

Apart from the need for economy, it is realized that at the present time there is an urgent need of labour and material for civilian and commercial buildings, therefore instructions have been issued to the effect that demands for new buildings or rifle ranges, and other works connected with defence, are not to be submitted unless considered to be absolutely essential.

The activities of the Works Branch during the past year have been principally directed towards completion of the construction of the Military Hospital at Rotorua and the Sanatorium at Pukeora. These are now practically completed.

4. ARMY SERVICE CORPS.

(i.) An A.S.C. organization was formed during the war for home service to train drafts for overseas, and to carry out the supply and transport arrangements for camps, hospitals, and general military requirements. This corps was considerably reduced when the training-camps were closed, and it has been further reduced during the past year, but it has not been possible to completely demobilize it. For some time to come there will be a great deal of essential work to be carried out by the A.S.C. in connection with the supply of hospitals and transportation of stores and equipment. For this reason it will be absolutely necessary to retain a small A.S.C.

All the A.S.C. personnel are temporarily employed at present, but it will be in the interests of economy and efficiency to form an A.S.C. as part of the Permanent Forces. Such a corps need be only a very small one, sufficient to carry out the following duties:—

- (a.) Instruction of Territorial A.S.C. units.
- (b.) Provision of trained and efficient officers for the more important positions in the A.S.C. on mobilization.
- (c.) Care and control of A.S.C. vehicles and equipment.
- (d.) Normal peace work of supply and transport duties in camps and in districts.

The formation of a permanent A.S.C. will mean a considerable financial saving each year, avoiding as it will the necessity for considerable expenditure to contractors for transport work. In addition the smooth and efficient working of A.S.C. on mobilization and at the commencement of operations is of vital importance, and this cannot be obtained without a nucleus of permanent and highly trained personnel.

(ii.) Supplies for camps and hospitals have been maintained throughout the year in a highly satisfactory manner.

(iii.) Canteens controlled by the Department have been established during the year at Hanmer, Rotorua, and Narrow Neck Hospitals, supplies being maintained by the A.S.C. The working of the canteens has been satisfactory.

(iv.) Supplies sent from New Zealand to the United Kingdom for the maintenance of New Zealand troops there, and which subsequently became surplus, realized £122,682 11s. 3d., a profit of £25,695 5s. 8d. over cost landed in England.

(v.) The bakery at Featherston Camp was closed down last December. The one at Trentham Camp is still in operation, supplying Trentham Camp and hospital. The quality of the bread is excellent, and has been produced at a saving to the Department.

(vi.) Practically all the carting at Wellington and at the four District Headquarters, and in connection with hospitals and camps, has been carried out during the year by the A.S.C. A certain number of motor-traction vehicles have arrived from England and have been taken into use. The change from horse transport to motor traction has proved most economical and very efficient.

(vii.) There will be certain motor-traction vehicles surplus to requirements at an early date. Arrangements have been made to loan surplus ambulance-cars to Hospital and Charitable Aid Boards under certain conditions, and this is being gradually carried out. As other vehicles become surplus they will be disposed of to best advantage.

5. ORDNANCE SERVICES.

The strength of the Ordnance Corps as at the 1st June, 1919, and the 1st June, 1920, was as follows:—1st June, 1919: Officers, 18; other ranks, 475: total, 486. 1st June, 1920: Officers, 16; other ranks, 346: total, 362. Reduction, 124.

I regret that it has not been possible to reduce the Ordnance Corps to a greater extent owing to the large amount of work still being done in connection with the war. A careful watch is, however, being kept for opportunities to enforce further reductions, and I hope to see the number of employees shrink considerably during the present year.

In addition to the ordinary ordnance work in connection with the Territorial Force, the Ordnance Corps is required to maintain extra personnel for handling, storage, and accounting for hospital equipment for the hospitals now under the Defence Department, and for the educational and vocational establishments, as well as for the military equipment arriving from overseas. Until the hospitals have been transferred to civil control, and the Vocational Training Branch taken over by the Repatriation Department, and the military equipment for the Military Force distributed in accordance with future requirements, the Ordnance personnel cannot be further reduced to any great extent without serious risk of incurring inefficiency and loss of stores.

The lack of accommodation for ordnance stores is referred to in Section V, paragraph 1.

Every care is taken by the administrative officers of this Department to ensure economy and efficiency.

The revenue from the Ordnance Department for the year ending 31st May, 1920, was £49,013 17s. 4d., while approximately £90,000 was saved by the renovation of part-worn uniforms.

6. NEW ZEALAND MILITARY SUPPLIES PURCHASE OFFICE.

The work of this branch has resulted in a considerable saving over the previous practice of local buying by the various branches of the Department. For the financial year ended 31st March the total value of orders placed for the purchase of materials, &c., for defence purposes amounted to £176,843, in which sum is included purchases on behalf of the Public Health Department amounting to £2,520. Owing to the shortage of special lines manufactured in New Zealand, due to war conditions, heavy purchases have had to be effected in the United Kingdom and elsewhere through the agency of this branch. Such purchases have so far met emergency conditions as they arose.