10. DEFENCE BUILDINGS, WORKSHOPS, OFFICES, DRILL-HALLS, BARRACKS, Etc.

(a) Works and Buildings.

Some of the long-overdue major repairs of the Department's buildings were put in hand during the year. In view of the establishment of Schools of Instruction, it was decided to bring the accommodation at Trentham, Narrow Neck, and Burnham up to an improved standard, giving an increased degree of comfort to the officers and men who are quartered at these places during courses. Further improvements and additions are contemplated.

A programme for the reconstruction and modernization of drill-halls throughout the country has now been commenced. In this, attention is being paid to the provision of social amenities for the members of the Territorial Force.

Further requirements include additional magazines for reserve ammunition, garages for the increasing number of mechanical vehicles, and quarters for married and single personnel.

(b) Coast Defences.

The constructional works for the first phase of modernization of coast defences, which was commenced in 1935, have been completed, and the guns mounted.

The works for a second phase have now been started.

(c) STORE BUILDINGS AND WORKSHOPS.

The extension to the fitters' shops at the Ordnance Workshops, Trentham, has been completed, and the erection of the new carpenters' shop is being commenced shortly.

A contract will shortly be let for the first section of the large Ordnance Store required at Trentham, and it is proposed to accelerate the construction of the remainder of the buildings. Plans are being prepared for the buildings required at the Ordnance Depots at Ngaruawahia and Burnham, and for the rebuilding of the Ordnance Workshop, Devonport.

11. FINANCE.

For the financial year to 31st March, 1938, an expenditure of £566,069 was authorized for Army purposes, against which was set credits-in-aid estimated at £16,069, making the net vote £550,000.

The actual expenditure for the year amounted to £560,461, but owing to the credits-in-aid somewhat exceeding the estimate and totalling up to £30,829 the net result was an expenditure of £529,632.

The year commenced with a carry-over from the previous year of financial commitments amounting to £230,565, representing unfulfilled orders mainly for ammunition, military stores, and equipment placed with the Home authorities and the Australian Government.

As at the 31st March, 1938, the commitments amounted to £227,061.

Due to the magnitude of the rearmament programme of the Imperial Government and the urgency with which this is being pushed, delays are still being experienced in the manufacture and delivery of certain lines of military material for which orders have been placed by the Army Department. This makes it somewhat difficult to gauge the financial requirements of any one year in advance, as instances have occurred of orders remaining outstanding for three and even four years. Every effort, however, is made by the Department to obtain deliveries as early as possible.

The annual expenditure of the Army during the last six years appears in Appendix II of this report.

12. CADET FORCE.

The Cadet units, which are all associated with the secondary schools, have maintained a high standard of discipline, drill, and physical training during the year. The new syllabus of training, which includes first aid, is more important to the youth of the Dominion than a knowledge of elementary gunnery and the handling of automatic weapons.

Each district held a course during the year for officers and N.C.O's of Cadet units. It is intended to continue these courses.

It is in our secondary schools that the foundations of discipline should be laid, and I know of nothing better than close-order drill and ceremonial to foster this essential in the youth of our country.

CONCLUSION.

I wish to thank the Territorial associations and the chambers of commerce for their assistance during the year, and also those employers who have co-operated by encouraging their employees to enlist in the Territorial Force and carry out their training. This co-operation has been most helpful. In peace we require a force of 9,000, of whom a large proportion should be potential leaders. The

In peace we require a force of 9,000, of whom a large proportion should be potential leaders. The officers and other ranks of the Territorial Force are carrying out a national duty with a good spirit and deserve every encouragement possible.

I have the honour to be, Sir,
Your obedient servant,
J. E. Duigan, Major-General,
Chief of the General Staff.