and the result has been reflected in our Railway and Customs revenue, from both of which sources the returns for the year 1914–15 did not reach the estimate made in last year's Budget.

On the other hand, certain sources of internal revenue have shown a marked increase over the estimate, and the actual revenue for the year represents an excess of £219,186 over the previous year's figures, while the total expenditure for the year was less than the estimate by £184,748.

The result of the year's operations gives a net surplus of £72,142, which I think, under the exceptional conditions obtaining during the year, may be considered very satisfactory. The total credit balance in the Consolidated Fund at the 31st March, 1915, was £149,047; but to enable honourable members to accurately gauge the result of the year's operations it is necessary to deduct the balance carried forward from the previous year—£426,905, less £350,000 transferred to the Public Works Fund, or a net deduction of £76,905.

The Government will have not only to face the prospect of a falling revenue, but will have also to provide for heavy additional charges on the Consolidated Fund to meet the annual interest and sinking fund in connection with the war loans, war pensions, and similar obligations. Nor must we overlook the fact that it will be necessary to provide loan-moneys with which to carry on public works and other services in the Dominion, the interest and sinking-fund charges on which will further increase our annual expenditure out of the Consolidated Fund.

In view of these facts the Government would be failing in its duty if it did not this session make ample provision for raising sufficient additional revenue to enable it to meet its increased obligations, and I will explain later on how it proposes to do so.

LOAN-MONEYS.

With the object of placing the position regarding the recent loan transactions clearly before honourable members I will classify the requirements of the Dominion under the following headings:—

(*a.*) Loans for war expenses;
(*b.*) Loans for works contracted for;
(*c.*) Loans for works in progress and extensions;
(*d.*) Loans for works other than those referred to under headings (*b*) and (*c*);
(*e.*) Loans for redemption purposes.

As regards our requirements for war expenses, honourable members will remember that towards the close of last session authority was granted by Parliament for the raising of the sum of £2,000,000 on Treasury bills in London. Very satisfactory arrangements were subsequently entered into with the Imperial Government for the supply of this money in monthly instalments. It was found, however, that the amount authorized was insufficient to cover the expenditure on war account until Parliament again met in session. To enable the Government to meet the heavy demands for war expenses it became necessary to raise an additional amount on the security of the reserve securities held in London. By this means the immediate requirements of the Dominion in connection with the war have been met, and, as honourable members are aware, Parliament has this session granted authority to raise fresh moneys in London to reinstate our Reserve Fund and to enable us to carry on until the session of 1916.

Up to the 31st March the war cost us, roughly, £2,750,000, including liabilities outstanding at that date, and the rate of expenditure necessarily increases in proportion to the number of men we put into the field.

Moneys required under headings (*b*) and (*c*) relate chiefly to public works contracted for or in progress, and some correspondence took place with the High Commissioner as to the possibility of raising funds in the open market in London for the purposes named. The prices quoted seemed to indicate that no public-works loan could be floated except on terms which were not sufficiently favourable to the Dominion, and the Government accordingly determined to utilize local funds to meet present requirements. The amount of the deposits in the Post Office Savings-bank has largely exceeded the amount of the withdrawals, thus providing a considerable amount of money for local needs.