

available funds, clearly the most advantageous use of the funds is to import goods which cannot be made in New Zealand and to make the fullest use of our own industrial resources.

### Rehabilitation

Remarkable progress has already been made in the rehabilitation scheme and the Government will continue to do everything possible to restore the opportunities of ex-servicemen and women lost as a result of the war. Priority is assured to them for State houses and building materials and liberal education and trade-training facilities are provided.

On the land, it is estimated that 8,000 ex-servicemen will require to be settled; 2,380 of these have already been settled. The settling of the remaining 5,620 will be pushed ahead as quickly as suitable land can be acquired and developed.

### TAXATION

I now come to the important matter of taxation.

The reduction in war expenditure following the demobilization of our Forces has now made possible a reduction in taxes. It is reasonable that the amount available should, as far as possible, be applied in reduction of war taxes. Last session the first step in this direction was made in the reduction in the national security tax by 6d. in the £1, which became operative in the early part of the present financial year. This reduction will involve a loss of revenue of £7,000,000 per annum. The relief in this respect is enjoyed by all taxpayers. A further benefit to the taxpayer, though not in respect of war taxation, was made in the complete abolition of the social security registration fee, amounting to approximately £600,000 per annum.

### Continuing war costs

Before considering further taxation adjustments, it is necessary to study carefully the continuing costs which the war has imposed on our financial position. The additional permanent expenditure resulting from the war and represented by the difference between 1939 and 1946 costs, under the four main headings, is summarized as follows:—

	£(m.)
Interest, management charges, and repayment cost of war debt of £221,775,000 .. .. .	7·7
War pensions: 31st March, 1939, £1,616,000, now £2,050,000; 1939–45 war, £2,240,000 .. .. .	3·0
Rehabilitation (apart from loan-moneys) .. .. .	3·0
Extra costs of Navy, Army, and Air: 31st March, 1939, £2,220,000; 31st March, 1947, £7,895,000 .. .. .	5·6
Increase .. .. .	£19·3