

The new borrowings were obtained from the following sources:—

	£
Public war loans in New Zealand	10,982,000
Advance subscriptions to future war loans	1,684,000
National Savings Investments	5,086,000
Memorandum of Security Agreement with United Kingdom Government	8,243,600
Voluntary war loans (interest free)	130,000
National Development Loan	5,861,000
Departmental issues and Reserve Bank	11,733,000
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	£43,719,000
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Redemptions totalled £10,585,000, and after allowing for exchange on remittances to London to repay London debt the net increase in the public debt was £35,907,000.

I have dealt more briefly than is usual with the finances for normal activities partly because they are generally being held within existing resources, but mostly because at present everything is completely overshadowed by the necessity for concentrating upon an “all in” war effort. Here in the financial field, as well as in the material, we are faced with problems of a magnitude far exceeding anything this Dominion has hitherto had to contend with.

War
Expenses
Account.

Having regard to the rapidity of the current expansion, the uncertainty as to how much material can be obtained from overseas and when it will arrive, and generally the impracticability of adhering to any fixed programme, honourable members will appreciate the difficulty of compiling accurate estimates of what will be required to finance our war effort. For last financial year the expenditure for all services amounted to approximately £53,000,000. This year, as far as can be seen at present, we will require the enormous amount of £133,000,000, more than double what was spent last year. That is the measure of the problem we have now to consider. The amount required this year alone is substantially more than the whole cost to this Dominion of the last war. A summary of requirements is as follows:—

WAR EXPENSES ACCOUNT, 1942-43.

	EXPENDITURE.	£(m.)	£(m.)	£(m.)
Army		97.0		
Navy		10.0		
Air		19.0		
Civil		7.0		
		—	133.0	
	REVENUE.			
War taxation (at existing rates)		20.0		
Transfer from Consolidated Fund of 1941-42 surplus (£1,500,000) and further £1,500,000 from 1942-43 revenues		3.0		
Miscellaneous		4.0		
		—	27.0	
	Gross deficit			106.0
Less—				
Amount to be borrowed from the United Kingdom Government under the Memorandum of Security Agreement			46.0	
Expenditure to be financed under Lease-Lend procedure			10.0	
			—	56.0
	Net deficit			£50.0
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