

the general well-being of the people, invalid benefits, sickness benefits, and others have all been improved. Appended to this Statement is a statistical return showing very strikingly how the Dominion has prospered since 1935, and even since the beginning of the war.

WAR COSTS

In regard to war finance, it was laid down in the Government's first war budget that the policy would be to meet such costs as far as possible by taxation and to rely on borrowing only for the balances required. Our record in this connection is a creditable one. War costs, including those for debt charges and pensions to date met from the Consolidated Fund, total £640,000,000, of which 35 per cent. only had to be provided from loan moneys while the whole of our 1939-45 war loans are now domiciled for payment in the Dominion. New Zealand's results in this connection bear favourable comparison with those of any of the Allied Nations. It is of interest to mention that in the 1914-18 war the whole of the expenditure was financed by loans of which no less than one-third were raised overseas and represented a serious drain on the Dominion's external resources.

The total 1939-45 war costs, amounting to £640,000,000, to which I have referred were expended on the following purposes:—

	£(m.)
War and other stores	195
Pay and allowances	177
Accommodation, food, and clothing	76
Land, buildings, and ships	41
Miscellaneous services relating to the Armed Forces	36
Transport	23
Interest on war loans and principal repayments	20
Gratuities	18
Repairs, maintenance, and rent	7
Pensions	5
Rehabilitation	5
Medical and educational services	3
Ancillary	34
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	640
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Costs for war pensions, rehabilitation, and for interest and repayments on account of war loans will, of course, continue for years to come.

The original Budget estimate for 1945-46 for War Expenses Account envisaged an expenditure of £105,400,000. The collapse of Japan so soon after the cessation of hostilities in Europe necessitated a different reassessment of costs, but in the aggregate it was considered that much the same, if not a greater amount would be required, while up to the point of demobilization extending into this financial year expenditure was estimated at £139,250,000, including gratuities.