

*Pay and Allowances.*—Reductions in numbers and the more effective use of remaining personnel, particularly in New Zealand, resulted in savings in the pay and allowances items, approximately sufficient to cover the increases granted from the 30th June, 1944. These, it will be remembered, comprised an increase of 1s. per day in the pay of all members of the Armed Forces. In addition, wives' allowances were increased by 6d. a day where there are no children and by 1s. per day where there are children. Expressed in annual amounts, the increases provided additional income on the following basis:—

	Per Annum.		
	£	s.	d.
Single man .. .. .	18	5	0
Married man .. .. .	27	7	6
Married man with children ..	36	10	0

*War Stores.*—The most costly item in war expenditure has been that for war stores and equipment, the charges for which have amounted to over £165,000,000 since the war began. Outstanding claims and complicated adjustments have made the settlements somewhat involved, but I am pleased to report that considerable progress has been made in overtaking arrears. Every account received up to the 31st March last was paid by that date, and it is estimated that outstandings, excluding current orders, have been reduced to some £6,000,000.

*Rehabilitation.*—The question of the rehabilitation of servicemen and service-women, is now of prior importance, and the Government is handling it as such. I wish to stress, however, in this review that the costs recorded in War Expenses Account represent only a small proportion of the total expenditure so far incurred.

Of the £1,243,000 expended last year as a charge against the War Expenses Account, £773,000 was applied in meeting business and supplementary loans, &c., and £470,000 in meeting grants to Service personnel on discharge and for trade, educational, and occupational training.

The total authorizations of rehabilitation assistance last year amounted to £6,213,000, of which £1,348,000 had not been uplifted on the 31st March. Taking all sources into account, the actual expenditure on rehabilitation last year was:—

	£
War Expenses Account .. .. .	1,243,000
State Advances Corporation .. .. .	2,499,000
Lands and Survey Department .. .. .	1,063,000
Native Department .. .. .	60,000
	<hr/>
	£4,865,000
	<hr/> <hr/>

In the past it has been the practice to present to Parliament statements under classified headings of the items of receipts and expenditure in War Expenses Account. The statement presented in 1943 (B.—14) gave details from the beginning of the war to 31st March, 1943, and that presented in 1944 (B.—17) details for the year ended 31st March, 1944. Details for the year ended 31st March last are shown in the tables Nos. 1 and 4 appended to this Budget.

In connection with the public debt there is now an increasing number of major transactions every year, but the year just closed has been exceptional in this respect.

The new issues during the year amounted to £65,777,000, and redemptions to £29,033,000, a net increase of £36,744,000. This has had the effect of increasing the total debt outstanding from £566,494,000 at the 31st March, 1944, to £603,238,000 at 31st March, 1945. When, however, it is remembered that our war loans for the year totalled over £54,000,000, including borrowing overseas under the Memorandum of Security Agreement, and that the National Development Loan was slightly over £11,000,000, the net increase of £36,744,000 is considerably less than might have been expected. This is due to the substantial amount utilized for redemption purposes during the year. These moneys have been made available from the following accounts:—

	£
Public Debt Repayment Account .. .. .	3,974,000
War Expenses Account .. .. .	6,250,000
Loans Redemption Account, including special sinking funds .. .. .	18,809,000
	<hr/>
Total redemptions .. .. .	£29,033,000
	<hr/> <hr/>