

Since the war began we have borrowed approximately £10,000,000 from the Post Office. This is apart from the sum raised by the Post Office on five-year war certificates. After peace is declared it is probable that increased internal developments and business activities, together with the necessity of repairing the world-wide damage caused by the war, will create a great demand for money, and it would be cheaper for the Government to have its own money for use then than to borrow. It must not be forgotten, however, that the Post Office call-moneys are still accumulating and must be invested. At the end of the current year the total borrowed and invested by the Treasury from the Post Office will, in all probability, largely exceed £10,000,000.

I trust honourable members and the country will recognize how important it is to have each year's surplus of revenue during the war invested and held for repayment to the depositors in the Post Office, and should events show it is not necessary for that purpose, then it should be used for paying off war advances from the Imperial Government.

The above £3,917,731 has been invested in Imperial Government securities, which can, of course, be realized if the necessity to do so should arise. The important fact remains that we have a strong Reserve Fund in London, which gives a financial advantage to the Dominion during the war that cannot be over-estimated.

WAR EXPENDITURE.

Since the commencement of hostilities the war expenditure of the Dominion had, up to 30th June last, reached the large sum of £28,439,912, and as this expenditure is increasing in proportion to the increased number of men we are despatching to the seat of war, it is probable that by the time the House meets again the expenditure will have reached £50,000,000, and I need not remind honourable members of the sacrifices which the people of the Dominion must be prepared to make in order to meet this huge expenditure. It is of paramount importance that this should be recognized by every one in the country.

I am pleased to be able to inform honourable members that not only has a considerable amount of money for war purposes been raised in New Zealand through the Treasury and Post Office Departments, but funds have been provided for carrying on other necessary services as well.

It will be remembered that during the early stages of the war the Dominion was dependent upon the Imperial Government for advances to enable it to train and equip its soldiers and maintain them at the seat of war. For a time this was necessary, but as soon as it was possible for New Zealand to provide its own funds for defraying the expenditure necessary for the conduct of its share of the war it was done.

The current expenditure in connection with the war may be estimated at approximately £1,900,000 a month. Fortunately, however, the resources of the country are able to bear the heavy strain which is being placed upon them, and though anxious as to the future I have the utmost confidence that the people of the Dominion can be fully relied upon to provide the necessary means.

In addition to the expenses of training, equipment, transport, &c., of our troops, there are maintenance expenses being continually incurred at the seat of war, which, for the purposes of convenience, are being defrayed by the Imperial Government. Claims are subsequently made by the War Office to cover this expenditure, and the claims so made up and provided for to the 31st December, 1916, amounted to £4,500,000.

During last session of Parliament I asked the House to grant the necessary authority to enable the Government to raise a sum of £16,000,000 for the purpose mentioned, and immediate steps were taken to place the prospectus before the public for the flotation of a loan of £8,000,000. The response to this appeal was most gratifying, as this sum was largely oversubscribed.

I wish to thank the banks and other institutions for their liberal subscriptions, and also the Press which assisted materially in making the loan a success. The public also is to be congratulated upon the liberal manner in which it subscribed.