2. REGULAR FORCES.

(a) Strength.

The strength of the Regular Forces is shown in Appendix I (a).

(b) Commands.

Major-General Sir William L. H. Sinclair-Burgess, K.B.E., C.B., C.M.G., D.S.O., relinquished the appointment of G.O.C. on 31st March, 1937, and was succeeded on 1st April, 1937, by Major-General J. E. Duigan, C.B., D.S.O., Officer Commanding, Northern Command.

Lieut.-Colonel (temporary Colonel) R. Miles, D.S.O., M.C., R.N.Z.A., was appointed Officer

Commanding, Northern Command, on 1st April, 1937.

(c) MILITARY EDUCATION.

In future it is the intention to take advantage of vacancies allotted to New Zealand at the Staff Colleges. Colonel E. Puttick, D.S.O., N.Z.S.C., is attending this year's course at the Imperial Defence College, but at present there are no New Zealand Officers at either Camberley or Quetta.

The question of the reintroduction of exchanges with Australia is under consideration.

There are many short courses affecting the various arms of the Service which it would be impossible to hold in New Zealand with the small numbers involved. To overcome this, representations have been made to Australia, and arrangements are in train for Officers and N.C.O.s to attend suitable courses in the Commonwealth.

It has been the policy for some years now to train the future Officers of the Regular Forces at the Royal Military College of Australia. Five cadets were entered this year making, at the College, a total of twenty New Zealand cadets.

Squadron Leader S. Wallingford, R.N.Z.A.F., is now attending the Royal Air Force Staff College, Andover, and Squadron Leader A. de T. Nevill, R.N.Z.A.F., after completing the 1935 course at Andover and a series of attachments to Royal Air Force Units, returned to the Dominion at the end of last year.

(d) CASUALTIES.

During the year forty "other ranks" left the Regular Forces. Of these no less than twenty-eight purchased their discharge, and another six were discharged at their own request on completion of their term of enlistment. This wastage is attributable to the more attractive conditions of employment in civil life. For this reason four of these men left to join the Police Department, where the rates of pay are considerably higher.

It is obviously uneconomic to train men as soldiers only to lose them almost immediately. The solution to this problem lies in improving the rates of pay and conditions of service in the Regular Forces. This matter, however, is under consideration.

Normal casualties consisted only of two retired on superannuation, two transferred to the Civil Staff, and two recruits discharged as not likely to become efficient.

3. TERRITORIAL FORCE.

(a) Commands.

To those Officers who have handed over command during the past year, I take this opportunity of expressing my appreciation of the work they have done.

(b) Strengths of Units.

The figures are given in Appendix I (b), and show a definite decrease. This is not surprising, and until it is publicly recognized that the work of the Territorials is of national importance, it is unlikely that any improvement will take place.

The postings to the Reserve during the year were approximately 3,000, but many of these men have attended few parades and no annual camps. They are, therefore, quite untrained and have no potential value in an emergency. This wastage is a serious factor in lowering the efficiency of the Forces generally. Although the volunteer on joining up signs a contract to serve for three years, he has little inducement except personal enthusiasm to fulfil this agreement, and the machinery to enforce it has not been used.

Proposals have been put forward in my reorganization scheme to cope with this difficulty.

(c) Cadets.

The Cadet units at secondary schools continue to show commendable enthusiasm, and have maintained the improvement reported last year. The strength of the Cadet Force is over 15,000. The 376 schoolmasters who hold commissions in the Territorial Force give valuable assistance in training the Cadets at their respective schools.

I am not in favour of Cadets carrying out specialist work, such as artillery or machine-gun training. and I propose that, in future, Cadet training should be concentrated on physical culture and drill, first-aid, and rifle-shooting for boys over fifteen years of age. Senior boys will also be taught such useful subjects as the use of the magnetic compass and map-reading.

The New Zealand results for the Imperial Challenge Shield Competition were once again very satisfactory, and reflect great credit on both the Instructors and the Cadets who took part. South Africa, New Zealand leads the Empire in the proportion of entries to population.

The trophy presented by the late Admiral of the Fleet, Earl Jellicoe, was won by St. Patrick's College, Silverstream,