

With the substantial reduction that is taking place in our war programme within the Dominion, particularly as regards building and construction works, it has been possible to provide for a material increase in national development. This is in line with the Government's policy of providing a sound basis on which to build for our post-war development, in addition to having in readiness the utmost facilities for repatriating servicemen. Land is required for settlement of the men, homes must be built on the land so purchased, and roading is essential. If shipping for the plant and equipment can be provided, electricity must be made available to supply light and power to the new consumers on the land and to the new industries being established. Housing construction which of necessity was largely in abeyance while men and materials were diverted to buildings for war purposes, is now being accelerated to the fullest extent that available resources will permit. A further item to which considerable attention is now being paid is improvements to our railway system, particularly rolling-stock, as this vital part of our internal economy must be ready to play its part in post-war development, and considerable leeway has to be made up in this connection.

The works to which I have referred will absorb most of the additional loan-moneys being provided this year. After allowing for funds available at the beginning of the year and miscellaneous receipts, the total loan-moneys required are £16,650,000 as compared with £11,148,000 raised last year. The following figures show clearly the increased programme for the more important works:—

	1944-45.	1945-46.
	£	£
Housing	4,431,000	5,590,000
Electric supply	2,720,000	4,000,000
Land for settlement	Nil	2,500,000
Railways improvements	343,000	1,600,000

Full particulars of these and the other smaller though important capital works will be found in the estimates.

All the money required to be provided for these works will again be raised from lending departments of State.

The cessation of hostilities in Europe has in no way eliminated the complexities of estimating war expenses during the current financial year; rather has it increased them. Nevertheless, I may state that with the defeat of our major enemy, and notwithstanding the concentration of our full efforts against Japan, it is a somewhat more satisfactory task to prepare estimates covering a reducing in place of an increasing expenditure.

Peak war expenditure was reached in the financial year 1943-44 when war costs, excluding debt repayments, totalled £152,900,000. For the year ending 31st March, 1946, an expenditure of £105,400,000 is anticipated, the estimates being as follows:—

EXPENDITURE		£(m.)	£(m.)
Navy .. .. .	.. .. .	6·0	
Army .. .. .	.. .. .	38·0	
Air .. .. .	.. .. .	31·4	
Ancillary .. .. .	.. .. .	4·0	
Rehabilitation.. .. .	.. .. .	2·0	
Reverse Lend-lease .. .. .	.. .. .	24·0	
		—	105·4

RECEIPTS		£(m.)	£(m.)
War taxation .. .. .	.. .. .	49·6	
Reciprocal aid : Lend-lease and Canadian Mutual Aid	.. .. .	20·5	
Disposal of surplus assets and miscellaneous	.. .. .	6·8	
Memorandum of Security Agreement with the United Kingdom Government	.. .. .	3·5	
1945 Victory Loan .. .. .	.. .. .	25·0	
		—	105·4

The estimated requirements for the Navy and the Air Force are close to last year's expenditure, both, however, showing a slight reduction. The anticipated decrease in the item for the Army, however, is substantial and is represented almost entirely by costs for war stores, most of the outstanding claims for which, as has already been mentioned, having been met last year.