

(v) VISIT TO AUSTRALIA BY DIRECTOR OF ORDNANCE SERVICES.

The Director of Ordnance Services paid a six weeks' visit to Australia at the end of last year, as the guest of the Commonwealth Government.

During this visit he inspected the munition establishments of the Commonwealth and visited the Ordnance establishments at Melbourne and Sydney. He also carried out an investigation into the accounting-system of the Royal Australian Air Force. Much of the information obtained will be of value in the future.

(vi) WORKSHOPS.

The new instrument workshop was occupied in August, 1936, and provides greatly increased facilities for repairs.

(vii) TRAINING OF ORDNANCE OFFICERS.

Lieutenant Wallace is in England, and has completed his Ordnance Mechanical Engineer's Course. Arrangements have been made for him to attend certain other courses and undergo various attachments. He will return to New Zealand in September, 1938.

(viii) DEFENCE BUILDINGS, OFFICES, DRILL-HALLS, BARRACKS, ETC.

Considerable expenditure on maintenance is essential at the earliest possible date. The necessary information has been collected, and the work will be put in hand as soon as money is available.

(ix) NEW WORK.

In addition to the proposed new mobilization store at Trentham, extra magazine accommodation is necessary. Preliminary work on this matter is now in hand and provision will be made in next year's Estimates for an amount to cover this item.

10. FINANCE.

For the financial year ended 31st March, 1937, a net sum of £631,336 was voted for Defence purposes, made up of £424,703 for the Land Forces, and £206,633 for Military and Civil Aviation.

The expenditure in the financial year amounted to £585,184, reduced by credits-in-aid to £560,017, apportioned as follows, the previous year's figures being shown in parentheses :—

	£	£
Land Forces	427,635	(378,181)
Military Aviation	110,808	(160,773)
Civil Aviation	21,574	(13,171)

It will be seen that the expenditure on the Land Forces was £3,032 in excess of the vote, due principally to the payments on account of gun ammunition exceeding the sum provided for the purpose. On the other hand, both Military and Civil Aviation absorbed less than was anticipated, the former service being under-expended in the sum of £77,914 and the latter in the sum of £140.

This under-expenditure was accounted for by the holding-up of the aviation building programme, and by the fact that orders for the purchase of aircraft were postponed, pending the report by Group Captain the Hon. R. A. Cochrane, A.F.C., R.A.F., which was not submitted until December, 1936.

The commitments brought forward on the 1st April, 1936, from the previous year, representing the value of contracts and orders for which financial provision was necessary, amounted to £201,134 (Land Forces, £149,528 : Military Aviation, £46,100 : Civil Aviation, £5,506).

On the 31st March, 1937, the commitments totalled £333,105 (Land Forces, £230,565 : Military and Civil Aviation, £102,540).

These heavy commitments with which the last two years have ended are due to substantial orders for gun ammunition and stores, the delivery of which has been delayed by the rearmament programme at Home.

In Appendix III of this report is shown the annual expenditure on the Land and Air Defences of the Dominion during the last six years.

I have the honour to be, Sir,

Your obedient servant,

J. E. DUGAN, Major-General,

Commanding N.Z. Military Forces.