also show that this reduction has taken place chiefly in out-patients, and that whereas in the early part of the year out-patients were largely in excess of in-patients, at the end of the year the in-patients were actually in excess of out-patients.

The policy of the Department is to take into hospital all patients who require such treatment; as in-patients their treatment is more easily controlled, can be administered in an intensified form, and greater opportunity is given for their constant observation and examination. It is anticipated that the number of out-patients will diminish, and that the number of in-patients will remain fairly constant for some months to come.

As the number of in-patients has diminished it has become possible to concentrate those remaining in fewer institutions. During the year the following hospitals and convalescent homes have been closed :—

Knox Home, Auckland	July 31, 1919.
Miramar Convalescent Home, Wellington	Sept. 1, 1919.
Epsom Convalescent Home, Auckland	Sept. 5, 1919.
Te Waikato Sanatorium	Sept. 24, 1919.
Y.M.C.A. Annexe, Christchurch	Dec. 3, 1919.
Devonport Convalescent Home, Auckland	Dec. 10, 1919.
Featherston Military Hospital	Dec. 20, 1919.
Wanganui Convalescent Home	Feb. 31, 1920.
Military Annexe, Auckland	April, 15, 1920.
Invercargill Convalescent Home	May 17, 1920.

The following institutions have been opened :—

Cashmere Military Sanatorium, Christchurch	July 20, 1919.
Pukeora Military Sanatorium, Waipukurau	Sept. 12, 1919.
Narrow Neck Military Hospital, Auckland	Dec. 20, 1919.

Auckland Annex.—The Military Annex at the Auckland Hospital has been recently closed for in-patients. As more accommodation became available at the Rotorua Military Hospital it became possible to transfer these patients there, thus effecting a considerable economy. The Physio-therapeutic Department for out-patients and the shelters for the chronic cases of tuberculosis still remain at the Auckland Annex.

Arrangements are being made to hand over the military sections of the Christchurch, Dunedin, and Napier Hospitals to their respective Hospital Boards. This will leave only purely military hospitals under the control of the Defence Department. Owing to the special nature of the work carried out in such hospitals it is anticipated that they will be required for some time. In order to utilize the accommodation in these hospitals to its fullest extent, arrangements have been made with the Public Health Department by which civilian cases may be admitted as accommodation becomes available.

Hanmer Military Hospital.—The Military Hospital at Hanmer was allocated early in the year for the treatment of shell-shock, neurasthenia, and other functional nervous disorders. This hospital is in charge of a medical officer who received special training in these conditions in England. The climate and surroundings are eminently suited to these cases, which generally improve rapidly. Recently a boardinghouse in the vicinity of the hospital has been leased in order to provide the isolation accommodation necessary to the treatment of some of these patients, and also further accommodation for the female staff.

Pulmonary Tuberculosis.—Cases of pulmonary tuberculosis suitable for sanatorium treatment are admitted to military sanatoria, those in the North Island to Pukeora Military Sanatorium, Waipukurau, and those in the South Island to Cashmere Sanatorium, Christchurch. A few cases still remain in the Pleasant Valley Sanatorium, Palmerston. These will remain there for the present, as it is not considered advisable to move them.

Chronic and other cases unsuitable for treatment in sanatoria are treated at the public hospitals nearest their homes or actually at their homes. In each case, if no suitable accommodation is available, a shelter or tent is provided, or a veranda or suitable room in the patient's home structurally modified to render it suitable for his accommodation. Patients who have been discharged from sanatoria are also provided with similar accommodation, on the recommendation of a medical authority.

Chronic Pulmonary Disease other than Tuberculosis.—The accommodation at Narrow Neck has, with slight alteration, been adapted to the requirements of a hospital, accommodating convalescent or semi-convalescent cases. Cases sent there are chiefly those of chronic pulmonary conditions which are not tuberculosis. It is found that these cases do extremely well at Narrow Neck.

Jaw and Facial Cases.—A hospital for the treatment of cases of jaw and facial disfigurements was established early in the year in the military section of the Dunedin Hospital. An annex to the hospital was provided by the Red Cross Society, in which the patients are treated after operation, so as to render more space available in hospital for patients at the time of their actual operation. These cases will shortly all be dealt with, with the exception of a few operations which, owing to the nature of disability, have to be delayed for a considerable time.

Incurable Cases.—In each district there will ultimately be a residuum of incurable cases that will require, perhaps for many years, constant medical attention and nursing. The numbers of these will average about fifteen in each district. In order to provide for these in the Auckland District, arrangements have been made with the united patriotic bodies of Auckland to provide a suitable home which will be conducted by a committee of these bodies, certain personnel and other provisions being provided by the Defence Department. It is believed that the sympathetic interest of these patriotic bodies will provide conditions eminently suited to these cases. It is clear that the wards of a public hospital, or of regular military hospitals, do not offer the conditions required by patients who may need treatment for many months or even years. It is hoped that similar arrangements may be made in the other districts when the necessity arises.