

This satisfactory position was assisted very materially by national savings. The total contribution to war finance from this source during the past year of £10,811,000 is a tribute to the effort of the small savers to play their part in assisting the country's war finance, while at the same time building up for themselves a reserve for use in times of peace.

Receipts from taxation payable direct into the War Expenses Account were £5,400,000 above the estimate.

Under the Memorandum of Security Agreement the United Kingdom Government provides the necessary funds, by way of loan, for equipping and maintaining our Forces in the Middle East and other war charges. Interest is payable on the balance outstanding at the average rate at which similar loans have been raised in the United Kingdom—to date, 3 per cent. The repayment date has been fixed as the 15th August, 1965, but it has been agreed that we will make repayments as and when our sterling funds permit.

The transactions to date under the Memorandum of Security Agreement can be summarized as follows (in New Zealand currency):—

Amounts borrowed—	£
Empire Air Training Scheme to 31st March, 1943	9,959,000
2nd N.Z.E.F., Middle East, to 31st March, 1943 (including pay and allowances, maintenance, transport, and initial equipment) ..	27,125,000
2nd N.Z.E.F., Middle East, from 1st April, 1943, to 31st March, 1944	11,732,000
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	48,816,000
Less repayments	32,084,000
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Balance owing 31st March, 1944 ..	<u>£16,732,000</u>

The two remaining items in War Expenses Account are "Lend-Lease" and "Reciprocal Aid." Under the heading "Lend-Lease" we received last year goods and services valued for accounting purposes at £32,500,000. These were received on account of the Navy, £1,700,000; the Army, £7,500,000; the Air Force, £12,800,000; and for civilian purposes directly related to the war, £10,500,000. During the same period we gave in return goods and services costing us £24,500,000.

In connection with reciprocal aid, I would like to stress again that the first purpose is to enable each country to make the maximum use of its resources to prosecute the war. We gladly accepted help on these reciprocal terms—help which was particularly valuable when the threat to our own shores was so real, and for our part we undertook, and have faithfully honoured the undertaking, to provide goods and services to the maximum of our resources. This we are determined to continue, notwithstanding that our own internal need, particularly for weapons of war, has diminished. It is essential to approach the position on the first principle of lend-lease, which is to avoid the debt which brought such evil consequences after the last war. Lend-lease and reciprocal aid cannot in the final analysis be measured in terms of money. Other war services must be taken into account. New Zealand has contributed to the war effort to the maximum, and, while the value of the aid we have received from and given to other countries is necessarily stated in our accounts in terms of money, allowance must be made not only for differences in the relative price-levels but also the services of our forces which can only be measured in the heroic performance of duty and in hardships nobly borne, as well as the extent to which our man-power was mobilized for direct service in the field of battle.

The scope of reciprocal aid, lend-lease, has recently been extended by an agreement under which the Government of Canada will provide New Zealand with such war supplies as may be authorized from time to time. For its part New Zealand has agreed to provide Canada with such articles, services, facilities or information as it may be in a position to supply from time to time to be determined by common agreement in the light of the development of the war.

Our sister Dominion desires that full use shall be made of her productive capacity for war purposes and does not want the flow of supplies impeded through the inability of other countries to obtain sufficient Canadian dollars to pay for their requirements.

Memorandum
of Security

Reciprocal aid.

Canadian
Mutual Aid