to the United States is estimated to reach the sum of £24,000,000. Previously the costs of buildings, camps, ships, and goods and services, &c., which New Zealand provided for our Ally, in addition to large supplies of foodstuffs, made up a considerable proportion of the expenditure under this heading. With the advancing of the active field of battle in the Pacific area very much closer to the shores of Japan, the need for more forward bases has relieved New Zealand's obligations in this connection. The responsibility remains, however, to continue to supply foodstuffs and other war supplies in ever-increasing quantities limited only by our productive capacity. The considerable increase in supplies of this nature, which it is anticipated will be available this year after meeting civilian requirements, offset by the lesser sums required for buildings, &c., will necessitate the expenditure of a sum closely approximating that spent last year.

On the revenue side of War Expenses Account, war taxation at existing rates is estimated to produce £45,500,000. To this can be added the transfer of last year's Consolidated Fund surplus of £2,200,000 and an amount of £4,000,000 which it is anticipated will be available this year from that Fund.

Transactions under the Memorandum of Security Agreement with the United Kingdom Government in connection with maintenance of the 2nd N.Z.E.F. in the Middle East and other war-costs are estimated to total £9,300,000 for the year.

Lend-Lease receipts are estimated at £25,000,000, a considerable proportion of which will be incurred in respect of aeroplanes and related items. The balance is made up by Army stores and supplies for essential services, some of which were received in previous years.

The estimates for the current year, as will be seen, reflect the substantial reduction of almost £20,000,000 as compared with last year. This benefit is offset to a large extent by reductions on the receipts side, principally "Lend-Lease £7,500,000" and "Transfers from Consolidated Fund, £5,500,000."

In addition, we have not yet received accounts for certain war stores supplied from the United Kingdom, which has concentrated not so much on accounting procedure, as on creating offensive forces which are now fighting victoriously in France as well as in Italy and on other Fronts. It is estimated that we still owe some £23,000,000 in respect of such war stores, and I have allowed in this year's estimates for the clearing of most of these arrears.

On the basis of the estimates I have just reviewed, we will require to borrow £47,000,000 for War Expenses Account, £7,000,000 of which it is anticipated will be forthcoming from departmental funds available for investment. This amount of £47,000,000 shows a substantial reduction as compared with last year's internal loans of £55,000,000.

Victory Loan

After allowing for departmental issues there is a balance of £40,000,000, and I am confident this sum will be met from subscriptions to the Victory Loan of £40,000,000, the terms of which I now announce. The loan will be open for subscription on Monday, the 28th August, but advance subscriptions which are now being received will continue to be accepted up to that date. The terms of issue will be similar to those of previous war loans—namely, 2½ per cent. on the short-term stock, which will mature on the 15th February, 1949–50, and 3 per cent. on the longer-dated stock maturing 15th February, 1955–58. The Victory Loan will close on the 4th October next, and the issue will be made at par.

As was the case with the war loan last year, various methods of subscription have been provided to suit the convenience of prospective investors, who will again have the option of subscribing in full at the time of application or by instalments spread over a period in accordance with the offer in the prospectus. Investments during the year in National Savings Bonds, which are available in denominations of £1, £10, and £100, returning £1 2s. 9d., £11 7s. 6d., and £113 15s. respectively five years from the date of issue, and deposits in National Savings Accounts will form part of the loan.

Excluding advance subscriptions received in 1942–43, last year the substantial amount of £43,900,000 was raised for war purposes by public loans in New Zealand, including £10,800,000 from national savings. The amount required this year is £3,900,000 less, but still substantial enough to require maximum support not only from institutions and companies, but also from those concerns and individuals of more moderate means as well as from salary and wage earners. Voluntary loans become the personal responsibility of all with funds available for investment. Moreover, it is a responsibility which demands action