

BUDGET

ADDENDUM TO PAGE 18

WAR EXPENSES ACCOUNT

Now that the war has been brought to a victorious conclusion by the surrender of Japan, revised estimates for War Expenses Account have been prepared covering expenditure up to the point of demobilization.

This should be reached early next financial year, dependent, of course, on the availability of shipping and other important factors affecting the position. After return to New Zealand the men will be entitled to draw balances of pay. Then those who have qualified will be given three months' leave on full pay, and allowances. Provision has also to be made for mufti allowances, deferred pay, and war gratuity.

Allowing for all these factors, the revised estimates are as follows, showing for comparison the actual Budget figures, rearranged into appropriate headings:—

WAR EXPENSES ACCOUNT.—EXPENDITURE

Item.	Budget Estimate, 1945-46. £(000)	Revised Estimate to Demobilization. £(000)
Pay and allowances	35,200	38,972
Accommodation, food, and clothing	5,500	5,952
War and other stores	21,170	22,029
Medical and educational services	640	937
Land, buildings, &c.	2,100	2,115
Repairs, maintenance, &c.	1,100	1,467
Transport	5,500	9,257
Miscellaneous services	1,094	1,424
Empire Air Training Scheme	3,096	3,096
 Total, Navy, Army, Air	 75,400	 85,249
Reverse lend-lease	24,000	22,000
Ancillary	4,000	6,000
Rehabilitation	2,000	3,000
Deferred pay	5,000
	<hr/> £105,400	<hr/> £121,249

Most of the foregoing headings are self-explanatory. In connection with the item "War and other Stores," however, there is no question of continuing the importation or manufacture of such stores, but provision requires to be made for meeting charges in respect of goods already supplied or shipped.

The expenditure contemplated under reverse lend-lease, being the assistance given to our American Allies, has been tentatively stated at £22,000,000 under the amended proposals, showing a possible reduction of £2,000,000 against the Budget estimate. It is not possible at this stage to fix any final figure under this heading as the amount that will be required for this purpose will depend on the result of reciprocal policy negotiations between the Governments concerned.

In addition to the sum mentioned, gratuities estimated to cost £18,000,000 require to be provided for. The procedure for these is, as indicated in the Budget, at present being worked out and it is necessary to make financial provision for the amount involved.

From the factors mentioned it will be appreciated that it is difficult to estimate how much of the £121,249,000 will come to charge during this financial year, but any amount not expended by 31st March next will be required early next financial year. Now that the war has ended the Government is anxious to have all matters completed as soon as possible.

This heavy expenditure leaves no scope for adjustment of taxation this financial year, but the Government fully realizes the necessity for reviewing the taxation position at the earliest possible opportunity, in order, firstly, that the taxpayer may be relieved from some of the financial burdens which he has borne during the war period, and, secondly, that industry generally may be given that scope and impetus to reorganization and development so essential to provide worthwhile permanent employment in industry for our men and women coming out of the Armed Forces and for those at present engaged in war production.