

The supply of clothing, equipment, and supplies has generally proved satisfactory, and all military requisitions have been amply filled under direction of the Hon. the Minister of Munitions and Supplies.

Notwithstanding the great pressure of work occasioned by the war, the organization of the administrative and financial services has been proceeding steadily along the standard lines laid down when compulsory military training was determined upon.

The unprecedented conditions which have obtained created difficulties which could not have been foreseen, but these difficulties have been satisfactorily met and overcome, while the experience gained during the war is already being applied. In this connection the services of officers who have recently returned from the front are being freely utilized. The control over issues, and the existing independent departmental checks, are being gradually extended and improved.

The arrangement whereby the Controller and Auditor-General's statutory examination of vouchers and war accounts proceeds concurrently with the payment of claims is proving satisfactory. Honourable members will, I am sure, be glad to have the assurance that by this means an accumulation of war accounts is prevented, that the requirements of law are met as the work of accounting proceeds, and that all expenditure is duly authorized and supported by satisfactory receipts or vouchers.

MUNITIONS AND SUPPLIES.

Owing to an extension of the activities of the Military Supplies Purchase Office, it was early this year found more convenient to transact business connected with coal-supplies, priority permits, and the purchase of military supplies under the title of "Munitions and Supplies Department," and a Department accordingly has been established.

The Government became apprehensive in December last of possible shortages in supplies of coal, and six cargoes were, during that month, secured from the Admiralty. The supply so received has been treated in the nature of a reserve stock, and has, during the recent reduction in the New Zealand mines' output, been of great benefit to the Dominion, and has been utilized for the purpose of maintaining transport both on land and sea as well as for other national purposes. The terms upon which the reserve of coal has been disposed of provide that the users shall return equivalent quantities of Newcastle or New Zealand West Coast coal, so that the reserve shall be maintained.

At the request of the Ministry of Munitions in the United Kingdom the Government established a local authority in the Dominion for the purpose of advising the Ministry in regard to the position of import orders from the United Kingdom. The method of dealing with business of this nature has been productive of satisfactory results to New Zealand importers, who otherwise might not have secured their supplies. The work done by the High Commissioner in this connection has been greatly appreciated by our commercial community.

The work of purchasing stores and supplies for New Zealand military purposes has been steadily pursued. Towards the close of last year the military authorities were requested to as far as possible estimate their requirements for the calendar year 1917. On being costed the position was found to be : (a) Stores, £727,510 ; (b) supplies, £568,918 ; (c) drugs, £17,460 : total, £1,313,888.

To date, orders for goods to the value of £612,090 have been placed, leaving goods to the value of approximately £701,798 to be purchased during the balance of this year.

The policy of concentrating orders and of purchasing ahead, which was followed during last year, has proved a sound and economical one for the Government.

SAMOAN ADMINISTRATION.

The estimates for the British occupation of Samoa show an excess of revenue over expenditure.

The health of the garrison continues good, and the number of troops employed is reduced to the lowest minimum consistent with safety. Reinforcements for this garrison are drawn mainly from men just over the age of enlistment in the Expeditionary Force.