

STATEMENT SHOWING LOANS AUTHORIZED BUT NOT PAID OVER AS AT THE 31ST
MARCH, 1918.

					£
Advances to settlers	..	..	..	..	86,080
Advances to workers	..	..	..	..	31,405
Advances to local authorities	..	..	..	..	233,755
Total	..	..	..	..	<u>£351,240</u>

The annual report and balance-sheet of this Department has been duly laid before Parliament, and I need only mention here that the results of the year's operations as disclosed by the balance-sheet are most satisfactory.

DEFENCE DEPARTMENT.

The war expenditure for the year ended 31st March, 1918, amounted to £18,754,945, including imprest advances outstanding, pay of troops, cost of transports, supplies, equipment, and all maintenance and other charges connected with the war, as well as the administrative expenditure of the National Efficiency Board, Munitions and Supplies Department, Returned Soldiers' Financial Assistance Board, and Discharged Soldiers' Information Bureau. I will explain the future financial requirements of this Department later on when dealing with the raising of war loans in the Dominion. My colleague the Honourable the Minister of Defence will lay details of the expenditure for the past year before the House in due course.

MUNITIONS AND SUPPLIES.

During the past year this Department has been concerned in activities connected with the purchase of military supplies, the control of coal-distribution, and securing priority permits.

For the year 1917-18 Cabinet authorized the expenditure of £1,300,000 for goods required for military purposes. To date, orders for goods to the value of £800,700 have been placed, leaving a balance of £499,300 still to be expended if required. Since the inception of the Department goods exceeding £4,000,000 have been purchased. Speaking generally, conditions now obtaining in New Zealand make it difficult for advantageous purchases to be made under the tenders system. On several occasions no offers have been received in response to invitations to tender. As a result of this the Department has compiled a complete register of suppliers in various lines, and has further adopted more direct methods of purchasing, in which operations the Minister has been assisted by certain able business men who have in a most laudable spirit given their services in an honorary capacity.

Extensive contracts for the supply of high-quality uniform clothing, woollen goods, and boots were arranged on a satisfactory basis.

During the year large quantities of foodstuffs have been purchased for the training-camps, and suitable provision has been made to meet future requirements. The value of orders placed in this connection was £243,400.

The military authorities in October last decided to undertake the management of the "dry" canteen at Featherston Camp, and the buying operations, covering a considerable variety of lines, have since been conducted by the Department.

As regards coal-distribution, the census taken showed a steady depletion of stocks throughout the Dominion. The greatest difficulty was experienced in securing sufficient tonnage to supplement the output from our mines and so meet the requirements of New Zealand coal-consumers. The shortage was most felt in hard-coal supplies, and this was met by encouraging a more extensive use of lignite coals for the less important services. It can be stated with credit to the country that up to date every enterprise concerned has readily lent itself to the directions of the Minister, and this attitude has largely contributed to the fact that no activity has, so far, ceased to operate for lack of coal, although in some instances stocks have been nearly depleted.

During the course of the year the United States, Canada, Australia, and India refused to permit exports of various commodities without Government