Definition of Responsibility at Headquarters.

42. Definition of responsibility is the basis of sound administration, and as between the officers at Headquarters responsibility can best be defined by the vote, or votes, that each is called on to administer. Broadly, the peace duties of the Chief of the General Staff, of the Adjutant-General, and of the Quartermaster-General respectively may, as regards expenditure, be classified under the separate heads of training, personnel, and supply. The allocation of votes as shown in Appendix VIII would set at rest any doubts which may now exist as to where the responsibility of each branch of the Staff begins and ends. It would certainly be convenient if, in future, Army estimates could be prepared in three votes only, corresponding with the functions ascribed to the three branches of the Staff.

Proposed Headquarters Organization.

43. In Appendix VIII the proposed organization at Headquarters is described in detail, including the distribution of duties assigned to each branch of the Staff. The Director of Ordnance and the Director of Accounts, who figure in the existing organization (Appendix I) have disappeared,* and in future the General Officer Commanding the Forces should have only three heads of Staff branches to deal with instead of five, as is now the case. The duties now assigned to the Director of Ordnance and the Director of Accounts should be distributed between the other branches of the Staff and the various Inspectors. No increase of clerical staff at Headquarters should be necessary.

The Inspectors.

44. A word is necessary as to the position and functions of these Inspectors. Their duties of inspection should extend to stores of all kinds, books, accounts, &c., as well as to personnel and animals. But inspection should not be regarded as their sole function. They must be instructors as well, and therefore they should be regarded as available for any military duties which the General Officer Commanding the Forces may assign to them. Their reports should be rendered directly to him. Moreover, in technical matters they should be the recognized advisers of the various branches of the Staff.

Summary of the System proposed.

45. In conclusion, I desire to emphasize the fact that the organization I have proposed is essentially a war organization. It is modelled on the staff system evolved by Wellington during nearly five years of warfare in the Peninsula and in France; it reproduces as closely as circumstances permit, with due regard to economy, the system laid down for war in the Field Service Regulations; it should render easy the training of officers in peace for the specific functions they would have to carry out in the field; it frees Commanders of troops of all financial responsibility, and of the anxiety that such responsibility entails, especially for men who have had no commercial training; it leaves them free to devote themselves to the troops under their command, instead of for ever sitting in their offices: finally, it should in time produce a type of military administrator who, to the instincts and the training of the business man, should add a sufficiency of military knowledge.

IV. DISTRICT AND AREA ORGANIZATION.

Work effected in the Area.†

46. The area is the basis of the whole military structure. It is here that the registration of those liable for military service takes place; and from the moment a boy is registered as a Cadet until, as a man, he is passed fit to take his place in the ranks of the Territorial Force the area is his military home. Later, as a Reservist, he again comes under the Area Commander, or, should he not be embodied in the Territorial Force, he will, as a member of the General Training Section, remain constantly under his control. Therefore it is specially desirable that the personal record of every man still liable to military service, whether he belongs to a Territorial unit or not, should be filed and maintained in a "record office" established at area headquarters.

Dual Nature of Area-work.

47. The work of an area divides itself sharply into two categories, viz.: (a) Record work, (b) Depot duties. Both functions may, for convenience' sake, be vested in the same officer, but the distinction between them should be clearly defined, as it might be necessary at any time to separate them and entrust them to different individuals.

The Area Commander—that is to say, the senior Permanent officer present in an area—commands every one in it who is called up for training or service but is not embodied in a Territorial unit. His responsibility is to the District Commander.

The Officer in Charge of Records, on the other hand, exercises his authority as an agent of the Adjutant-General at Army Headquarters, to whom he is directly responsible. He is not an executive officer, and may accordingly be senior in rank to the area officer without prejudicing in any way the latter's status as a Commander.

The Record Office.

48. In the Imperial Army the Record Office as an institution is a product of the South African War. In my Australian report I have explained the need for it and the sort of work it has to carry