

any degree of accuracy, but, based on the best evidence available, the financial requirements of the War Expenses Account up to the 31st March next are estimated as follows:—

WAR EXPENSES ACCOUNT				War Expenses Account, 1943-44.
EXPENDITURE				
			£(m.)	£(m.)
Navy	..	..	10·0	
Army	..	..	68·0	
Air	..	..	34·0	
Civil	..	..	16·0	
Reciprocal aid : Reverse Lend-Lease	..		20·0	
			—	148·0
				148·0
REVENUE				
War taxation (at existing rates)	..	..	40·0	
Transfer from Consolidated Fund of 1942-43 surplus (£4,200,000) and further £1,500,000 from 1943-44 revenues	..	..	5·7	
Miscellaneous	..	..	0·3	
			—	46·0
Amount to be borrowed from the United Kingdom Government under the Memorandum of Security Agreement	..	..	12·0	
Reciprocal aid : Lend-Lease	..	..	40·0	
			—	52·0
				98·0
Deficit	..	..		£50·0

In regard to the Army, the estimated expenditure of £68,000,000 represents a decrease of £20,900,000 compared with last year's expenditure. This is the result, in the main, of the reduced requirements for equipment, vehicles, &c., the tapering-off of capital expenditure in New Zealand in the form of camps, and a reduction in personnel, while a saving will also be effected in our expenditure overseas due to the fact that last year's expenditure included the cost of initial equipment supplied to our forces in the Middle East.

**Army  
expenditure.**

The Navy estimate represents an increase of £1,500,000 over last year's expenditure. This is due principally to the purchase of additional ancillary vessels and to additional pay and allowances consequent upon increased personnel.

**Navy  
expenditure.**

For the Air, this year's estimate of £34,000,000 represents an increase of £9,700,000 over last year's expenditure. The substantial development which has taken place in the Air Force is a matter of common knowledge. Not only has there been a large increase in the equipment and personnel, but there has been a corresponding increase in pay and allowances. In fact, speaking generally, there has been an increase in all headings of Air Force expenditure, with the main exception of aerodromes and buildings, as the capital programme in this respect is rapidly approaching completion.

**Air Force  
expenditure.**

Reciprocal aid to the United States is estimated this year at a total of £20,000,000. The largest item will be foodstuffs, estimated at £9,000,000. In addition, building projects are estimated as follows: Buildings (mainly hospitals) £2,000,000, camps £2,000,000, warehouses £1,500,000, and miscellaneous £1,000,000, together with a shipbuilding programme estimated at £2,000,000 for the South Pacific and South-west Pacific areas. Also an amount of £2,500,000 is estimated to be required to meet payment of rentals, provision of services (including wharf labour), and purchase of miscellaneous goods to meet United States Forces' requirements. The full cost of buildings is met in the first place by the War Expenses Account, but the actual charge against reverse lend-lease depends upon whether such buildings will be of use to New Zealand for post-war purposes. If such a use is anticipated, then only a rental charge is made; but if the buildings will be of no practical use, then the full cost is charged against reverse lend-lease.

**Reciprocal aid :  
Reverse  
lend-lease.**

Of the foodstuffs to be provided by New Zealand the largest items in pound weight are meat and vegetable ration 4,200,000, potatoes 48,300,000, apples 21,800,000, service biscuits 3,200,000, butter 14,200,000, pork 15,400,000, mutton