

ROYAL COMMISSION
ON
DEFENCE DEPARTMENT EXPENDITURE, 1918.

MEMORANDUM BY THE MINISTER OF DEFENCE ON THE REPORT.

1. The report of the Commission "that in all essentials the Administration has succeeded" will, I am sure, be received with satisfaction throughout New Zealand.
2. The Government appreciates very much the suggestions and recommendations set out in the report. These will be given every consideration, and where not already in operation will be adopted, if found economical and applicable in principle.
3. (a.) The suggestion to abolish the office of the Adjutant-General and appoint an Officer in Charge of Administration would not do away with the duties or work of the Adjutant-General's Branch.
(b.) To transfer certain of the Adjutant-General's duties to the General Staff would be in conflict with agreements which have been come to at various Imperial Conferences and which aim at securing uniformity throughout the Empire in regard to methods and equipment.
4. In regard to nomenclature, the designations are in accordance with the Imperial arrangements to standardize all matters naval and military. Imperial Army Orders for April, 1918, indicate this.
5. The questions dealt with in paragraphs 3 and 4 will, however, be placed before the Imperial Army Council for advice.
6. In regard to the battalion system, early experience led to the adoption of the present reinforcement system as the best suited to meet local conditions of recruiting, administration, &c. Moreover, it is deemed to be the most economical under the many varying conditions to which our reinforcements are subject. This matter is, however, being further considered, and those who advocated the battalion system will be invited to compare details of their contention with details of the present system, which has placed the New Zealand Forces abroad in the proud position they occupy to-day.
7. A conference of District Commanders and other officers will meet without delay to consider how the suggestions in the report can be applied to secure greater efficiency and economy.



Wellington, N.Z., 25th July, 1918.

Minister of Defence.

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SESSION II.

1918.

NEW ZEALAND.

DEFENCE EXPENDITURE COMMISSION

(REPORT OF).

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COMMISSION

TO INQUIRE INTO AND REPORT UPON THE EFFICIENCY AND ECONOMY OF THE
FINANCIAL ADMINISTRATION OF THE DEFENCE DEPARTMENT AND OTHER
DEPARTMENTS ACTING IN AID THEREOF DURING THE PRESENT WAR.

LIVERPOOL, Governor-General.

To all to whom these presents shall come, and to Sir Robert Murray McCheyne Anderson, K.C.M.G., Brigadier-General, of New South Wales ; Peter Barr, Esquire, of Dunedin ; and Charles Rhodes, Esquire, of Auckland : Greeting.

WHEREAS it is expedient that inquiry should be made into the efficiency and economy of the financial administration of the Defence Department and other Departments acting in aid thereof during the present war :

Now, therefore, I, Arthur William de Brito Savile, Earl of Liverpool, the Governor-General of the Dominion of New Zealand, in exercise of the powers conferred by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, and acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby constitute and appoint you, the said

ROBERT MURRAY McCHEYNE ANDERSON,
PETER BARR, and
CHARLES RHODES,

to be a Commission to inquire into and report upon the efficiency and economy of the financial administration of the Defence Department and of other Departments acting in aid thereof during the present war, with reference to the following matters :—

1. Headquarters and other administrative branches of the service.
2. The methods of control or supervision of expenditure.
3. Pay and allowances of the Defence Forces or of civilians engaged in services in relation to the war.
4. Military stores, equipment, and supplies.
5. Military camps.
6. The transport of troops.
7. Hospital ships.
8. Military hospitals.
9. Medical and dental examinations and treatment.
10. Military Service Boards.
11. All other matters involving public expenditure for the purposes of the war.

And with the like advice and consent I do further appoint you, the said

ROBERT MURRAY McCHEYNE ANDERSON,

to be the Chairman of the said Commission.

And for the better enabling you, the said Commission, to carry these presents into effect you are hereby authorized and empowered to make and conduct any inquiry under these presents at such times and places in the said Dominion as you deem expedient, with power to adjourn from time to time and place to place as you think fit, and to call before you and examine on oath or otherwise, as may be allowed by law, such person or persons as you think capable of affording you information in the premises ; and you are also hereby empowered to call for and examine all such books, papers, writings, documents, or records as you deem likely to afford you the fullest information on the subject-matter of the inquiry hereby directed to be made, and to inquire of and concerning the premises by all lawful means whatsoever.

And, using all diligence, you are required to report to me, under your hands and seals, not later than the thirtieth day of June, one thousand nine hundred and eighteen, your opinion as to the aforesaid matters.

And it is hereby declared that these presents shall continue in full force and virtue although the inquiry is not regularly continued from time to time or from place to place by adjournment.

And, lastly, it is hereby further declared that these presents are issued under and subject to the provisions of the Commissions of Inquiry Act, 1908.

Given under the hand of His Excellency the Right Honourable Arthur William de Brito Savile, Earl of Liverpool, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Member of the Royal Victorian Order, Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its dependencies; and issued under the Seal of the said Dominion, at the Government Buildings, at Wellington, this fourteenth day of January, in the year of our Lord one thousand nine hundred and eighteen.

J. ALLEN,

For the Prime Minister.

Approved in Council.

J. F. ANDREWS,

Clerk of the Executive Council.

R E P O R T.

To His Excellency the Right Honourable Arthur William de Brito Savile, Earl of Liverpool, P.C., G.C.M.G., M.V.O., Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies.

IN terms of Your Excellency's Commission to inquire into and report upon the efficiency and economy of the financial administration of the Defence Department and of other Departments acting in aid thereof during the present war, we commenced our labours at the end of January, 1918.

The Minister of Defence made it clear to us at the outset that he was most anxious that all information in the Department should be opened up to us, and promised us the fullest assistance in his power. All through our inquiry he has shown that desire in a practical way, and often at personal inconvenience. The instructions that he issued to his officers on the same lines have been faithfully carried out, and we have had the fullest and most courteous assistance from all with whom we have been brought into contact in the Department. In short, we have experienced no hindrance of any kind.

The General Officer Commanding cordially seconded the Minister's efforts to make us thoroughly acquainted with the Department's history and methods, and issued orders throughout all the Department's branches instructing that leave be granted to all, irrespective of rank, to give evidence before us; and many availed themselves of the privilege, and were evidently under no constraint.

We suffered a serious loss through the absence during the latter portion of the inquiry of our colleague, Mr. Peter Barr, through illness. We have sorely missed his large experience, his shrewd judgment, and his never-failing courtesy, and we earnestly hope that he will soon be restored to his usual health.

Our position was awkward in that the scope of our inquiry embraced only the administrative portions of the Defence Department, and had nothing to do with training; but the two seemed often inevitably to overlap—for instance, where expenditure was involved. Had some of the witnesses desired to be nicely particular they could have resented, or at any rate objected to, some of the questions we put as being outside the scope of our Commission; but not in one instance was any objection made. We mention this because we are aware how delicate is the line of demarcation between the two branches, and, although we trod carefully, we may have overstepped it.

It must be understood that an inquiry of this kind has to do with faults and failings, and unless this is borne in mind a wrong impression may be gathered from our report. Broadly, our opinion is that a great work has been well done. We shall indicate faults and shortcomings, all of which, fortunately, can be easily remedied. And errors were bound to occur under the conditions in which the Dominion suddenly found itself called upon to wage war, without warning and with scant previous preparation.

The following return indicates concisely the task the Department has had to carry out:—

PROGRESS OF EXPENDITURE AND NUMBER OF TROOPS HANDLED FROM APRIL, 1914, TO APRIL, 1918.

	A. Expenditure.	£	£
Year ended 31st March, 1914	518,756
Six months ended 30th September, 1914	513,293	
Six months ended 31st March, 1915	2,172,900	
		<hr/>	2,686,193
Year ended 31st March, 1916	6,384,744
Year ended 31st March, 1917	14,742,309
Year ended 31st March, 1918	15,135,858

B. *Forces handled by Department.*

PRE-WAR.

In 1914, before the war, the strength of the Defence Force was,—

(a.) Territorial Force—all ranks	33,000
(b.) Senior Cadets	30,000
(c.) Rifle Clubs	8,000
<hr/>	
	71,000

SINCE WAR COMMENCED.

Territorial Force maintained,—

(a.) Territorial Force	22,933
(b.) Senior Cadets	30,668
(c.) Rifle Clubs	7,252
<hr/>	
	60,853

From August, 1914, to date, 1918, the Expeditionary Force requirements handled by the Defence Department were,—

*(a.) Before September, 1916, estimated number of men handled between August, 1914, and September, 1916, <i>rejected</i> before entering into camp .. .	50,000
*(b.) Before September, 1916, men discharged from camp as unfit for service abroad	4,476
(c.) After September, 1916, total who, although volunteered or drawn by ballot, were found on examination <i>not medically fit</i> , or <i>for other reasons</i> were not sent to camp	75,355
(d.) Total gone abroad, in camp, or wearing uniform for general service	129,831
	.. 111,055
	<hr/>
	301,739

* Before September, 1916, recruiting was voluntary only.

C. In the absence of a Naval Section in New Zealand, all sea transport fitting, equipping, and running the troop transports has been carried out by the Defence Department.

We took evidence in the four principal military centres, winding up at General Headquarters; our proceedings were open to the Press, and were fully reported. We also advertised in the daily newspapers in each centre, inviting all who cared so to do to come forward and give evidence; so that the public were afforded full opportunity to tell all they might know.

With special satisfaction we desire to emphasize the fact that, with an expenditure of £40,000,000, we have discovered no case of fraud, embezzlement, or collusion, which, as far as we can ascertain, is a unique record.

We have divided our report into the eleven sections set out in Your Excellency's Commission.

I. HEADQUARTERS AND OTHER ADMINISTRATIVE BRANCHES OF THE SERVICE.

Your Excellency, by virtue of your office as Governor-General, is Commander-in-Chief of the New Zealand Military Forces, and the Minister of Defence is in control of the Department and responsible to Parliament. Under him is the General Officer Commanding, through whom the policy of the Government is enforced, and to whom the Minister looks for advice. Under the General Officer should come the Quartermaster-General, responsible for all Administration; but the two offices of General Officer Commanding and Quartermaster-General, since the departure of the Expeditionary Force, have been united in one man. The General Officer Commanding at that time went on active service in command of the New Zealand Division, and the most experienced officer had to be left behind—which was a serious blow for

that officer—to train and despatch troops, and conduct the operations of the Expeditionary Force generally at its home base. The present General Officer Commanding was at the time Quartermaster-General, and purely as a matter of economy, as it was not thought the war was going to be the long affair it has since turned out, it was decided to combine the duties of these two high offices. The time has now come for a clear division of those duties, because they often clash. The Administrative Department is only a portion of the Army machine, and the General Officer Commanding should therefore be the ultimate Court of appeal in case of dispute. But, because the General Officer Commanding, as Quartermaster-General, has to deal with administrative matters, it is natural enough that the officers charged with the Training Branches, which should be kept quite separate and distinct from Administration, should have got into the habit of participating in matters quite outside their true functions, and thus the two sides of military procedure have become mixed. The General Officer Commanding has only been able to carry on these two important offices by an enormous amount of labour and overwork, which, going on for years without break, has made serious inroads upon his health.

The administrative side, as shown on the Quartermaster-General's chart, comprises Equipment and Ordnance Stores, Financial Services, Movements and Quartering, Supplies and Transport, Construction and Maintenance, and Veterinary Services. The General Officer Commanding should really be what is known in a private concern as general manager—supervising the whole, doing as little as possible of detailed work himself, but seeing that the work of the Department is carried on economically and efficiently. Above all, he should have ample leisure for reflection, so that his judgment may be cool and unhurried. It is clear to us that the combined duties of General Officer Commanding and Quartermaster-General could not have been performed had the work been entrusted to a less practical man than the General Officer Commanding, and had he not had the energy and sustaining power of such a man as the present Minister of Defence behind him the whole administrative system would have been, in our opinion, in serious jeopardy, instead of having achieved, as it has done, a great measure of success. We are of the deliberate opinion that this is largely due to the General Officer Commanding's close application to his work, his wide practical knowledge of local conditions, his sympathy with the officers under him, and his long experience as a citizen soldier.

The branches under the circumstances outlined have been left without the necessary co-ordination, and their success has depended upon the initiative and the strength of the officers in charge. It can safely be said of each and every one of them that he has given of the best that is in him, and in adversely criticizing some of those officers it will be understood that they have failed not in will but in skill.

In each of the four military districts—Auckland, Wellington, Canterbury, Otago—a Colonel is in command, and under him an Administrative Section in miniature of Headquarters. Quite clearly there are too many officers on the payroll, especially in view of the reduced Territorial training. There have been several efforts to take this matter in hand with a view to pruning and consolidating the number of officers at General Headquarters and in the districts; but the work has piled in, the senior officers were overworked and could not pause sufficiently long to organize, and, in short, it was the business of nobody in particular.

In October, 1917, the General Officer Commanding summoned a conference of Officers Commanding Districts, discussed the question of the reduction of staff, and asked them to make recommendations. These officers duly submitted recommendations which showed where good savings could be effected. Some were at once carried out; others were postponed because of the appointment of this Commission. It is amusing to note, however, that the suggestion of the Officer Commanding the Wellington District, pointing out where savings could be effected amounting to £17,000 a year, was coldly received and commented on by the Adjutant-General—not so much because he doubted the possibility of making this big saving, but because the Officer Commanding the District had gone "beyond the order of leave," as it were, and suggested the lopping-off of excrescences which had not been included in the subject-matter of the conference!

Administrative appointments have often gone to combatant officers, and it would seem that when certain offices were to be filled a man was chosen more because of his military rank than because of his knowledge of and fitness for the duties required to be performed. But there is a vast difference between a successful combatant and a successful administrative officer, and the former might lose a fine reputation if misfitted into the latter. Scornful derision would greet the appointment of a Paymaster, no matter how skilled in financial intricacies, to direct troops in the field ; but the selection of a training officer to command the Army Pay Corps would, until recently anyhow, have excited no unfavourable comment in the Army.

The Director of Movements and Quartering, for some reason not clear, seems to have drifted into the position of Assistant Quartermaster-General. This officer, on being asked "Have you ever offered bonuses or other inducements to men to make suggestions for the betterment or simplification of your system, or are men promoted as a reward for good suggestions ?" answered, "I understand this question has been considered by the Chief of the General Staff, but deemed inadvisable. I concur. It is the duty of an officer to give of his best, and rewards come by promotion for good work." We did not insist upon proof of that statement. It is not surprising to find an officer giving such an answer valiantly defending his own rebuking of his subordinate in the Auckland District for spending 8s. 6d. to stop a bath leaking, without previous authority ; or that he should write (only in January of this year) to the same subordinate, who had asked the Public Works Department to carry out, as a matter of urgency, repairs to a water-closet at a cost of a few shillings, "With reference to your memo. of 17th January, please note that in all matters of this description a report must accompany application for authority. The question of responsibility must be gone into and settled before repairs at the expense of the public can be carried out." And all this over an expenditure of less than £1 to prevent a serious leakage on account of the disrepair of a closet ! The same officer was asked, "Do you make an index of instructions issued to districts, and, if so, do you send regularly a copy of the index to each district ?" The answer was, "This is a matter of general departmental policy, and I am not aware of *any direction* that such an index should be supplied to districts by branches of the Department, or of its being done." (The italics are ours.)

There is evidence of over-centralization at General Headquarters. It may arise from an excessive desire on the part of General Headquarters to retain too full powers and to attend to details which would be more safely and wisely left to subordinates ; or from having to give attention to detail, which may be the result of inefficiency and want of initiative on the part of subordinate officers ; or probably it is the result of the absence of the co-ordination of the various branches in Wellington and in the districts, and from failure to make subordinate officers thoroughly understand their powers and duties. A witness succinctly put it thus : "Branches are apt to regard themselves as watertight compartments. If not checked, the Defence organization will be akin to a loose confederation of small States, each exercising sovereign powers. At present there is some danger of different decisions and conflicting opinions being conveyed to the Minister and to the public. The policy should be to encourage initiative, decentralize responsibility, centralize control, and to repress the tendency of officers to increase the work of their branch without due consideration as to whether such work is really necessary."

The tendency of General Headquarters to interfere in details respecting camps and districts relieves the officers in charge, men of high rank, enjoying generous remuneration, from responsibility, and discourages them from initiative. We met many intelligent and capable officers in districts and camps who were quite qualified and prepared to carry much more responsibility than is permitted to them at present, and who would rise to the occasion if the opportunity were afforded them.

An officer having full and intimate knowledge of camps should be at General Headquarters, and the staff of the latter should as far as possible be exchanged with men in camps and districts. Headquarters deal with papers ; camps deal with men.

The scientific branches of military service—Engineering and Artillery—probably suffer in the absence of any separate officer on the Headquarters Staff with an expert knowledge of these services.

Conferences.

In few cases, if any, were we able to ascertain that the heads of branches regularly summoned conferences of their subordinates stationed in various districts. Perhaps this was due to excess of work and want of fitting opportunity, but we note with pleasure that it is intended in the future to hold such conferences, when men from districts—whether Officers Commanding Districts or officers in charge of district branches—can meet together at Headquarters under the sympathetic guidance of their superiors and discuss each other's difficulties, failures, and successes, and be encouraged and strengthened by advice from their chiefs at General Headquarters. Conferences of this kind cannot fail to do good and to stimulate initiative. More than once we had evidence that when an officer from a district was in Wellington and would call, hoping to be able to discuss matters with the chief of his branch, he found that the latter was so busy doing personal work that his door was locked and he was not available. The industry of such a man may be commendable; but he is neither an organizer nor a successful leader, and the net result of his individual effort so applied is probably a saving of a penny at the cost of a pound.

We feel bound to say that we have seen few, if any, cases where initiative has been encouraged in under-officers, either within General Headquarters, or from the latter to the districts. On the other hand, there have been plenty of instances where suggestions which seemed quite well worth while inquiring into, from districts to General Headquarters, have been coldly received; and the officers in districts have come to the conclusion that it is more pleasant to "carry on" than to suggest better schemes or departures from well-trodden paths.

In such branches as Stores, Supplies, Transport, Training, and Pay, difficulties must continually arise; and conferences between the officers concerned for the solving of these and other recurring difficulties will prove very valuable, not the least advantage being a better feeling than is now evident between some of the heads of branches at General Headquarters and their subordinates in districts.

An instance of a man satisfied with things as they are—be they good, bad, or indifferent—and who has got well down into his groove, is the Assistant Director of Supplies and Transport at Auckland. The method of accounting for stores at small camps was not good. It was alleged by the officer who had been in charge there, admitted by officers in other districts similarly situated, and shown by the system itself, that it was not only capable of manipulation, but that it was sometimes manipulated in order that stocks might be made to balance with stores requisitioned and distributed. Fraud was only suggested as being more potential than actual: but, either from carelessness in failing to record distribution or for other reason, when the book balances did not tally with stores actually on hand alterations were made to reconcile them. This Auckland officer, on being questioned on the matter, admitted that he was not completely satisfied with the methods in use; but he also admitted that he had made no suggestions whatever for betterment, and the only reason he could give for not doing so was that he was a soldier. His own words were, "I am not prepared to say that the thing is good or bad; I leave that to my chief." And when asked, "Because a course is laid down for you, you will follow it without any suggestion for betterment?" he answered, "As a soldier I am compelled to do so." Could anything be more ridiculous? This officer draws for pay and rations £386 10s. a year; but we elicited the candid expression of opinion from his chief, the Director of Supplies and Transport, that a man of this type *might* get in outside employment £4 a week. It is fair to quote, per contra, a sergeant-major under the Assistant Director of Supplies and Transport in the Canterbury Military District, who has been complimented by the Director of Supplies and Transport on savings effected and the methods in which he has carried out his work, and has been recommended on several occasions for promotion to commissioned rank, such promotion being not approved simply because no vacancy has occurred. It would not take long in private employ, or in any other concern governed by its profit and loss account, to make and fill a vacancy under the conditions outlined above.

Some officers at General Headquarters frankly admitted to us that for want of time to visit districts, and of opportunity to get into closer touch with outlying

subordinates, they had only during the sittings of this Commission become aware of some existing difficulties. One officer mentioned in his evidence, "I was unaware that so many instances of delay had occurred until I received newspaper reports of the evidence given before your Commission in districts, and remedying instructions were at once issued."

Training of Administrative Officers.

We found in the districts many cases of friction and resentment on the part of outlying units at the difficulty in obtaining supplies. It was ascribed to the multiplicity, or ignorance, of the regulations. But when we arrived at Headquarters we found that the regulations were often quite good, only the men in the districts had received no training in their special, and oftentimes technical, work; hence the vexation that was evident.

We were surprised to find that the officers in charge of the Administrative Branches at Headquarters were not consulted, and had no say, in the appointment of their subordinates in districts. Not only was their advice not sought, but when given regarding an appointment it was usually ignored. It was curious to find that the Adjutant-General or the Chief of the General Staff had to do with appointments to administrative branches outside their control, and with the duties of which they could not be thoroughly familiar. It is therefore clear to us that all administrative officers (and with other branches this report is not concerned) should be carefully trained before being sent out to districts or hospitals and convalescent homes.

Suggestions from Subordinates, &c.

One is forced to the opinion that the military-trained man is slow to accept suggestions from junior officers, and, if compelled to accept them, he is economical of praise. Sometimes a portion is taken out of a suggestion lest the junior might think he had shown more initiative than his senior. There seems too little elasticity in military methods; and, if there are two systems in question, one or the other will be adopted, but it rarely occurs to the military man to adopt a third method by choosing the best out of each of the other two.

It would appear that a man—in a district, for instance—may be regarded as a nuisance because some of his suggestions are not practicable; and a recommendation emanating from him may be turned down, not because it is bad, but because it happens to come from that person. It would be well if a more judicial frame of mind could be assumed, so that suggestions coming along would be treated on their merits, and not as "piffle" (quotation) because originating from a person lightly regarded or of humbler rank.

Copying English Army Methods.

We have been too prone in the dominions to copy English Army methods because they are English Army methods; but experience in this and other wars has proved that to be a very excellent reason for *not* copying some of them. In the English Army labour has been cheap and plentiful, and on some administrative jobs there, notably Army Service Corps work, and in a lesser degree Ordnance and Stores services, a very large staff is necessary to carry out a too elaborate system. In newer countries methods are more direct, and a system should be evolved to suit our local conditions. Large staffs, such as they had in England, would not be tolerated here; nor are they necessary, as this war has shown. Some officers on loan here from the English Army, especially if they have been here during the whole period of this war, do not realize the vast changes that have taken and are still taking place in English Army methods. "The old order changeth, yielding place to new," and the end is not yet.

As an excuse for tortuous procedure we often had King's Regulations hurled at us; but as a "certain mischievous person" is said to quote Scripture when it suits him, so King's Regulations, large in number and wide in variety, come in handy to the ingenious.

The witness who quoted Field Service Regulations, Part II, page 24, was more to the point: "The essence of all efficient organization lies in due subdivision of labour and decentralization of responsibility among subordinates, each individual being given duties which he can perform adequately. At the same time, central control and co-ordination of subordinate parts for the attainment of the common objective must be assured."

Administrative Branches of the Adjutant-General's Department.

In addition to the departments mentioned and recognized as coming under the Quartermaster-General, there are administrative branches under the Adjutant-General, such as Base Records—well managed and organized—where the history of each soldier in the Expeditionary Force is kept, and his next-of-kin and the public are apprised of casualties, the progress of sick and wounded, and of the return of men from the front. This branch records 106,000 separate histories, or "files" in military parlance.

The Recruiting Branch deals with all questions regarding mobilization, discharge of soldiers, and of all matters, excepting discipline, arising out of the Military Service Act, such as the receipt and recording of appeals and the determination thereon of Appeal Boards, the issue of notices to Reservists drawn in the ballot, leave up to the arrival of Reservists in camp, and questions with regard to voluntary enlistment. This branch was constituted on the introduction of the Military Service Act in July, 1916.

The "Director of Personal Services," a term signifying nothing to the uninitiated, really means the "Military Legal Adviser."

The Director of Organization deals with odds and ends, such as the editing of the Regulations, General Orders, Army Lists, establishments, and other publications. This branch provides Chaplains, and deals with the issue of medals and decorations. Why an officer dealing with such matters should be called a "Director of Organization" we shall have to leave to Your Excellency to determine, for we have to admit that the more explanation we received as to the reason the more foggy became our ideas on the subject.

These branches employ :—

	Military.	Civil, Male.	Civil, Female.	Total.
Base Records ..	.. 74	23	117	214
Director of Recruiting ..	.. 88	31	113	232
Director of Personal Services ..	11	..	11	22
Director of Organization ..	7	4	..	11
	—	—	—	—
Total ..	.. 180	58	241	479

The average pay is—For the military employees (of all ranks), £213 6s. 1d.; for the civil employees (male), £168 5s. 1d.; (female), £90 17s. 2d.

By far the major portion of the Adjutant-General's duties are administrative, and they so often touch the functions of the more generally recognized Administrative Branches that confusion and misunderstanding are bound to arise. Noticeably this is so in the matter of pay and allowances, which, after a long period of uncertainty, was finally centred in the Adjutant-General. Only the tact and industry of the officer occupying the position of Adjutant-General have made things run so smoothly. In our recommendations it will be found that in our opinion these administrative services should be handed over to the Administrative Department. The remaining items—which are small—would easily and naturally devolve on the Chief of the General Staff to carry out. We cannot find substantial reason for the continuance of the Adjutant-General's Department, and the services now operated by that department would be carried out by other organizations at a large saving in cost, and the work would be capable of more speedy fulfilment.

An Expert Opinion of the Administrative Branches of Adjutant-General's Department.

We were favoured by some witnesses with very candid criticism as to the organization and work of certain administrative branches of the Adjutant-General's department, especially those dealing with records. This criticism alleged poor organization, and consequent unduly costly results. Quite evidently, none of the

witnesses referred to had any "axe to grind"; none of them had even a grievance; and we felt that they were constrained simply by a sense of public duty. When the time came for us to personally visit the branches criticized we saw that there was in most cases more than a reasonable foundation for the adverse statements made, and we were confirmed in the opinion, which we gradually arrived at during the course of our inquiry, that these branches should be gathered together under a strong and experienced administrative head. We thought, however, that we would feel strengthened by having the opinion of Public Service officers of recognized standing and organizing-powers; and we had the good fortune to obtain the consent of the Secretary to the Recruiting Board (Mr. J. D. Gray), the Government Statistician (Mr. Malcolm Fraser), and the Secretary to the Public Service Commissioner (Mr. P. D. Verschaffelt) to act as a committee to glance in a general way over the principal work of these branches and report to us. The result of their inquiry, which will be found as an appendix to this report, speaks for itself, and confirmed us in the feeling that had arisen in our mind.

We desire to express our grateful thanks to these gentlemen, who very cheerfully carried out in their spare hours a task in no way agreeable.

We hope and anticipate that, as a result of the organization and co-ordination necessary in these various Record Branches, the staffs will be so reduced as to enable the whole of them to be housed under one roof. That would overcome a lot of the loss of time, unnecessary correspondence, and delay now obvious.

With regard to the Recruiting Branch, it is clear to us that, instead of erecting this large branch, it would have been better to have developed the organization of the Groups and Areas, retaining only sufficient nucleus in Wellington to promptly supply information to the Minister when required. Some Groups and Areas are said to be inefficient to carry out this work, mainly because the principal officers connected with them have gone off to the war and temporary men have taken their places. It is admitted that this condition is improving; and we consider it would be wise to take in hand the development and instruction of Groups and Areas, so that as much as possible may be performed by them, because it must be remembered that, while the Recruiting Branch is purely a temporary branch, Groups and Areas will continue, and the present is an opportune time for affording them varied experience.

The witness who early in the inquiry drew our attention to deficiencies in these Record Branches was the General Staff Officer of the Wellington Military District. Whatever the critical may aver as to his judgment in the matter, his courage was beyond praise, and we feel bound to say that we found by far the larger portion of his criticism, unpalatable as it must have been to the branches concerned, to have been supported by fact. He seems to have a great deal of energy, for which his present duties do not supply sufficient outlet. We understand that he is at the head of the list of officers eligible for a District Command when it becomes vacant; and it will be interesting to see what will be the result when his organizing sense has full play.

2. THE METHODS OF CONTROL OR SUPERVISION OF EXPENDITURE.

The audit of Defence expenditure is governed by the Public Revenues Act, 1910, and regulations made thereunder. All costs of the Expeditionary Force are paid out of War Expenses Account; and the Financial Instructions and Allowance Regulations, issued under the Defence Act, 1912, fix the rate of pay and allowances for all others. There are, therefore, two classes of Defence expenditure:—

- (1.) Moneys voted annually by Parliament for the upkeep of the Defence Department and Territorial Force:
- (2.) Moneys raised by loan for war expenditure, which are paid into a separate account called the War Expenses Account, and all such moneys are, without further appropriation, expended for such purpose as the Minister of Defence thinks fit in connection with the war.

Both the pre-audit and post-audit systems are in operation in dealing with expenditure; and, so far as possible, the audit is concurrent with the work.

Pre-audit is for such items as purchase of supplies, stores, and equipment; fitting up, reconditioning, and hire of transports; claims for hospital maintenance and attendance, dental treatment, &c.; purchase of ammunition-supplies; and ration-allowance claims in New Zealand. Pre-audit commenced in October, 1915; and prior to that the goods were purchased without going through one central head (now, for instance, the Department of Munitions and Supplies); consequently a number of officers were purchasing the same article at different prices. Claims about which there are questions are settled before payment, and better order has been arrived at and large savings effected. It is impossible to say how much the saving would be, but there are credits obtained and savings effected on definite items shown specifically at £4,385.

Post-audit is for the pay of the Defence staff, payment of allotments, separation and other allowances, pay of Expeditionary Force, miscellaneous allowances, and travelling-expenses. The usual responsibility attaches to the Government Auditor, as in other branches of the Service, to see that the claims are in proper form, that the computations are correct, that there is due authority for payments, that these are charged against the proper vote or account prescribed by Parliament, and that receipts have been given for any payments by the person legally qualified to give a discharge.

The audit is strict, but is not resented by the Defence Department. In point of fact, in answer to clear specific questions we learned that the Minister of Defence has never objected to the Auditor challenging items, but has on several occasions thanked him for directing his attention to matters of expenditure. The Auditor-General says, "To some officers an audit query is like a red rag to a bull; and it has actually been set up that professional men should not be subjected to such indignity as to be asked for an explanation as to their dealing with matters of expenditure."

The Audit found that generally accounts are paid without delay, and that all discounts possible are thus obtained.

We were fortunate that two important witnesses, the Auditor-General and the Secretary to the Treasury, in addition to being distinguished and experienced public servants, are also Colonels in the Military Forces, and we have quoted liberally from their valuable evidence. Both were able to give the most satisfactory assurance that no case of fraud in Defence expenditure had come under their notice.

Accounting.

The pay accounting of the Defence Force is divided into two branches:—

- (1.) Ordinary military expenditure under a Director of Financial Services—an Army Major drawing the pay of Lieut.-Colonel.
- (2.) War expenses, under an officer of the Treasury holding no military rank. He did not ask for it. Had he done so, doubtless he would have been granted it.

The Defence Department has to do with soldiers only until they are discharged from military service. After that their maintenance in public hospitals is paid for, but their pay is a matter for the Pensions Department.

Payment of Allotments and Pensions, &c.

Allotment and separation allowances are continued to the wife of a deceased soldier for thirteen weeks, if necessary, to allow time for the pension to be fixed and the first payment to be made. Notification of the cessation of allotment and allowances is sent out at the same time as a form of application for pension is forwarded, so there need be no gap between the cessation of payment of allotment and allowances and the first payment of pension. Pensions are paid to disabled soldiers from the date of their discharge, and there should be no hiatus between discharge and the first payment of pension.

Until the Pay Branches of the Department had been organized there were sometimes delays in paying men on their return to New Zealand for discharge, and a gap arose between the date their pay ceased and the commencement of their pension. The hiatus was bridged by the Patriotic Associations, which have done great work. Delay arose also through non-arrival of final acquittance rolls from the Staff Paymaster, London, who is dependent on British and other Paymasters

over whom he has no control. Then, again, the Pensions Board was overworked, and consequently delays arose in the fixing of pensions.

Overpayment to Troops Abroad.

The total amount overpaid to troops up to 28th February, 1918, was less than £14,000 (mainly in Egypt and Gallipoli), of which one-half will ultimately have to be written off—a very small sum indeed considering the magnitude of pay transactions and the difficult conditions attending the Gallipoli campaign. All such losses seem to have definitely ceased some time ago.

Cost of maintaining New Zealand Troops Abroad.

The basis on which New Zealand repays the War Office for expenditure on behalf of the New Zealand Expeditionary Force is as follows:—

- | | |
|--|--------------|
| (a.) On Gallipoli : Capitation charge of 6s. per man per day was agreed to, made up of— | s. d. |
| Stationery, rations, forage, fuel, clothing, stores, drugs | 4 0 |
| Sea transport for men and materials, labour (ordnance and supply depots) | 0 3 |
| Replacement of guns, wagons, and small-arms | 0 9 |
| | <hr/> |
| Ammunition of all kinds | 5 0 |
| Total | 1 0 |
| | <hr/> |
| (b.) In Egypt : For troops in camp at 1st January, 1916, an all-round charge of 3s. per man per day, made up of— | s. d. |
| Rations | 1 6 |
| Clothing, equipment, general stores, fuel, drugs, stationery | 1 0 |
| Practice ammunition, repairs and renewals of guns, telegraph and miscellaneous charges | 0 6 |
| | <hr/> |
| Total | 3 0 |
| | <hr/> |
| (c.) In France : An all-round charge of 5s. per man per day, made up of— | |
| Rations, fuel, forage, clothing, equipment, general stores, drugs, and stationery | s. d.
3 6 |
| Small-arms ammunition and bombs, trench-mortar ammunition | 0 8 |
| Upkeep of small-arms, machine guns, artillery equipment, and vehicles | 0 7 |
| Railway and sea transport, labour establishment at forts and base depots | 0 3 |
| | <hr/> |
| Total | 5 0 |

Gun and howitzer ammunition is charged for, in addition to capitation, at a daily rate per head on a quarterly basis :—	s. d.
June quarter, 1916	2 5
September quarter, 1916	7 11
December quarter, 1916	4 9

These are most interesting statements, which will repay study. Note that in Gallipoli, where the firing and ammunition expended far exceeded anything our troops had ever before experienced, ammunition of all kinds was only 1s., and the cost was high there because of difficulties of transit. In France the cost varies according to the intensity of the fighting, and has reached as high as 7s. 11d. per man per day.

Certain credits are allowed New Zealand, such as free ordnance stores issued from New Zealand stocks; and these capitation charges do not include purchase and replacement in animals, land travelling, &c. Supplies of stationery, Army-book forms, &c., issued to New Zealand troops in England are to be paid for, and monthly accounts rendered.

The audit of expenditure incurred in connection with the Expeditionary Force work in Egypt and Europe does not seem so satisfactory. Too long a period is allowed to elapse between the date of expenditure and the date of audit—sometimes as long as six months—so that if anything should need to be queried on the score of fraud or of carelessness, there might be difficulty in following it up after such a lapse of time.

We recommend that the Audit Department should have a branch in London to pre-audit and post-audit all expenditure for the Expeditionary Force and on transports, which could be done in conjunction with the work now done there by the Auditor-General's representative in connection with other branches of the Dominion's activities.

STRIKING FIGURES.

The compiling and paying of allotments and separation allowances mean a big work. For instance, for the month of March—

	£
Warrants, regular payments	49,812
Miscellaneous, camp allotments and allowances	5,944
Overseas money-orders	452
Post Office Savings-bank payments	5,135
Public Trust	276
Auckland Savings-bank	110
National Provident Fund	542
Public Service Superannuation Fund	216
Government Life Insurance	332
 Total transactions for month	 62,288

This total is irrespective of soldiers' pay-warrants for returned men.

The errors from typing and other causes, considering the difficulty in connection with staff nowadays, are small, being less than 3 per cent., and these are discovered by the checkers before warrants are posted or payments made. Care is necessitated by the average monthly variations (usually about 5,500) in payments and authorities, arising from alterations abroad, births and deaths, and adjustments, changes of address, casualties, and discharges.

Curiously, payment is made for each calendar month, calculated on the varying number of days from twenty-eight to thirty-one. It would obviously be easier and cheaper to pay either for four weeks (twenty-eight days), or one-twelfth of the total annual payment monthly. In either case it would fix an unvarying amount, except in case of adjustment, which would minimize risk of error inevitable in changing the days of the month from thirty-one to twenty-eight, to thirty, and back to thirty-one, as is necessary now.

Allotments and allowances for soldiers paid from August, 1914, to the end of February, 1918, amounted to about £7,000,000. The amount paid (included in that sum) for the year ended February, 1918, was £3,355,000.

Expenditure in the Districts.

Under paragraph 8 of the Regulations for the Administration and Equipment of Camps and Barracks provision is made for the Officer Commanding a District to have power to expend up to £25, but this is hedged around with such safeguards that now the Officer Commanding a District never avails himself of it.

Accounts paid in the districts are audited in due course on arrival in Wellington; but experts agree that it would be better to have a representative of the Government Auditor in each district to pre-audit and post-audit accounts, thus improving the present system of signing vouchers by the Officer Commanding a District, or the Assistant Quartermaster-General, which tends to become perfunctory, and is therefore of little value.

Audit at present has nothing to do with seeing that public moneys are economically expended. All it has to see to is that they are expended in accordance with statutory authority, and that proper receipts are obtained. Pre-audit would improve this.

The cost of audit of the Defence Department's transactions for last year was £6,870 (maximum), and the expenditure has been in all £39,467,860. The cost, therefore, has been about 1s. per cent.

Clear Instructions.

Authorities and instructions issued to camps in connection with pay, allowances, and disbursements should be so clear and explicit as to admit of no possible doubt or misinterpretation. Some which have been issued are anything but clear, and the officers concerned with pay had difficulty in making some of them intelligible to us.

Audit of Capitation Allowance.

In all Territorial regiments the Officer Commanding is allowed a capitation allowance per annum—20s. for mounted men, 10s. for Infantry. The Commanding Officer sends in a yearly statement showing how much he has expended during the year, for what purpose, and the balance on hand; and this is audited by the Auditor-General. It would appear to be better if districts could audit this internally at odd times during the year, as a better check from the point of view of economy and as to the propriety of the expenditure.

Initiative.

The Auditor-General was asked, “Has your experience indicated that initiative is encouraged in the Defence Department?” His answer was, “No evidence of such encouragement has come under my notice.”

The Secretary to the Treasury was also asked the same question, and he replied, “I do not think that subordinate officers are encouraged to offer suggestions.”

Overlapping of Duties of Officers in Charge of Branches.

It is difficult to understand exactly where the duties of the Director of Financial Services end and those of the Officer in Charge of War Expenses begin; but these branches threaten to become watertight compartments, and the one being under military and the other under civil control there does not seem to be complete accord in regard to their working. The system of continuing two sections on work so closely associated is obviously bad. The one branch writes solemnly to the other, sometimes through an outside branch—the Adjutant-General. The two should be interlocked and worked as one.

The Officer in Charge of War Expenses has done excellent work, and has had a hard row to hoe; but, fortunately, the time has now arrived when he can safely return to the Treasury, from which he has been loaned, and which Department seems to be hard up for officers and is carrying on under difficulties. He will doubtless carry with him the grateful appreciation of the Defence Department cordially expressed.

Revenue or Payments to Department.

Receivers’ accounts are subject to the scrutiny of both Treasury and Audit. Government property may not be sold without Ministerial authority, and proper account sales are required to be furnished; all receipts must be paid into the credit of the Public Account—safeguards which should not be relaxed.

3. PAY AND ALLOWANCES OF THE DEFENCE FORCES OR OF CIVILIANS ENGAGED IN SERVICES IN RELATION TO THE WAR.

This is a most complicated matter, the differential rates and the seeming anomalies in practice being extraordinary. We were constantly met with cases of Lieutenants drawing larger incomes than Captains; Captains more than Majors and even Lieut.-Colonels; Majors more than Colonels; and Camp Commandants received more than their superior officer; while the money received by non-commissioned officers sometimes exceeded that paid to commissioned officers.

Though the scale of pay as originally laid down for all ranks proceeded on a definitely graduated basis, the above vagaries arose chiefly out of the system of allowances that have been introduced from time to time. In the case of subalterns, non-commissioned officers, and men this was accentuated by the wife’s separation and children’s allowances that have gradually been enlarged until they represent very heavy additions to the wages-cost of men employed as soldiers; but we will refer to these more particularly in another place.

The allowances to officers, which represent in some cases as much as 125 per cent. of their pay, and which in the camps even average 60 per cent. additional to pay, comprise professional pay, field-service allowance, Adjutant’s allowance, groomage allowance, mess maintenance allowance, and rations. Some of these vary according to an officer’s rank, and help to add to the general complication when viewed on a schedule.

We are at some loss to clearly understand how this condition of affairs has arisen, but are forced to the conclusion that it is a reflection of precedent in the British Army, where pay for officers was notoriously bad and quite inadequate to sustain a poor man; hence additions crept in from time to time in the guise of allowances. These seem to have been discovered, and more or less ingeniously introduced in New Zealand one by one as opportunity has occurred. In fact, one officer remarked that in certain quarters the man who discovers a new allowance is regarded as entitled to merit, just as the chef who invents a new sauce, or the German who produces a new sausage.

The following is a schedule showing rates of pay and allowances which many officers receive, and this will give a coherent idea of their relative importance:—

ANNUAL PAY AND ALLOWANCES OF OFFICERS EMPLOYED IN NEW ZEALAND.

Rank.	Pay.	Additional Pay.	Cash Allowances.			Indirect Allowance.	Total.
		Professional and Adjutants.	Field.	Groomage.	Rations issued or Cash paid.		
		(3)	(4)	(5)	(6)	(7)	
<i>Officers employed on Camp Staff.</i>							
<i>N.Z. Staff Corps.</i>							
Colonel ..	700 0 0*	..	91 5 0	27 7 6	36 10 0	36 10 0	891 12 6
Lieut.-Colonel ..	550 0 0*	..	91 5 0	27 7 6	36 10 0	36 10 0	741 12 6
Major ..	450 0 0*	..	91 5 0	27 7 6	36 10 0	36 10 0	641 12 6
Captain ..	350 0 0*	..	63 17 6	27 7 6	36 10 0	36 10 0	514 5 0
Lieutenant ..	250 0 0*	..	54 15 0	27 7 6	36 10 0	36 10 0	405 2 6
<i>Expeditionary Force.</i>							
Lieut.-Colonel ..	456 5 0	..	91 5 0	27 7 6	36 10 0	36 10 0†	647 17 6
Major ..	383 5 0	..	91 5 0	27 7 6	36 10 0	36 10 0†	574 17 6
Captain ..	319 7 6	..	63 17 6	27 7 6	36 10 0	36 10 0†	483 12 6
Lieutenant ..	219 0 0‡	..	54 15 0	27 7 6	36 10 0	36 10 0†	374 2 6§
Chaplain|| ..	..	..	..	..	..	..	..
<i>Medical and Dental.</i>							
Lieut.-Colonel ..	456 5 0	182 10 0	91 5 0	..	36 10 0	36 10 0†	803 0 0
Major ..	383 5 0	182 10 0	91 5 0	..	36 10 0	36 10 0†	730 0 0
Captain ..	319 7 6	182 10 0	63 17 6	..	36 10 0	36 10 0†	638 15 0
Lieutenant ..	219 0 0	182 10 0	54 15 0	..	36 10 0	36 10 0†	529 5 0
<i>Adjutants.</i>							
Major ..	383 5 0	91 5 0	91 5 0	27 7 6	36 10 0	36 10 0	666 2 6
Captain ..	319 7 6	91 5 0	63 17 6	27 7 6	36 10 0	36 10 0	574 17 6
<i>Officers other than those employed on Camp Staffs.</i>							
<i>N.Z. Staff Corps.</i>							
Surgeon-General ..	1,500 0 0	..	..	..	36 10 0	..	1,536 10 0
Major-General ..	1,200 0 0	..	..	..	36 10 0	..	1,236 10 0
Chief of General Staff ..	800 0 0	..	..	30 0 0†	36 10 0**	..	866 10 0
Colonel ..	700 0 0	..	..	..	36 10 0	..	736 10 0
After 2 years ..	750 0 0	..	..	..	..	..	..
Lieut.-Colonel ..	550 0 0	..	..	..	36 10 0	..	586 10 0
After 2 years ..	600 0 0	..	..	..	..	..	..
Major ..	450 0 0	..	..	..	36 10 0	..	486 10 0
After 2 years ..	475 0 0	..	..	..	..	..	..
Captain ..	350 0 0	..	..	..	36 10 0	..	386 10 0
After 2 years ..	375 0 0	..	..	..	..	..	..
After 3 years ..	400 0 0	..	..	..	..	..	..
Lieutenant ..	250 0 0	..	..	..	36 10 0	..	286 10 0
After 2 years ..	275 0 0	..	..	..	..	..	..
After 3 years ..	300 0 0	..	..	..	..	..	..
<i>Territorial Force.</i>							
Lieut.-Colonel ..	456 5 0	..	..	..	36 10 0	..	492 15 0
Major ..	383 5 0	..	..	..	36 10 0	..	419 15 0
Captain ..	319 7 6	..	..	..	36 10 0	..	355 17 6
Lieutenant ..	219 0 0	..	..	..	36 10 0	..	255 10 0

* Minimum.
allowance, £54 15s.

† Payable only to officers attached to Camp Headquarters staff.

‡ Also wife's separation

§ With wife, £428 17s. 6d.

¶ Forage

allowance,
** Also receives £286 10s. motor allowance.

The annual total salaries to all officers at present employed in New Zealand is £110,139, while allowances add a further £38,239 to their income; so that the percentage which allowances bear to pay is 34·7, which is striking enough. But when you come to analyse it, it is found that officers on camp staffs draw approximately—

	£
In pay	52,500
In allowances	31,300
In all	£83,800

and thus the percentage which allowances bear to pay is actually 59·6.

Officers employed outside of camps draw approximately—

	£
In pay	57,600
In allowances	6,900
In all	£64,500

In their case the percentage which allowances bear to pay is 12.

The allowances are split up as follows:—

	£
Professional pay	11,206
Adjutants' pay	365
Field allowance	11,513
Groomage allowance	1,095
Ration allowance to men living out of camp	7,154
Cost of rations issued to officers' messes	4,023
Officers' mess maintenance allowance	2,883
Total	£38,239

Let us discuss these allowances a little.

Professional pay is the grant of 10s. per day, or £182 10s. per year, received by Medical and Dental Officers, in addition, of course, to their pay of rank and the further military allowances received by combatant officers.

Adjutants' pay of 5s. per day, or £91 5s. per year, describes itself, but it appears also to apply to Base cashiers who happen to be below the rank of Captain.

Field allowance according to rank is granted in aid of expenses caused by active field service, living under canvas or in bivouac, or in war-shelters, temporary huts, or quarters equipped according to the scales for officers' tents in standing camps. Strictly, none of these conditions can be interpreted to apply to military camps like Trentham and Featherston. The regulations say that field allowance will not be paid during voyages from or to New Zealand, but will be issued for the whole remaining period while abroad, and we are taking the view that existing conditions in New Zealand do not now call for payment of field allowance before Reinforcements sail.

Groomage, at 1s. 6d. per day, or £27 7s. 6d. per year, is payable to Mounted officers in camp, and to sundry Territorials whose duties call for a horse, but only to other officers in camp when a horse is on issue to them. This groomage allowance is not for forage or keep of the horse, but, presumably, for attending to the animal and cleaning the saddlery, which, however, is part and parcel of the routine of grooms who are provided by the State.

Rations allowance represents 2s. per day granted to officers who can arrange to live out of camp instead of with the usual officers' mess. Rations issued to officers' mess is, as the name suggests, the standard issue of food that can be obtained from the Army Service Corps, and which at present costs the Department rather less than 2s. per day.

Mess maintenance allowance is 2s. per day per Staff officer, paid to a fund by the Defence Department for maintenance of the equipment of Camp Headquarters Staff officers' mess and common sitting-room.

Another allowance is the sea allowance of 2s. 6d. per day made to officers while travelling on board ship.

Batmen provided for officers are still another form of allowance, which cannot be so easily reduced to cash terms but is none the less a liability of the State, which

costs a very considerable sum. Senior Mounted officers are allowed two batmen; Colonels and Majors in camp, not Mounted, have one; and for officers of lower rank, one batman often attends to the cubicles, clothes, and trappings of two or three. Staff officers out of camp do not appear to have any batmen, or allowance in lieu of that perquisite.

Only the rations allowance has a general application to *all* officers on pay. Outside of the camps it is received alike by the whole commissioned Staff at General Headquarters, and by District, Group, Area, Medical, Recruiting, and all other officers on regular duty, all of whom receive a flat-rate cash payment of 2s. per day, or £36 10s. per year, in lieu of rations.

The following comparison of incomes will illustrate how this question of allowances operates. Pay is supposed to start strictly according to rank:—

CONTRAST BETWEEN TOTAL EMOLUMENTS OF OFFICERS IN THE TRAINING-CAMPS AND OF THOSE EMPLOYED AT GENERAL OR DISTRICT HEADQUARTERS.

At Headquarters or in Districts.

	£ s. d.
Colonel Gibbon, Chief of the General Staff	866 10 0
Colonel Tate, Adjutant-General ..	786 10 0
Colonel Chaffey, Officer Commanding District	786 10 0
Lieut.-Colonel Hunter, Director Dental Services ..	675 5 0
*Lieut.-Colonel Sleeman, Director Military Training ..	536 10 0
*Major Andrews, Assistant Adjutant-General	511 10 0
*Major Nutsford, Director Movements and Quartering ..	511 10 0
*Major Wallingford, attached General Staff	486 10 0
Major Ostler, Director Supplies and Transport ..	486 10 0
Major Osburne-Lilly, Director Personal Services ..	486 10 0
*Captain Bryan, Assistant Military Secretary	386 10 0
*Captain Cross, Director of Organization ..	386 10 0
Captain Cossgrave, Director of Recruiting	386 10 0
*Captain Gibbs, Quartermaster ..	386 10 0
Captain Rockstrow, attached General Staff	355 17 6
*Lieutenant Jervis, attached Headquarters	311 10 0
*Lieutenant Wilson, attached Headquarters	255 10 0
Lieutenants, Area Officers ..	257 10 0

In Training-camps.

	£ s. d.
Colonel C. R. Macdonald, Chief Instructor ..	941 12 6
Colonel Adams, Camp Commandant ..	882 2 6
Colonel Potter, Camp Commandant ..	891 12 6
Major Hursthause, Principal Dental Officer	720 10 0
*Lieut.-Colonel Neave, Infantry Instructor ..	666 12 6
Major Sweetzer, Camp Adjutant ..	666 2 6
Major Newcomb, Camp Adjutant ..	656 12 6
*Major Lampen, Instructor, Camp (Captain Carvooso, Supply Officer ..	641 12 6
Major Banks, Quartermaster ..	641 12 6
(*Captain Isbister, Supply Officer ..	501 10 0
Major Ryder, O.C. Canvas Camp ..	538 0 0
Captain Luckham, Assistant Adjutant ..	574 17 6
Captain Silcock, Assistant Adjutant ..	574 17 6
Lieutenant Baldwin, Ordnance Officer ..	430 2 6
Captain Cheater, Instructor ..	514 5 0
Captain Purdon, Instructor ..	529 15 0
Lieutenant Barlow, Quartermaster ..	414 5 0
Lieutenant McDowell, Assistant Supply Officer ..	364 12 6
*Lieutenant Baker, Instructor ..	405 2 6
Lieutenant McNair, Ordnance Officer ..	402 15 0
(Lieutenant Bale, Instructor ..	395 12 6

Lieutenant McNair, when in camp, drew—Pay, £275; allowances, £127 15s.: total emolument, £402 15s. Since the return was compiled he has been promoted to Captain and transferred to a district. He now draws £386 10s.

* Indicates active service in the present war.

Such is the existing position of officers' pay and allowances.

It is a matter of history that since May, 1916, the Adjutant-General has several times attacked pay and allowances to officers on camp staffs, and the evidence was interesting as showing how matters could be delayed and side-tracked for one reason or another until on the 23rd November, 1917, the question of the Adjutant-General's jurisdiction in respect to pay and allowances was definitely decided.

On the 5th February, 1918, the Adjutant-General recommended the abolition of field allowance and groomage.

As your Commissioners, we now feel bound to offer the following recommendations:—

The only change in pay of rank for officers which we think necessary is to increase the pay of Lieutenants on Staff work, retained on service in New Zealand, from 12s. to 13s. 8d. per day—say, to £250 per year, which, with £36 10s. rations allowance, equals £286 10s. Pay of rank for Lieutenant in the Expeditionary Force may appropriately remain at £219, the present rate, as the flat rate of field-

service allowance (£91 5s.) which we are proposing will increase his allowance by £36 10s., making his income £310, while the wife's separation allowance of £54 15s. still further bettered his position.

Concerning allowances, we say that field-service allowance and groomage should be cancelled in the permanent training-camps in New Zealand. We think that mess maintenance allowance of 2s. per day should be cancelled while our officers are abroad, but that it should in future be called "camp allowance," and be paid in our New Zealand military camps for *all* officers, Staff and Expeditionary, who live at the ordinary camp messes, and who might reasonably expect some additional comfort when located long in one place.

We recommend that, as the disabilities of active service are much the same for Colonel and Lieutenant, both should have the same rate of 5s. per day, or £91 5s. per year, as field allowance, starting immediately they land at their destination outside of New Zealand.

As far back as October, 1915, it was ordered that certain Adjutants should not be entitled to any extra pay for their duties; and we think Adjutants' pay, and any such allowances, should now cease entirely, the extra responsibility being met by the improved status that usually accrues to any officer holding the position, or, in special cases, by conferring brevet rank.

Professional pay, as we have said, is an allowance made to doctors and dentists of 10s. per day in addition to their pay. This seems very generous, especially in a conscripted Force; and the Director of Dental Services admitted that he took dentists out of the ranks to do their own special work. Raising them from a training course and drill which is largely drudgery, and putting them on to work they are accustomed to, with commissioned rank and its allowances, would seem sufficiently good improvement in condition and remuneration apart from 10s. per day extra allowance. With an Army of entirely voluntary service it would be quite different; and the good fortune of some doctors, dentists, and veterinary surgeons is emphasized by the fact that men of other professions, however eminent they may be, receive no consideration whatever of this kind. Our recommendation is that, while existing arrangements should continue in those cases where officers have not been drawn in the ballot for military service, all other officers who have been called up or will yet be called up in ordinary course of the Military Service Act should not receive professional pay when engaged in their ordinary professional callings. We are not aware that such professional pay is drawn in any other Army, so that cancellation of it is no departure from general precedent.

We recognize that precedents die hard, but precedents are made to be bettered, not observed, especially those British Army precedents which are based on reasons that do not apply in New Zealand. We of the present day, facing new problems, have just as much right to establish precedents as our forefathers had, and New Zealand may well apply its own common-sense, and, disregarding some of the fetishes of the past, abandon professional pay, decide on one common field-service allowance for all officers actually in the field, and affirm a camp allowance for those in barracks at a standing camp. This would certainly effect a considerable economy, and sweep away a system that has been flagrantly abused.

Pay and Allowances of Non-commissioned Officers and Privates.

The only possible way that the existing rates of pay can be intelligently presented is in the form of schedules for the different branches of the service, and they require close study to appreciate the varying rates. It will be seen from Schedule J, in particular, what men of the Expeditionary Force may cost in pay, apart from maintenance of uniform, rations, dental and medical services, and instruction—easily another £1 per man per week. Because of public policy, however, we have no proposals that we think feasible to reduce the initial cost per soldier to the State.

SCHEDULE A.

HOME SERVICE BRANCH, N.Z. EXPEDITIONARY FORCE.
N.C.O.s above the Rank of Sergeant (excepting Police).

Rank and Status.	Nature of Employment.	Daily Pay.	Field Allowance.	Lodging-allowance.	Rations or Allowance in Lieu.	Married Allowance.	Children's Allowance.	Total Daily Cost to State.
Company sergeant-major or Staff sergeant—								
Single	In camp ..	8 0	1 6	..	2 0	..	..	11 6
Married	" ..	8 0	1 6	..	2 0	1 0	..	12 6
" (3 children)	" ..	8 0	1 6	..	2 0	1 0	2 3	14 9
Single	In districts, &c. ..	8 0	..	4 0	..	..	..	12 0
Married	" ..	8 0	..	4 0	..	1 0	..	13 0
" (3 children)	" ..	8 0	..	4 0	..	1 0	2 3	15 3

Remarks.—Also receive (a) Free uniform, boots, and clothing; (b) free medical attention. No war bonus to home-service men.

Regimental sergeant-major and regimental quartermaster-sergeant: Add 1s. per day to daily pay and to total daily cost in each instance.

SCHEDULE B.

HOME SERVICE BRANCH, N.Z. EXPEDITIONARY FORCE.

Sergeants, Corporals, and Privates employed as Artificers and Tradesmen whilst employed at their Trades, Engine-drivers, Electricians, Clerks, Pay Clerks, Dispensers, Motor Mechanics and Drivers, A.S.C. Horse-drivers, Storemen, Cooks, Bakers, Men engaged on Sanitary Duties.

Rank and Status.	Nature of Employment.	Daily Pay.	Working or Duty Pay.	Lodging-allowance.	Value of Rations.	Married Allowance.	Children's Allowance.	Total Daily Cost to State.
Private—								
Single	In camp ..	5 0	2 0	..	2 0	..	..	9 0
Married	" ..	5 0	2 0	..	2 0	1 0	..	10 0
" (3 children)	" ..	5 0	2 0	..	2 0	1 0	2 3	12 3
Single	In districts, &c. ..	5 0	..	4 0	..	..	..	9 0
Married	" ..	5 0	..	4 0	..	1 0	..	10 0
" (3 children)	" ..	5 0	..	4 0	..	1 0	2 3	12 3

Remarks.—Also receive (a) free uniform, boots, and clothing; (b) free medical attention. No war bonus to home-service men.

For sergeants add 2s. per day, and corporals 1s. per day, to daily pay and to total daily cost in each instance.

SCHEDULE C.

HOME SERVICE BRANCH, N.Z. EXPEDITIONARY FORCE.

Sergeants, Corporals, and Privates employed on Non-technical and Unskilled Duties.

Rank and Station.	Nature of Employment.	Daily Pay.	Working or Duty Pay.	Lodging-allowance.	Value of Rations.	Married Allowance.	Children's Allowance.	Total Daily Cost to State.
Private—								
Single	In camp ..	5 s. 0	s. d.	2 0	s. d.	s. d.	7 0	
Married	„ „ ..	5 s. 0	..	2 0	1 0	..	8 0	
„ (3 children)	„ „ ..	5 s. 0	..	2 0	1 0	2 3	10 3	
Single	In districts, &c. ..	5 s. 0	..	4 0	..	..	9 0	
Married	„ ..	5 s. 0	..	4 0	..	1 0	10 0	
„ (3 children)	„ ..	5 s. 0	..	4 0	..	1 0	2 3	12 3

Remarks.—Also receive (a) free uniform, boots, and clothing; (b) free medical attention. No war bonus to home-service men.

For sergeants add 2s. per day, and corporals 1s. per day, to daily pay and to total daily cost in each instance.

SCHEDULE D.

HOME SERVICE BRANCH, N.Z. EXPEDITIONARY FORCE.

Military Police.

Rank and Status.	Nature of Employment.	Daily Pay.	Field Allowance.	Lodging-allowance.	Rations or Allowance in Lieu.	Married Allowance.	Children's Allowance.	Total Daily Cost to State.
Company sergeant-major or Staff sergeant—								
Single	In camp ..	9 s. 0	1 6	..	2 0	..	..	12 6
Married	„ ..	9 s. 0	1 6	..	2 0	1 0	..	13 6
„ (3 children)	„ ..	9 s. 0	1 6	..	2 0	1 0	2 3	15 9
Single	In districts, &c. ..	9 s. 0	..	4 0	..	..	..	13 0
Married	„ ..	9 s. 0	..	4 0	..	1 0	..	14 0
„ (3 children)	„ ..	9 s. 0	..	4 0	..	1 0	2 3	16 3
Private—								
Single	In camp ..	6 0	..	..	2 0	..	..	8 0
Married	„ ..	6 0	..	..	2 0	1 0	..	9 0
„ (3 children)	„ ..	6 0	..	..	2 0	1 0	2 3	11 3
Single	In districts, &c. ..	6 0	..	4 0	..	..	..	10 0
Married	„ ..	6 0	..	4 0	..	1 0	..	11 0
„ (3 children)	„ ..	6 0	..	4 0	..	1 0	2 3	13 3

Remarks.—Also receive (a) free uniform, boots, and clothing; (b) free medical attendance. No war bonus to home-service men.

For Sergeant add 2s. per day, and corporal 1s. per day, to daily pay and to total daily cost in each instance.

SCHEDULE E.

NEW ZEALAND PERMANENT STAFF.

Rank and Status.	Nature of Employment.	Daily Pay.	Field Allowance.	Rations or Allowance in Lieu.	Married Allowance.	Children's Allowance.	War Bonus.	Total Daily Cost to State.
Sergeant Instructor—								
Single	In camp ..	10 5	1 6	2 0	..	..	..	13 11
Married	„ ..	10 5	1 6	2 0	1 0	..	..	14 11
„ (3 children)	„ ..	10 5	1 6	2 0	1 0	2 3	..	17 2
Single	In districts, &c. ..	10 5	..	2 0	..	..	0 5	12 10
Married	„ ..	10 5	..	2 0	..	..	0 10	13 3
„ (3 children)	„ ..	10 5	..	2 0	..	..	0 10	13 3

Remarks.—Also receive a cash outfit grant of £5 on appointment and an upkeep allowance of £2 10s. per annum.

After three years' service the daily rate of pay and total daily cost to State is increased in all the above cases by approximately 1s. 1d. per day, and after five years' service by approximately a further 10d. per day.

SCHEDULE F.
NEW ZEALAND PERMANENT STAFF.
Temporary Instructors (attached).

Rank and Status.	Nature of Employment.	Daily Pay.	Field Allowance.	Rations or Allowance in Lieu.	Married Allowance.	Children's Allowance.	War Bonus.	Total Daily Cost to State.
<i>Appointed prior to 1/4/17.</i>								
Instructors—		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Single .. .	In camp .. .	8 2	1 6	2 0	.. .	.. .	.. .	11 8
Married .. .	,, .. .	8 2	1 6	2 0	1 0	.. .	.. .	12 8
,, (3 children) .. .	,, .. .	8 2	1 6	2 0	1 0	2 3	.. .	14 11
Single .. .	In districts, &c. .. .	8 2	.. .	2 0	.. .	.. .	0 5	10 7
Married .. .	,, .. .	8 2	.. .	2 0	.. .	.. .	0 10	11 0
,, (3 children) .. .	,, .. .	8 2	.. .	2 0	.. .	.. .	0 10	11 0

Remarks.—Also receive free issue of uniform and £2 10s. per annum for upkeep of same.

All above receive an increase after six months' service equal to 2s. 3d. per day approximately.

Appointed on and after 1/4/17.

Instructors—		s. d.	s. d.	s. d.	.. .	.. .	.. .	s. d.
Single .. .	In camp .. .	8 0	1 6	2 0	.. .	.. .	.. .	11 6
Married .. .	,, .. .	8 0	1 6	2 0	1 0	.. .	.. .	12 6
,, (3 children) .. .	,, .. .	8 0	1 6	2 0	1 0	2 3	.. .	14 9
Single .. .	In districts, &c. .. .	8 0	.. .	2 0	.. .	.. .	0 5	10 5
Married .. .	,, .. .	8 0	.. .	2 0	.. .	.. .	0 10	10 10
,, (3 children) .. .	,, .. .	8 0	.. .	2 0	.. .	.. .	0 10	10 10

Remarks.—Also receive free issue of uniform and £2 10s. per annum for upkeep of same.

All above receive an increase after six months' service of 1s. per day.

SCHEDULE G.

NEW ZEALAND ARMY ORDNANCE CORPS.

Rank and Status.	Daily Pay.	Married Allowance.	War Bonus.	Total Cost to State.		Remarks.
				Married	Single	
Conductors, artificer sergeants-major	s. d. 12 0	s. d. 1 8		s. d. 14	s. d. 12 5	
Staff quartermaster-sergeants, artificer quartermaster-sergeants	11 9	1 8		14	12 2	
Staff sergeants, artificer Staff sergeants	11 3	1 8		13 9	11 8	
Sergeants, artificer sergeants .. .	10 9	1 4		12 11	11 2	Additional when in camp:— Rations value, 2s.
Corporals, artificer corporals .. .	10 3	1 0		12 1	10 8	
Lance-corporals, artificers .. .	9 9	1 0		11 7	10 2	
Privates .. .	9 0	1 0		10 10	9 5	
Cadets, first year .. .	5 0			.. .	5 5	
,, second year .. .	6 0			.. .	6 5	
,, third year .. .	7 0			.. .	7 5	
,, fourth year .. .	8 0			.. .	8 5	

Remarks.—All receive (a) uniform, boots, and clothing; (b) medical attention.

SCHEDULE H.

NEW ZEALAND ARMY PAY CORPS.

Rank and Status.	Daily Pay.	Married Allowance.	War Bonus.	Total Cost to State.		Remarks.
				Married.	Single.	
Warrant officer ..	s. d. 12 0	s. d. 1 8		s. d. 14 6	s. d. 12 5	Additional when in camp :—
Staff sergeant ..	11 3	1 8		13 9	11 8	Field allowance, 1s. 6d. Rations value, 2s.
Sergeant ..	10 9	1 4	Approximately 10d. per day for married men, and 5d. per day for single men.	12 11	11 2	
Corporal ..	10 3	1 0		12 1	10 8	
Lance-corporal ..	9 9	1 0		11 7	10 2	
Private ..	9 0	1 0		10 10	9 5	
Cadets, first year ..	5 0	..		..	5 5	Rations value, 2s.
” second year ..	6 0	..		..	6 5	
” third year ..	7 0	..		..	7 5	
” fourth year ..	8 0	..		..	8 5	

Remarks.—All receive (a) uniform, boots, and clothing; (b) medical attention.

SCHEDULE I.

ROYAL NEW ZEALAND ARTILLERY.

Rank and Status.	Daily Pay.	Proficiency Pay.	Good-conduct Pay.	Rations or Allowance in Lieu.	Uniform Allowance.	War Bonus.		Total Daily Cost to State.	
						Married.	Single.	Married.	Single.
Second-class master gunner }	s. d. 11 3	s. d. ..	s. d. ..	s. d. 2 0	s. d. 0 1	s. d. 0 10	s. d. 0 5	s. d. 14 2	s. d. 13 9
Regimental sergeant-major }									
Third-class master gunner }	10 3	..	..	2 0	0 1	0 10	0 5	13 2	12 9
Company sergeant-major or battery sergeant-major ..	..	..	..	2 0	0 1	0 10	0 5	12 8	12 3
Sergeants ..	9 9	..	..	2 0	0 1	0 10	0 5	12 2	11 9
Corporals ..	9 3	..	..	2 0	0 1	0 10	0 5	11 11	11 6
Bombardiers ..	9 0	..	..	2 0	0 1	0 10	0 5	10 2	9 9
Gunners and drivers ..	7 3	..	..	2 0	0 1	0 10	0 5	10 8	10 3
After 6 months ..	7 3	0 6	..	2 0	0 1	0 10	0 5	11 2	10 9
” 1 year ..	7 3	1 0	..	2 0	0 1	0 10	0 5	11 5	11 0
” 5 years ..	7 3	1 0	0 3	2 0	0 1	0 10	0 5	11 8	11 3
” 10 years ..	7 3	1 0	0 6	2 0	0 1	0 10	0 5	11 11	11 6
” 15 years ..	7 3	1 0	0 9	2 0	0 1	0 10	0 5	12 2	11 9
” 20 years ..	7 3	1 0	1 0	2 0	0 1	0 10	0 5	12 2	11 9
<i>Artificer Section.</i>									
Sergeant-major artificer ..	11 6	..	..	2 0	0 1	0 10	0 5	14 5	14 0
Quartermaster-sergeant ..	11 0	..	..	2 0	0 1	0 10	0 5	13 11	13 6
Staff sergeant ..	10 6	..	..	2 0	0 1	0 10	0 5	13 5	13 0
Sergeant ..	10 0	..	..	2 0	0 1	0 10	0 5	12 11	12 6
Corporal ..	9 6	..	..	2 0	0 1	0 10	0 5	12 5	12 0
Bombardier ..	9 0	..	..	2 0	0 1	0 10	0 5	11 11	11 6
Artificer ..	8 3	..	..	2 0	0 1	0 10	0 5	11 2	10 9

Remarks.—In addition all married men are provided with—(a) Married quarters, or an annual allowance of £25 for second-class master gunners, regimental sergeants-major, third-class master gunners, company sergeants-major, or battery sergeants-major; £20 for sergeants; and £15 for corporals, bombardiers, gunners, and drivers; (b) free medical attendance as generally rendered under Friendly Society Acts. Deductions for superannuation are made at rate of 5 per cent. from daily pay.

SCHEDULE J.

RATES OF PAY TO MEN OF EXPEDITIONARY FORCE.

Rank.	Amount of Pay per Day (Seven Days per Week).		Separation Allowance if Married.		One Child's Allowance.		Two Children's Allowance.		Three Children's Allowance.		Four Children's Allowance.		Five Children's Allowance.		Possible Total per Day in Cash.
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	
First-class warrant officer, regimental sergeant-major, or regimental quartermaster-sergeant	9	0													19 6
Squadron, battery, or company sergeant-major, quartermaster-sergeant, or Staff sergeant	8	0													18 6
Sergeant or provost-sergeant	7	0													17 6
Lance-sergeant	6	6													17 0
Corporal or second corporal, Engineers	6	0													16 6
Bombardier, lance-corporal, trooper, sapper, gunner, driver, pioneer, private, trumpeter, or bugler	5	0	3	0	1	6	3	0	4	6	6	0	7	6	15 6
Farrier or shoeing-smith, wheeler, saddler, fitter, motor mechanic, or motor-driver--															
If sergeant	8	0													18 6
If corporal	7	0													17 6
If lance-corporal	6	0													16 6
If private	6	0													16 6
Cook or baker, in addition to pay of rank	2	6													.
Pay clerk	8	0													18 6
Orderly-room clerk	7	0													17 6
Dental mechanic	10	6													21 0

Found by State.—Rations, uniform, lodging, dental and medical attendance.

From Financial Assistance Board.—Rent of home or interest on mortgage, fire-insurance premium, life-insurance premium, rates and taxes, caretaker of property; but not more than £3 can be granted per week by the Financial Assistance Board.

A dental mechanic, with wife and five children, getting full help of £3 per week from Financial Assistance Board, *could* cost the State £10 per week, plus his keep.

Military Police.

Military Police are for the most part taken on in lance rank for discipline purposes. There is evidently difficulty in obtaining a sufficient number, although pay and allowances seem to be attractive. The establishment allows for 256, but there are only 204 on the roll, the remaining 52 being necessary and desired. They seem to be short in most centres, so that the difficulty is general. They do duty as police and as wharf guards. There is therefore danger in employing untrained men or men of doubtful character. As they are much in the eye of the public, misconduct would cause adverse criticism, tending to undermine discipline and respect for the uniform. They work in conjunction with the Civil Police in tracing deserters and men failing to report for medical examination or to concentrate for camp. Civil Police are paid £1 for each such man arrested and handed over to the military authorities, a man being regarded as a deserter after he has been absent without leave for over twenty-one days.

Pay (including in each case 1s. a day working-pay, given because the job is unpopular and unpleasant) is as follows :—

	s.	d.
Regimental sergeant-major	10	0
Company quartermaster-sergeant	9	0
Company sergeant-major	9	0
Sergeant	8	0
Corporal	7	0
Lance-corporal or private	6	0
To all ranks when quarters and rations not available	4	0

The wife of a military policeman gets 1s. a day, called "separation" allowance, but this is paid whether the husband lives at home or not. It should be called "married" allowance in all cases. For each child up to three children (under sixteen years) there is an allowance of 9d. per day.

The lowest pay is that of a single Military Police private living in barracks, who gets clothed, lodged, and fed, and in cash £2 2s. weekly (seven days at 6s.). If he lives out of barracks he is clothed and receives in cash £3 10s. weekly (£2 2s. pay and £1 8s. board and rations allowance).

A sergeant living out of barracks, with wife and two children, would thus receive £5 1s. 6d. weekly, equalling £263 18s. per year, plus uniform, clothes, and medical attendance.

Travelling-allowances are as follows: For N.C.O.s of the rank of sergeant and upwards, 10s. per day; for N.C.O.s below the rank of sergeant and for privates, 8s. per day.

A scheme is being developed to specially train a corps, preferably of returned soldiers, which by its smartness and effectiveness will attract.

The pay of the Assistant Provost-Marshal for the Dominion, or of the Assistant Provost-Marshal for Wellington District, is 17s. 6d. per day, plus 2s. per day rations allowance, equal to £355 17s. 6d. per year. A Military Police Lieutenant (there are four Lieutenants) gets 14s. per day gross, equal to £255 10s. per year, to cover everything, including uniform. A corporal with wife and three children gets 14s. 3d. per day, equal to £260 per year, plus uniform. Officers come forward for patriotic reasons and in the hope of ultimate promotion.

Rations and Lodging Allowance.

Rations and lodging allowance of 4s. per day, for seven days per week, is paid to the Home Service Section of the New Zealand Military Force, but *not to members of the Ordnance and the Pay Corps employed outside camp*. These corps were formed only in 1917, when the cash issue of 4s. per day was *included in their consolidated pay*. Thus, the pay for a private, instead of being 5s. plus rations and lodging allowance 4s., is 9s. per day, and no provision is made to house or feed him.

Comparison of Pay in British Empire Forces.

A comparison of war pay in the British Empire Forces which we reproduce shows that New Zealand soldiers are very well paid, for, while the basis rate for a private and his wife is fairly even in Canada, Australia, and our Dominion, the New Zealand allowance for a family including five children is so liberal as to be more than double the amount paid in Canada, and £1 15s. 6d. more per week than is paid in the Commonwealth :—

GREAT BRITAIN.	Per Week.		
	Allowance.	Total.	
Private (10s. 6d.) :—	£ s. d.	£	s. d.
Wife only	0 12 6	1	3 0
Wife and one child	0 19 6	1	10 0
Wife and two children	1 4 6	1	15 0
Wife and three children	1 8 0	1	18 6
Wife and four children	1 11 0	2	1 6
Wife and five children	1 14 0	2	4 6

CANADA.

Private (£1 12s. 1d.) :—	Per Week.			Total. £ s. d.
	Allowance. £ s. d.			
Wife only	1 0 10			2 12 11
Wife and one child	1 0 10			2 12 11
Wife and two children	1 0 10			2 12 11
Wife and three children	1 0 10			2 12 11
Wife and four children	1 0 10			2 12 11
Wife and five children	1 0 10			2 12 11

AUSTRALIA.

Private (£2 2s.) :—	..	..	0 13 5	2 15 5
Wife only .. .. ..	..	..	0 16 11	2 18 11
Wife and one child .. .. ..	..	..	1 0 5	3 2 5
Wife and two children .. .. ..	..	..	1 3 11	3 5 11
Wife and three children .. .. ..	..	..	1 7 5	3 9 5
Wife and four children .. .. ..	..	..	1 10 11	3 12 11
Wife and five children .. .. ..	..	..

NEW ZEALAND.

Private (£1 15s.) :—	..	..	1 1 0	2 16 0
Wife only .. .. ..	..	..	1 11 6	3 6 6
Wife and one child .. .. ..	..	..	2 2 0	3 17 0
Wife and two children .. .. ..	..	..	2 12 6	4 7 6
Wife and three children .. .. ..	..	..	3 3 0	4 18 0
Wife and four children .. .. ..	..	..	3 13 6	5 8 6
Wife and five children .. .. ..	..	..

In addition, we understand that New Zealand has the credit of being alone among the colonies in the provision she makes to grant financial assistance to maintain men's homes during their absence.

Extra Financial Assistance.

Through the Financial Assistance Board, a man going into camp may apply for help to pay, during his absence, such items as rent of home, interest on mortgage on dwelling, interest and instalments on an agreement for the purchase of furniture or other chattels, rates and taxes, fire- and life-insurance premia, or other necessary or reasonable expenses approved by the Board, but not exceeding £3 per week as a maximum. Allowances of this sort have already been made to 5,191 soldiers, the average being about £32 each. In very few cases—only three or four—has the maximum been granted. A married private, with five children, successful in getting £3 per week of financial assistance, might cost the State £8 8s. 6d. per week; and there must be cases where this generous treatment represents a higher income than the family has ever previously enjoyed. A very responsible and experienced official remarked during his evidence, "I shudder to think what is going to happen when some of the husbands come back," and the inflated-pay time comes to an end. Of course, in granting assistance the Board takes strict cognizance of each applicant's financial position and private income. The Board proceeds on the assumption that in the case of the wife of a man earning, say, £156 per year in civil life, a clear £90 per year is enough for the wife to live on and clothe herself, and this has first to be provided out of the wife's separation allowance of 3s. per day and a minimum of 3s. 6d. per day to be allotted by the soldier out of his pay; 6s. 6d. per day represents £118 12s. 6d. per year, so that by deducting £90, less than £29 is left to provide for all other expenses. It is this shortage that the Financial Assistance Board finds. To the wife of a man who has been earning £500 per year in civil life, a clear £118 12s. 6d. is allowed for food, clothing, &c., and the Board assists with the balance required for house-rent, insurance, rates, &c. Undoubtedly this scheme is liberal, and shows a progressive spirit on the part of the Government.

Allowances start when a man goes into camp, and may continue for six months after the death of the soldier.

Travelling-allowances.

The following scale of travelling-allowances for officers and other ranks is according to regulation :—

				Per Day. £ s. d.
General Officers Commanding	..	..	..	1 5 0
Brigadier-Generals	..	..	..	1 1 0
Colonels ..	..	..	..	0 15 0
Lieutenant-Colonels and Majors	..	..	..	0 12 6
Captains and Lieutenants ..	..	..	..	0 11 0
Warrant officers and N.C.O.s of and above the rank of sergeant	..	..	..	0 10 0
All others	..	..	..	0 8 0

Regarding the above, our single recommendation is that because Captains and Lieutenants find it necessary in actual practice to stay at the same places of accommodation as Majors, and because 12s. 6d. is the least that will now cover the outlay of a field officer, the allowance to Captains and Lieutenants be increased to 12s. 6d. per day.

(NOTE.—For each day an officer draws travelling-allowance he forfeits his rations allowance of 2s. Therefore the above allowances really mean 2s. per day less than stated, which doubtless accounts for the disinclination of lower-rank officers to travel.)

Pay of Clerks and Others in various Branches of Headquarters.

Two authorities supply the staff required for the Home Service Section in the various Defence offices—namely, the Public Service Commissioners, who engage most of the women and civilian men employed, and the Defence Department itself, which controls the returned-soldier staff and others in uniform who have enlisted for home service.

This arrangement certainly operates badly, and in the absence of one controlling bureau to equalize rates of pay for similar work anomalies are bound to creep in, and, as a matter of fact, do exist. The General Officer Commanding frankly said that he would prefer that all staff should be engaged through the one agency, and had no objection to the Public Service Commissioners being the agency, but added, “It is a matter of policy that returned and unfit-for-active-service soldiers should be employed where possible.” Under the existing system the Defence Department has to give pay according to rank, and not for the actual work undertaken by the soldier. The Adjutant-General in his evidence said, “While the system is payment for rank, there is no justification for offering a Major any work at less than his rank pay.” We gathered that there is certainly a preference to have military clerks in uniform, allegedly for disciplinary reasons, and so as to have the call on them for overtime when needed. We are of opinion that a great deal too much can be and is being paid for these advantages, and instance the following cases :—

A. Two returned discharged soldiers were seeking employment. The Public Service Commissioners engaged one as a civilian messenger at 9s. per day (civilian terms, six days), equalling £2 14s. per week. The Defence Department engaged the other as an orderly in uniform at 9s. per day (5s. pay and 4s. rations and lodging allowance) on military conditions (seven days), equalling £3 3s. per week and clothing. If married, the orderly gets in addition 1s. per day for wife and 9d. per day for each child up to three children ; which means that the same Government may, and often does, pay up to 50 per cent. more for the man in uniform than for the messenger, both men being equally capable.

B. A Civil servant was doing senior work at £4 per week, with a private under him getting £3 3s. per week and perquisites. The latter was promoted, and now is

paid more than the senior, though both are carrying on in their former relative positions.

Obviously such practice can only breed trouble, especially when accentuated by the fact that returned men frequently break down and have to be granted more liberal leave than civilians receive.

We also met cases where officers of high rank and salary were doing jobs which could certainly have been allotted to persons far subordinate and drawing half as much pay.

There is, too, some indication that returned men who have since become fit are retained in positions which were found for them on pay according to rank instead of according to the value of the work done. A constant revision of these cases should go on, to enable fit men to resume active military service. The highest authorities say that man-power is likely to be the ultimate controlling factor in winning the war, and experienced soldiers must therefore be of value at the front.

There is certainly too great a tendency to employ returned soldiers in Government Departments in positions even that might be filled by women, instead of encouraging the men to get back into their former civil occupations as quickly as possible, which would obviously be in the interests of the community. There is also reason to fear that men are employed on home service whose employment has never been properly authorized, thus showing the need for defined establishments and for some central authority to make all engagements.

The purpose of all this is to place on record our suggestion that the staffs of the various record offices in Wellington should as soon as possible be entirely civilian, all engaged on the terms and conditions prevalent in the Public Service for Civil servants, temporary or otherwise, and their pay so far adjusted and rearranged that comparisons would show a general equality for similar work.

Reduction of District Staffs.

On the reduced scheme of territorial training lately decided upon, district officers reported that very substantial reductions of their staffs could be effected, meaning savings amounting to £16,000 per year; and we are informed that in Wellington District, at any rate, reductions representing £6,012 per year have already been made, with suggestions for as much more to follow if the recommendations of the Officer Commanding the District are adopted. We are hopeful that a like economy is being practised throughout the Dominion.

Pensions.

The first schedule set out below shows the statutory provision that has been made for the widow and children of a man who is killed during the war, and for the soldier and his wife and children in the event of his total disablement.

The War Pensions Acts further provide that if the pension set out in the schedule is not sufficient to enable the widow and children to maintain their pre-war standard of comfort, the Pensions Board may increase the pension by an amount not exceeding 15s. per week, so long as the total sum paid does not exceed £4 per week. Similarly in the case of disablement, if the pension, together with the amount which the member of the Forces is capable of earning, is not sufficient to maintain himself and his family in their pre-war comfort, a further sum up to £1 per week may be granted, provided the total pensions do not exceed £5 per week.

Other provisions are: An additional pension may be granted up to £1 per week to an invalid member of the Forces requiring the services of an attendant. The pension may be increased to allow of a member undergoing medical treatment. The pension to orphan children may be increased to 15s. per week. Pensions may be paid to a widowed mother or other dependant, or to the guardian of motherless children.

The second schedule below shows the pensions payable in respect of specific injuries, but these are minimum rates only and may be increased by the Pensions Board.

SCHEDULES OF WAR PENSIONS ACTS, 1915, 1916, 1917.

Rank or Rating.	Rates of Pension in Case of Death.		Rates of Pension in Case of Total Disablement.		In Case of Death or Total Disablement.
	To the Widow, per Week, Without a Child.	To the Widow, per Week, With a Child.	To the Soldier, per Week.	To the Wife, per Week.	To each Child under 16, per Week.
Private, bombardier, lance-corporal, trooper, gunner, driver, sapper, trumpeter bugler	£ 1 10 0	£ 2 0 0	£ 2 0 0	£ 1 0 0	s. d. 10 0
Able seaman and equivalent ratings ..					
Corporal ..					
Farrier shoeing-smith, { If bombardier, lance-corporal, gunner, or saddler, or fitter private	£ 1 11 0	£ 2 1 0	£ 2 0 0	£ 1 0 0	s. d. 10 0
Lance-sergeant (not paid as such) ..					
Leading seaman and equivalent ratings ..					
Sergeant, farrier-corporal, shoeing-smith corporal, saddler-corporal, corporal-fitter, farrier-sergeant, saddler-sergeant, armourer-sergeant, sergeant-fitter	£ 1 12 0	£ 2 2 0	£ 2 0 0	£ 1 0 0	s. d. 10 0
Lance-sergeant (paid as such) ..					
Petty officer and equivalent ratings ..					
Squadron, battery, or company sergeant-major, quartermaster-sergeant, colour-sergeant, Staff sergeant, pay clerk	£ 1 14 0	£ 2 4 0	£ 2 0 0	£ 1 0 0	s. d. 10 0
Chief petty officer and equivalent ratings ..					
Regimental sergeant-major, regimental quartermaster-sergeant	£ 1 15 0	£ 2 5 0	£ 2 0 0	£ 1 0 0	s. d. 10 0
Warrant officer and equivalent ranks (Navy) ..					
2nd Lieutenant, Lieutenant (Army) ..					
Commissioned warrant officer and equivalent ranks; Sub-Lieutenant and equivalent ranks (Navy)	£ 2 5 0	£ 2 15 0	£ 2 2 6	£ 1 1 3	s. d. 10 0
Captain (Army) ..					
Lieutenant under eight years' seniority and equivalent ranks (Navy)	£ 2 10 0	£ 3 0 0	£ 2 5 0	£ 1 2 6	s. d. 10 0
Major ..					
Lieutenant of eight years' seniority and equivalent ranks (Navy) ..	£ 2 17 0	£ 3 7 0	£ 2 12 0	£ 1 6 0	s. d. 10 0
Lieutenant-Colonel ..					
Captain under three years' seniority and equivalent ranks; Commanders and equivalent ranks (Navy)	£ 3 6 0	£ 3 16 0	£ 3 1 0	£ 1 10 6	s. d. 10 0
Colonel ..					
Captain of three years' seniority and equivalent ranks (Navy) ..	£ 3 8 0	£ 3 18 0	£ 3 3 0	£ 1 11 6	s. d. 10 0
Brigadier-General, Major-General ..					
Commodores, first and second class; Rear-Admiral and other equivalent ranks	£ 3 10 0	£ 4 0 0	£ 3 5 0	£ 1 12 6	s. d. 10 0

WAR PENSIONS ACT, 1917.—PENSIONS PAYABLE FOR SPECIFIC INJURIES.

Nature of Injury.	Ratio of Pension to Full Pension payable in Cases of Total Disablement.	Per Cent.
Loss of two limbs .. .	100	100
Loss of limb and eye .. .	100	100
Loss of both hands .. .	100	100
Loss of all fingers and thumbs .. .	100	100
Loss of both feet .. .	100	100
Loss of hand and foot .. .	100	100
Loss of sight .. .	100	100
Total paralysis .. .	100	100
Lunacy .. .	100	100
Permanently bedridden .. .	100	100
Wounds or injuries to head or other organ involving total permanent disabling effects		100
Advanced incurable disease .. .	100	100
Very serious facial disfigurement .. .	100	100
Amputation of right arm through shoulder-joint .. .	85	85
Amputation of leg through hip-joint .. .	85	85
Loss of speech .. .	80	80
Severe facial disfigurement .. .	80	80
Amputation of left arm through shoulder-joint .. .	80	80
Amputation of right arm at or above elbow .. .	80	80
Amputation of leg through knee-joint or thigh .. .	80	80
Amputation of left arm at or above elbow .. .	75	75
Amputation of right arm below elbow .. .	75	75
Amputation of leg below knee .. .	75	75
Total deafness .. .	70	70
Amputation of left arm below elbow .. .	70	70
Amputation of right hand .. .	65	65
Amputation of left hand .. .	60	60
Loss of one eye .. .	50	50
Loss of four fingers of right hand .. .	50	50
Loss of four fingers of left hand .. .	45	45
Loss of three fingers of right hand .. .	40	40
Loss of thumb of right hand .. .	40	40
Loss of three fingers of left hand .. .	30	30
Loss of thumb of left hand .. .	30	30
Loss of two fingers of right or left hand .. .	25	25
Loss of index finger of right or left hand .. .	20	20

(a.) In cases of left-handed men, certified to as such to the satisfaction of the Board, pensions in respect of injury to the left arm or hand will be at the rate prescribed as for injury to the right arm or hand, and compensation in respect of injury to the right arm or hand will be at the rate prescribed as for injury to the left arm or hand. (b.) For the purposes of this schedule the expression "loss of" includes "permanent loss of the use of." (c.) Where a member of the Force suffers or has suffered more than one of the injuries mentioned in this schedule he shall not in any case be entitled to receive more than the maximum pension payable as for total disablement.

4. MILITARY STORES, EQUIPMENT, AND SUPPLIES.

At the outbreak of war supplies of clothing and equipment were obtained by various branches of the Quartermaster-General's Department, usually acting quite independently and sometimes purchasing in opposition. It provoked public criticism. If there was any dishonesty it was of negligible quantity, but the system lacked experience, and was admittedly costly and inefficient.

This did not tend to prompt fulfilment of sudden demands. Urgent purchases of unforeseen requirements were made by different authorities, sometimes at varying prices for the same article, which the Government Auditor would not sanction without special Ministerial authority. This caused delay in paying accounts, rendering the Defence Department unpopular amongst suppliers, causing rise in prices. Under these conditions the Army Storekeeper was harried and overworked, and his office records, &c., naturally drifted into arrears.

In short, such a method in peace-time might have sufficed, but under war conditions it utterly failed. Increasing numbers of Reinforcements demanded a more elastic and modern system; and also it was suddenly found that supplies were short.

In August, 1915, the obtaining of these Army supplies—afterwards including also food and fodder for the Army Service Corps—was handed over to the Supplies Board of Advice, acting under the Minister of Munitions. This Board has no responsibility for sufficient quantities of clothing and equipment being obtained for advance requirements; that responsibility devolves on military officers concerned. The Supplies Board of Advice consists of three successful business men to act as advisers to the Government in procuring military stores, equipment, supplies, and provisions—Messrs. A. H. Miles, Alexander Macintosh, and George Wilson—who consented to act on the stipulation that they should receive no fees or remuneration. They have systematized and controlled on purely commercial lines the varied businesses conducted. The Minister appointed a Public Service officer to act as Executive Officer to this Board, as the Minister's own representative on it, so that the Minister could be kept fully informed and exercise control. The Board calls for tenders, or not, as may be considered advisable.

By October, 1915, a good system was in operation, the assistance having been enlisted of Mr. Sidney Kirkcaldie and Mr. J. L. Morrison, who also give their expert services free. The services of an expert officer of the Customs Department were also made available to the Board, he receiving no pay additional to his ordinary remuneration.

The Board arranged for supplies ahead. For instance, it made satisfactory arrangements with the woollen-mills for 1916 for purchases amounting to £554,295. Competent inspectors were appointed to inspect during process of manufacture as well as the finished article, and defaulting contractors were prosecuted and fined; but, happily, instances were rare and inconsiderable. The Board acts in close consultation with the Audit Office, supplying in advance copies of all orders, conditions of supply, and terms of payment. Payment is made within thirty days of delivery, and all trade discounts are thus secured.

An instance of the methods they employ was securing forage early in 1917 when a full cargo of oats was suddenly required for Egypt. 140,000 sacks were purchased quietly, through brokers who did not even know who their principals were, at 2s. 7d. to 2s. 8d. per bushel. When it leaked out that the Defence Department needed oats, the price at once went to 3s. 7d. Fortunately, the Department had then secured all it needed at the lower price; but it is fair to assume that the Government would have had to pay the higher price for the main portion, if not the whole quantity, had a man in uniform made the necessary inquiries or gone out to purchase. The system gradually evolved until now the Minister of Defence leaves all purchasing for his Department in the hands of the Minister of Munitions and Supplies, with the exception of necessities for the Transport Board; but by a new arrangement now coming into force with the Imperial Government this Board will not need to operate.

Supplies are arranged for both in New Zealand and in the actual countries of supply. This method can only be safely carried out if information is not divulged from within the Department, and happily no case is known of leakage of information.

Lists of merchants and manufacturers willing to supply are kept up to date at Wellington, so that advertising is now cut down to a minimum, and a considerable sum is thereby saved. Purchases by this Board of Munitions and Supplies on behalf of the Defence Department totalled to the 31st December, 1917, over £4,000,000, and requirements for 1918 are now in hand amounting to £1,300,000. At present the name of the successful tenderer is published only if he consents. It would seem almost wiser, to encourage competition, that in all cases names of successful tenderers, with prices and conditions of supply, should be published. There is no case known of fraud, embezzlement, or collusion in connection with this large amount of money paid for supplies. The question is now under consideration of having a business man representative of this Supplies Board acting with each of the four District Headquarters of the Defence Department. This link seems most desirable, and would complete the chain; but suitable business men do not seem to be available at all centres.

The Executive Officer of the Munitions and Supplies Board is a Public Service officer, formerly without any experience of this kind, and who has therefore learnt much, and he is spoken of by his Board in terms of high regard. But an interesting incident occurred in his examination showing the tendency of public officers to overlook or take for granted certain items in "costing." He quoted an instance of purchase of drugs abroad for £8,200, which would have cost £10,200 if purchased in Wellington, indicating a saving of £2,000 to New Zealand after allowing—according to him—all items of cost. Examined closely on items of freight, insurance, war risk, and other charges borne by merchants, he wisely decided to closely re-examine the matter, and subsequently amended his evidence, showing that he had omitted items (probably of freight and war risk) not usually taken into account by the Government on ships chartered by it. His profit of £2,000 was thus reduced to £960—a big difference, although it thoroughly justified the direct purchase from country of manufacture. It corrected the suspicion that otherwise would have been in our mind that merchants were making unduly large profits (in this transaction, anyhow) at the public expense.

Deficiencies in Stocks of Rifles in Districts.

At the outbreak of war rifles had to be obtained as speedily as possible, and so were called in urgently; and as ordinary rules of accounting were temporarily disregarded, we fear that opportunity was taken by some districts to make provision for shortages which they knew existed, arising from carelessness spread over years. The number short is 2,314, valued at £6,942. These discrepancies have not yet been adjusted; but, as the total value is not great, a just allocation of blame under the circumstances seems impossible, and fresh deficiencies having long since ceased, it would be better to have the old shortages written off, so that a clean start may be made. A satisfactory system has now been established.

Director of Equipment and Ordnance Stores.

The Director of Equipment and Ordnance Stores, appointed in 1916, has a thorough knowledge of his duties down to the smallest detail, and even our most minute inquiry elicited from him a ready answer. He has had the benefit of experience in English Ordnance training, but he has had the good sense to cull the best from the English system and add on colonial short-cuts, thus adapting the system to New Zealand requirements, and giving an effective method at a much lower cost than would be the case had he slavishly followed the British system, which would have necessitated a staff one-third larger than now employed.

The following extracts from his evidence speak for themselves:—

Stores are cash.

The Ordnance Department is not in the same position as a warehouse, nor yet as a general store, and I cannot too strongly emphasize this point. A warehouse buys and sells for profit; the Ordnance Store does not. When a commercial house receives an order for goods to be delivered, once these goods have been supplied and paid for the merchant is not concerned as to what happens to them. In fact, the sooner they are destroyed or consumed the better for him, as another order will then come along. The Ordnance Department, however, has to ensure, before issue is made, that articles demanded are essential and authorized, and, when issued, has to keep an account of the stores from the time they are issued until the time they are written off, and has to see that they are not written off to the public charge before the proper time has elapsed.

Writing-off should be done only by—(1) being condemned by a Board of Survey as unserviceable through fair wear-and-tear; or (2) being written off under authority of regulations, setting forth what is considered reasonable to allow as charge against the public; or (3) where the articles deficient, or damaged other than through fair wear-and-tear, are charged to the person responsible for loss or damage through negligence.

If an officer had only to submit a list of what he required or desired, the lists would be frequent and voluminous. My experience during the past two years has been that if all an indenting officer had to do was to fill up a form and sign it, all sorts of articles not necessary would be demanded without regard to the expense incurred.

The rules and regulations undoubtedly do take time for temporary officials to master, due to the fact that in very few instances are administrative positions filled by the nominees of an officer holding an administrative position at General Headquarters, and consequently due regard is not always paid to the administrative abilities of the individual selected.

“Director of Equipment and Ordnance Stores” is a misnomer, and should be changed to “Director of Army Stores,” and his functions should be extended to include Engineers, Army Service Corps, and Medical stores. He has no say in the appointment of his men, which is at the root of his store troubles at Headquarters and in the districts. He thus has the responsibility of running this important department, with no say in the appointment of his men, who should be appointed by selection or examination, carefully trained, and thus fitted to rise from the lowest to the highest rung on the ladder.

With regard to hospital or such units, it would take an intelligent Quartermaster about six months’ training in the Army Ordnance Corps to master the rules and regulations necessary for his guidance. If the man had previous knowledge of commercial-store work and book-keeping he would take less, but others would take more. Six months is therefore a low average. The Director of Equipment and Ordnance Stores testifies, “I have no control over the appointment of quartermaster-sergeants to units.” Consequently estimates and forecasts from districts are usually worthless. That has been the experience last year and this year.

He is not even asked whether he has men in his corps he can promote, or what sort of men he needs; thus usually the “square peg gets into the round hole.” He also says, “Never has any provision been made in this country, so far as I am aware, for administrative training. There has been brain-starvation from beginning to end, and consequently anything saved in tactical training has been more than squandered in other ways.”

Control of Camps’ Stores Officers.

The Director of Equipment and Ordnance Stores should have full control over all officers discharging duties in connection with his branch in camps.

Stores Representatives in Districts should be trained.

On account of the untrained condition of some district representatives of the Stores Branch, many instances of poor purchasing and double-banking occurred, samples of which were submitted. The way of the transgressor has been made so hard that improvement, if gradual, is sure.

The Director of Equipment and Ordnance frankly and wisely admitted, “I was quite unaware that so many instances of delay had occurred in districts until I received newspaper reports of evidence given before your Commission in those districts. Instructions were then issued that returns must be furnished regularly and promptly about all outstanding indents and items. I feel confident that the rendering of these returns will do away with the difficulty; but it will, I think, be recognized that instances of delay are prone to arise in any business of the magnitude of this branch, particularly as the staff has gradually been built up during the last two years to cope with the large work enormously increased.”

With better trained men in districts much more could be left to their discretion. Small items like rubber stamps, and shelves, or other things likely to be wanted speedily, the values of which could be clearly set out in advance, could be obtained without the present trouble, delay, and consequent friction.

Owing to ignorance of regulations, unnecessary expense is incurred by districts and men in charge of outlying units dealing with broken and condemned articles. Actually, a Board has visited Hanmer Springs to report on condemned broken crockery, when such articles of comparatively small value could have been more easily sent to the nearest Headquarters for observation.

Surplus Stores.

Instances were brought before us which seemed to indicate that there were large supplies of material not required lying idle and costing money for storage and custody, but we found on examination that these articles were there for special reasons and purposes in connection with the war. It was impossible to explain to the public what the reasons were, and it really seemed as though articles, unnecessary in their present position, but which, on account of scarcity of metals (for instance), would fetch high prices in the open market, were needlessly retained, representing considerable idle sums of money. However, it was made clear to us that this could not be avoided.

On the other hand, a great deal of material, seemingly of little value, is carefully utilized or sold. Saddlery items, for instance, returned from Egypt as unsuitable for military purposes, and for which in ordinary times it would be hard to find a use, were sold for £3,700 during the past two years. Zinc cartridge-cylinders and powder-cases have been melted into ingots, and the zinc is being used for many purposes by the Government, or sold to outside traders.

Life and Quality of Equipment and Clothing.

Care is taken to watch, by means of usage and scientific test, the life and quality of equipment and clothing, of leather and other materials. Trouble arose in most armies with the wearing-qualities of boots in trenches in Flanders. Boots that do perfectly well even in England in winter weather absolutely fail under the special conditions of plastic mud in some of the European trenches. New Zealand, by carefully watching the process of tanning leather and the methods of manufacture, seems to be more fortunate than most other countries in this regard. The quality of boots has proved enormously important in this war, for reasons of health and general efficiency.

Unsuitable Clothing and Boots for Home-service Men.

Home-service men are allowed full clothing, outer and inner, and boots; but the same thickness of underclothing is issued to soldiers at Invercargill as at Auckland, which, if quite suitable at Invercargill, proves too warm at Auckland. Boots are of the thick, heavy-service variety, useful for training camps and battle-fields, but quite unsuitable for office wear. Either variation should be made, or, where desired, a sum of money granted in lieu, with which a man could obtain more suitable articles.

New Zealand Expeditionary Force Officer's Equipment Allowance.

An officer of the New Zealand Expeditionary Force receives a cash allowance of £25 to purchase clothing and kit before proceeding abroad. He is also allowed, for use while abroad, if available, revolvers, binoculars, compasses, and saddlery. His field allowance, according to rank, is primarily made to enable him to upkeep his kit, but this allowance has come to be regarded as portion of his pay. The matter is now being gone into, to see whether it is better to continue this monetary allowance or to supply a man with all he requires free of cost. It seems advisable that officers should be smartly clad. For that matter, other ranks also should be as well fitted and equipped as possible, as they undoubtedly are in the New Zealand Force. But an officer being more in evidence, a little more care should be exercised in his case. It seems advisable, therefore, that whatever regulations are made it should be borne in mind that it would be false economy to supply him with ready-made outer garments unless they happen to fit exactly, and he should not be made to compare unfavourably in appearance with officers of other Forces.

The following is interesting as a complete list of all requirements of an officer on service abroad, as allowed in regulations, orders, and by practice governing the British new Armies, with the cost price for each article:—

PRICE-LIST OF OFFICERS' EQUIPMENT.

Articles.	Number.	Rate.	Amount.
<i>Dismounted Officer's Field Kit.</i>			
Badges, stars for greatcoat (pairs)	1	£ 0 1 0	£ 0 1 0
Belts, Sam Browne	1	1 5 0	1 5 0
Blankets, single	3	0 8 6	1 5 6
Boots, ankle (pairs)*	2	1 6 0	2 12 0
Bottles, water, 2s. 9d. ; carriers, water-bottle, with shoulder-strap, 2s. 6d.	..	0 5 3	0 5 3
Braces (pairs)	1	0 1 6	0 1 6
Breeches, knicker (pairs)	1	1 3 0	1 3 0
Field-service pocket-book	1	0 1 3	0 1 3
Greatcoat, D.S.	1	3 8 6	3 8 6
Hats, S.D.	1	0 8 0	0 8 0
Haversacks, G.S.	1	0 1 6	0 1 6
Housewife	1	0 1 6	0 1 6
Jackets, Cardigan	1	0 6 3	0 6 3
Jackets, S.D.	2	2 7 0	4 14 0
Knives, clasp	1	0 3 3	0 3 3
Mess tins, D.S., 2s. 6d. ; covers, 1s. 6d.	1 each	0 4 0	0 4 0
Pants, under	2	0 6 3	0 12 6
Pugarees	1	0 2 0	0 2 0
Puttees (pairs)	2	0 6 9	0 13 6
Shirts, khaki	2	0 8 3	0 16 6
Shoes, deck (pairs)	1	0 10 9	0 10 9
Socks (pairs)	3	0 1 6	0 4 6
Ties, khaki	2	0 1 6	0 3 0
Towels	2	0 1 0	0 2 0
Trousers, S.D.	1	1 2 0	1 2 0
Trunks, tin (for base)	1	1 3 0	1 3 0†
Valise	1	1 10 0	1 10 0
Whistle and strap	1	0 1 6	0 1 6
Shirts, under	2	0 6 3	0 12 6
			23 15 3
<i>Mounted Officer's Field Kit.</i>			
Same as dismounted officer's kit as shown above.			
<i>Add.</i>			
Leggings	1	1 5 0	1 5 0
Pantaloons	1	1 6 6	1 6 6
Spurs (pairs)	1	0 7 6	0 7 6
Tins, mess, mounted, 3s. ; strap, 6d.	1 each	0 3 6	0 3 6
Difference in cost of greatcoat, M.S.	1	0 1 6	0 1 6
			26 19 3
<i>Less.</i>			
Breeches, knickers, puttees, tins, mess covers .. .. ..	..	..	2 0 6
			24 18 9

Binoculars and revolvers to be drawn from Ordnance at base.

Saddlery for officers who require to be mounted issued free as equipment on joining up with unit, but remains Government property.

* Boots made to measure, 2s. 6d. extra.

† And £1 11s. 6d.

Repairs to Clothing and Boots.

Home-service men employed in districts in the past had to return certain items of clothing equipment allowed before new ones were distributed; now they have to return the whole, as has been usual in Expeditionary Force camps. Clothing, outer and inner, is cleaned and repaired, to be reissued where possible. Boots requiring minor repairs are repaired in Trentham and Featherston Camps, and

if they require soling and heelng are forwarded to the Department's own workshop in Wellington. The best of material and leather are employed, and the price, 5s. per pair, allowed for soling and heelng each pair of boots is cheaper than can be done outside by at least 1s. per pair. It is estimated that, after allowing every charge for rent, wages, material, interest, insurance, generous depreciation on plant, and every other charge, the 5s. per pair pays well. It is difficult to arrive at this exactly, because of the nature of the employment and the more or less temporary conditions under which it is conducted. But there seems little doubt that, apart from profit, the Department pays its way, and there is a saving of 1s. per pair treated. On a modest estimate of 25,300 pairs of boots dealt with for fourteen months (1st January, 1917, to 28th February, 1918), the saving is £1,265, besides the advantages of having the work done exactly to a pattern, and the standard of efficiency desired. In this saving no allowance has been made for the large increase in cost of all labour, materials, and boot furnishings which has taken place, especially during the past twelve months.

Uniform and underclothing are carefully renovated, cleansed, and repaired, and when reissued allowance is made for a correspondingly shorter period, according to previous life and usage, than when new articles are issued. The saving for nine months (from 1st June, 1917, to 31st March, 1918), on articles so renovated, though previously condemned, is £23,600. From that must, of course, be deducted the amount that was received by sales as old clothes—say, one-tenth.

Stores on Hand.

Stocks of clothing and necessary stores are on hand of a value of £312,325. It seems to us inadvisable to publish details; but future requirements seem to have been well thought out, and, unless conditions become very extraordinary, there is no need for apprehension on the score of sufficiency of clothing and equipment, and other such supplies, for your troops abroad. We advise that clothing and equipment should, where possible, be clearly branded somewhere with Government brand, to prevent pilfering and to assist detection in case of improper selling.

An idea of the improvement in the Ordnance Department can be gathered from the fact that in the year 1915 the expenditure was £827,000, and the discounts received amounted to £86. For the year ended 30th November, 1917, the expenditure was £702,000, and discounts £1,700, although during that year 4,000 more troops and £29,000 worth of garments were exported. It is not suggested that impropriety formerly occurred, but the result indicates better management and tighter rein nowadays.

5. MILITARY CAMPS.

There are four standing camps for training the Expeditionary Force—

(1.) Trentham, with accommodation for ..	4,000 trainees.
(2.) Featherston, with accommodation for ..	7,000 trainees.
Total	11,000
(3.) Awapuni, a small camp for training necessary medical section.	
(4.) Narrow Neck, Maori Contingent camp.	

There are in addition anything up to 2,000 men in the two main camps—training staff, home-service men, medical, and other establishments. This would make a total for the two big camps of 13,000; but the Camp Commandants were clear that to get that number into them would mean a very tight squeeze indeed. However, as that total has never been attained, and is not likely to be, that need not trouble. The capital invested in the camps is about £500,000.

Awapuni impressed us most favourably; it seems to be run with a minimum of friction. At first sight it seemed as though a small camp like that would be more economically worked if attached to one of the larger ones; but the cost is small, and the reputation enjoyed is so satisfactory that it would be a pity to interfere with it. Also, we incline to think that its smooth and efficient running is assisted by the fact that it is sufficiently far away from Wellington to prevent constant interference from General Headquarters.

In commencing our labours we accepted an invitation to visit Trentham Camp, and did so on the occasion of a draft being reviewed by Your Excellency before it left. Everything was done smartly ; the whole camp looked well ; and the impression made on our minds was most favourable. Similarly, shortly afterwards we accepted an invitation to inspect Featherston Camp. We were there only a few hours ; but the impression left on the mind was that it was a "full-dress parade," and that it would be better to visit the camps more at leisure. So we decided to live in the camps a few days, and simply poke about on our own account without anybody from General Headquarters there at all. We were received by the Commandants and their officers with the greatest courtesy and frankness ; and we saw the system of rationing, storekeeping, accounting, and distribution as applied to their everyday life. We were everywhere assisted without let or hindrance ; everything was done to facilitate, and nothing to retard.

While there was much to admire in the camps, the impression left on the mind after living in them was very different from that conveyed on the "full dress" occasions referred to ; and the shortcomings plainly arose from too much nursing of the Commandants and other responsible officers.

Our position with regard to these camps we felt was delicate, as we were not concerned with the training of troops. We had only to do with expense and cost ; but they touched so often in an intimate way with training that it could not be excluded altogether.

We regret extremely that we have to adversely criticize the camps ; but the troubles that we discovered are not slackness, sloth, or indifference, but arise from over-zeal, lack of application of true principles of organization, and perhaps not sufficient acquaintance with the march of methods during the years that this war has raged.

The period occupied in training the Expeditionary Force in New Zealand is four months, it being preferred to train here and leave merely the finishing touches to be applied at Sling and Etaples. On that we have nothing to say, because it is a matter of policy arrived at after careful deliberation. But we feel that we can safely say that we saw nothing to make us believe that value was received for this long period of training ; and we think that all that the men receive in the way of fitting them to go to war could be done, and done better, in three months, a reduction in the present period of one-fourth.

We examined a number of witnesses who had been in France, from full Colonels down to sergeants, most of whom had been connected with Sling Camp in England in a training or an administrative capacity ; and it was curious how unanimous they were in condemning the system followed at the training-camps here. It appears that the Army Council in England have laid it down that fourteen weeks are required to make an English soldier, from the time he joins up as a recruit until he is turned out a finished soldier. We can safely say that a New-Zealander is at least as bright as his English *confrere* ; but he gets sixteen weeks in New Zealand, and from four to six weeks at Sling—provided that he is passed as competent when he arrives there—and a further period to finish him off at a training-camp in France, the length of which is not clear. Surely the New Zealand soldier could do what is necessary in twelve weeks here, and, if given four weeks at Sling and the topping-off in France, would be as fit as the English boy with the training he receives.

But it is claimed by these officers who have returned after an experience at Sling that drafts arriving after four months' training in New Zealand are not fully trained ; and there were distinct variations in efficiency in each Reinforcement they saw, and in such cases all have to start off from scratch, because training at Sling does not permit of differentiation. The evidence was that the standard generally was found to be good, but some men in most Reinforcements declared that they had never been through their musketry course, and had only handled the rifle in an elementary way ; and their work seemed to indicate that they were speaking the truth. This is confirmed by a report from Brigadier-General George S. Richardson, General Officer Commanding New Zealand Troops in Great Britain, No. 22, dated 28th September, 1917, the following portion of which was quoted by the Chief of the General Staff in his evidence : "The period of training of Reinforcements at Sling is one month, but latterly greater numbers have been arriving

with very little training, and will therefore have to be kept in England for fourteen weeks to undergo their complete course." To justify this the Chief of the General Staff explained that it is often necessary at the last minute, in order to fill a transport with troops, to make up with a portion having had less training; that weak link, therefore, spoiling the strength of the whole chain.

The Chief of the General Staff gave an excellent reason for training men here—namely, to save the consumption of rations badly needed for troops, or inhabitants, of European countries; but the inclusion of that weak link in the chain brings the good intention to nought.

The Chief of the General Staff explained that his connection with the two main camps is a dual one—(a) As Chief of the General Staff; (b) as responsible officer in charge of Featherston and Trentham Camps. He said, "I accept full responsibility for the control of the camps, and for the action of the Camp Staffs and Reinforcements." The *motif* of his evidence was that everything in these camps was entirely satisfactory, that nothing was wrong, and that nothing could be made better. Quite certain it is that he gives infinite time, patience, and labour to his work; but it is difficult to think that camps could be satisfactorily conducted when the man in charge, who does not live in either of them, finds it necessary to visit each camp twice in each week, and to personally look after everything done.

The suspicion left in our minds, after hearing that this strenuous work and attention to details on his part were absolutely necessary, was that the Commandants were under par; but on being interrogated as to whether this was the case the Chief of the General Staff disclaimed any such belief, and said, "The officers are anything but fools; they are excellent men."

The Camp Commandant at Trentham is a regular soldier, and he is disappointed at not having had a chance to go away to the war; but his age and status would probably make it difficult to find a suitable place for him there. The Camp Commandant at Featherston has had long experience here and in England, in Volunteer and Territorial Forces, and is medically unfit to go; but he also has proved his anxiety to get away. These officers have no responsibility whatever for the training. Their responsibility begins and ends in seeing that the syllabus laid down by the Chief of the General Staff is carried out. They may have to do with the quantity of work done by Instructors, but nothing whatever with the quality. They have, therefore, nothing to do with the efficiency of trainees, or with the sufficiency or suitability of the syllabus of training; thus there is no emulation between these camps—and healthy competition between training-camps is an end much to be desired.

The Commandants receive in pay and allowances nearly £900 a year each, but as training is the main business of a camp, and they have nothing to do with it, their time is occupied in comparatively unimportant work. We felt, when they came before us as witnesses, that their position was awkward, as we had nothing to do with the system or the quantity of training given as *training*, and we therefore refrained from asking many questions that we would otherwise have put to them. But we asked them bluntly did they feel competent to take any responsibility of the training at their camps, and they at once said "Yes," thus endorsing the high opinion the Chief of the General Staff expressed about them. Why they are not entrusted with this we cannot understand; nor can we think that any business, whether for training of troops or anything else, subject to constant interference from outside, can be entirely successful; also, if troubles or difficulties arise in these camps, there is the probability of repetition of trouble previously experienced in the Dominion through division of control and vagueness of responsibility.

Expert witnesses from abroad pointed out that at Sling Camp Instructors were changed every six months, fresh men being brought from France with the latest ideas, because the training changes frequently in most subjects—not usually in vital points, but in small matters which make all the difference in fighting-efficiency. And they were quite unanimous in declaring that the system of administration in the camps here was too centralized and expensive. Here, the camp organization is concentrated, so that Brigade Headquarters has to do all the detail work of the whole. A Camp Commandant said he was often engaged on orderly-room detail all day. At Sling and other training-camps abroad the work is decentralized into the battalion system, so that it is distributed and the work is done in a fraction

of the time now consumed. Witnesses ascribed the slowness and want of "snap" in the camps here to undue interference from General Headquarters, and want of direct control. Under the battalion system in force in England and elsewhere emulation is especially encouraged and is very keen.

The Chief of the General Staff expressed the decided view that New-Zealanders needed a lot of training before they could be safely shipped, and if they were shipped off from here after, say, a month's training they would be "a disorganized mob." He was emphatic that men should be trained here, as perhaps on arrival at the other side they might be rushed into the firing-line, and instanced Gallipoli as a place where that actually occurred. A few men may have been sent into the firing-line in that way, but that was three years ago, and certainly troops are not sent into the firing-line in France without fulfilling their musketry and other courses; and whatever else a man may be ignorant of, he has to understand how to shoot. It is a curious thing that some officers in high positions here do not fully understand the difference between going to France and going into the firing-line. The troops are most closely examined at the French base depot at Etaples, Le Havre, or elsewhere, and, if necessary, polished up before they are allowed to go to the war area.

The contention of the Chief of the General Staff was that the voyage of two months to the United Kingdom exercises a deteriorating effect on discipline, and if the standard of discipline inculcated by four months in camp here were lower the deterioration would be even greater and more serious in its after-effects.

It would be interesting to know how much sooner troops from New Zealand, who undergo four months' training here before embarking, go into the actual firing-line than troops from any other dominion, shipped usually within a few days of their joining up, and receiving the whole of their training abroad.

The cost of training a man here, in pay, food, and other expenses, is 10s. per day, exclusive of separation and other allowances for married men. In his civil occupation his value is at least 10s. per day, so that his cost in camp and the loss of the services of each soldier to the country total £1 per day. The average number of men shipped from New Zealand per month has been 2,000. Taking the average in the future at only 1,000 per month, each man of which costs £30 for a month, the reduction of the training here even from four to three months, which under an improved system could easily be done, would mean £30,000 per month, or £360,000 per year, as each man could be allowed a month longer than at present in his civil occupation before going into camp.

Leave is liberal, but that is natural and need not be altered. Better organization in the camps would allow this to continue as at present, and still make fine saving of time.

The Chief of the General Staff said, "All men, irrespective of previous experience other than at the front during the present war, have to undergo the same period of training in our camps." At first blush this seems unfair to, or a reflection upon, the Territorial training; but if it means that the Territorials are used as a stiffening for others who have lacked that experience the system seems sound.

Sending Training Officers abroad for Experience.

We fear that there is not sufficient knowledge here of exactly what goes on in the training-grounds in England and France. The officers charged with training here should be sent abroad if they have not been there, so that they would be more conversant with actual conditions. However able and experienced a man may have been in 1914, things have changed and training methods have advanced so much during the four years of the most bitter fighting the world has ever known that a man here charged with the duties of training who has not had the opportunities of studying these new methods at first hand is at a serious disadvantage. Also, much could be learned from American methods of mobilization and administration. The national pride there is stirred, and they are choosing the best points from all countries, leaving no stone unturned to assimilate the best methods. America is close to New Zealand, and a few months spent there by New Zealand officers—for instance, Commandants of Camps—should be of enormous value to the Dominion in the future.

Changing Troops between Trentham and Featherston Camps.

At the outbreak of war Trentham was the first of the now existing camps established.

Trouble arose in 1915 on account of medical mismanagement of the camp, and Trentham got a good deal worse name than it seems to have deserved. As often happens, however, it was quite fortunate afterwards that the trouble occurred, because it made the authorities more alert.

A second site was chosen and a camp established at Featherston, which has many disadvantages, the principal being that access to and from it is over the Rimutaka Range, and this would make swift transfer of troops from there to Wellington, for instance, exceedingly difficult if the necessity ever arose. On account of the health trouble at Trentham, trainees were not kept there longer than was unavoidable while the place was under observation and new sanitary and health methods were being brought into operation. However, what was in 1915, or even 1916, necessary has ceased to be so, but it has been continued, and for some unaccountable reason still goes on, and men are exchanged backwards and forwards at a large expenditure, directly and indirectly, and the camp machinery is disorganized to no purpose. The trainees are mobilized in Trentham, and after being there a few weeks are sent on to Featherston, but later on they return to Trentham, whence they are embarked. During the years 1916 and 1917 troops to the number of 71,839 were carried by rail, apart from those that marched, and the cost for railage of these troops was £8,381, even at the big concession of 60 per cent. on usual rates made to the Defence Department by the Railway Department. The only valid excuse put forward for this extraordinary migration was a lack of rifle range at Featherston; but for this sum, or at any rate very little more, a site could be purchased and a rifle range established at Featherston. Another excuse offered was that, even if this were done, the rifle range would have to be distant some three to five miles, which would make it inconvenient; but for troops training actually for war this distance would be nothing. If this reason is persisted in, it is a serious reflection on the wisdom of choosing Featherston as a camping-ground.

The Chief of the General Staff eventually fell back on the plea that the changing of troops between camps is necessary for the health of the troops. This the medical authorities, on being appealed to, flatly declined to endorse. They said, as a matter of fact, that it was always a wise precaution to change men, and not leave them too long in any one camp, and that men coming newly into camp from the country and from occupations at variance with camp training might be more subject to disease for that reason; but the fact remains that only the Infantry are changed backwards and forwards from Trentham to Featherston, and that other arms of the service, foot or horse, are not changed. Also, it was admitted that the home-service men at Trentham—nearly eight hundred of them, many of whom have been there for years—were never shifted, yet their health condition was excellent.

Better organization would overcome this migratory practice, which seriously upsets all administrative work such as records, pay, and Army stores. It necessitates every man coming into one camp from another being transferred in every detail from one camp's strength and "taken on charge" by the other, and the same useless labour has to be repeated when he is returned to the camp whence he came. This entails the labour between the two camps of at least fifty, possibly a hundred, men in administrative work, and is of no value from a war efficiency point of view to the men engaged in this work, as they are home-service men, extremely unlikely ever to go to the other side because of medical or other disabilities.

Camp Strengths and Establishments.

The number of trainees in the two main camps was, roughly, 9,000; and the number of others, on home service, including Medical Corps and workshops staff, was 1,900—seemingly a very large number—whose function was to serve and wait—especially when it is remembered that one camp anyhow detaches certain numbers of trainees in addition for "fatigue" duties.

The number of officers employed on camp staffs, exclusive of Medical and Dental officers, was seventy-eight, of whom forty-four had had present-war service and thirty-four had not.

Chaplains.

According to the lists of officers supplied to us officially there are fourteen Chaplains, at an average cost of £430 each to the State, on duty at the different military camps. Of course, they comprise various religious denominations, but we could not help thinking that a little more co-ordination of Chaplains would not only adequately provide for the spiritual needs of the camps but save a good deal of expense. We think it only right to state that the padres seem to be fully occupied attending to various personal and social demands of the men, and they appear to be generally popular. The Y.M.C.A. representatives in camp are not chaplains.

Health in Camps.

Trentham has quite as good a showing as Featherston in health statistics, and, fortunately, the health rate in both is excellent, and the pride of the Medical authorities is justified. The death-rate in the camps is 3·81 per 1,000; while the death-rate of the male civil population between the ages of twenty and forty years is 4·02. These comparisons cannot be accepted entirely at face value, because it may be contended that the trainees in camp have been picked as sound in wind and limb, which could not be claimed for the ordinary male civilian population outside. On the other hand, conditions in camp are so widely different from those in civil life that they are often a severe test on a man's stamina and endurance. A better comparison, although again not entirely satisfactory, is that in the Imperial Army, according to the latest hospital statistics available, the hospital admission rate was 437 per 1,000, and the constantly-sick rate 23½. In New Zealand training-camps the admission-rate is 410 per 1,000, and the constantly-sick rate 12½.

Sergeants-major Infantry Drill Instructors.

Considerable discussion arose at Trentham Camp about some twenty-five Infantry Instructors who, having been trained in the Old Country in the latest methods, were sent out here to teach in the training-camps. Evidence was taken by us, as considerable expenditure had been incurred.

The reason for their presence here was then obscure, but this has since been explained.

As this matter belongs to training, and there may be doubt whether it comes within the scope of our Commission, we are simply sending you our notes on the matter separately for your information.

Transport Equipment.

A man on embarking here, instead of having two suits of uniform, would do better with one suit, and two suits of dungarees. The second suit gets spoilt when wrapped up in a kit-bag. At the end of the voyage he would get his second suit, with which to land tidy and neat. The dungarees could be returned to New Zealand, and cleaned for reissue to other troops. Dungarees are much more comfortable on shipboard, especially in the tropics and lolling about on deck; and thick under-clothing and overcoats would give the necessary warmth. If knives, forks, or other eating furnishings are supplied on board ship such should not be issued to the soldiers, because duplication is unnecessary and tends to waste.

Cost of Rations in Training-camps.

At Trentham cost of rations has ranged during two years, 1916 and 1917, from 1s. 5½d. in January, 1916, to 1s. 9d. per man per day, and to-day's rate is about 1s. 6½d. Featherston is a little higher owing to locality, ranging from 1s. 6d. in January, 1916, to nearly 1s. 9d., the current rate being about 1s. 7½d. The scale of ration to which the men are entitled comes out at about 2s., so that the actual cost is well under it; but the question is whether the scale should not be reduced to somewhere nearer the actual cost. If an officer knows that the ration he is allowed to issue comes to, say, 2s., and he does it for 1s. 10d., he would feel aggrieved if remonstrated with on account of his cost being too high, whereas, as a matter of fact, it should be done for, say, 1s. 8d. Why not reduce the ration scale on the basis of experience to a fairer unit to work upon? This would do no harm to anybody. The ration allowance is quite evidently too large, and it is

not suggested that the men should be stinted in any way. For the future, as at present, the troops would get full and plenty, but there would be more incentive to care and thrift.

We were surprised to find that information on respective costs of rationing in the camps was not published broadcast from time to time. A feature of training-camps abroad is the use made of this form of rivalry. The camp that has the lowest expenditure and can at the same time show perfect contentment amongst its troops is singled out for praise and distinction, and other camps are thus spurred on to attain that standard and, if possible, to beat it, and the result is keen and healthy rivalry. The cost of Territorial camps is published yearly, but too long after the camps are over and therefore of comparatively little value. With your training-camps, publication once a month, or at the most once a quarter, would have good effect, and we urge that this be done. Bearing on this point the following question was addressed to the Director of Supplies and Transport: "Is any incentive given to the Officer in Charge of Rationing to keep his cost low?" The answer, more "military" than satisfactory, was sufficiently amusing: "No incentive is given to an Officer in Charge of Rationing. It becomes a duty!"

It was the practice to allow soldiers living out of camp 2s. a day cash in lieu of rations, and to purchase their rations in camp at wholesale cost. This was a dangerous privilege, for many and obvious reasons, and has now been wisely stopped. It is suspected, and even admitted, that some men who draw the allowance of 2s. a day in lieu of rations also obtain their meals in whole or in part in camp. It is a little difficult to stop this, but, as it is quite wrong and encourages men—not only those practising it, but others seeing the practice—in petty larceny, a special effort should be made to stop it or to withdraw the ration allowance from men and compel them to have their meals in camp while living out. It was interesting to learn that while the ration allowance in camp cost considerably less than 2s. a day, men drawing cash in lieu had to pay more than 2s. to outside providers.

Price of horse-rations in Expeditionary Force camps comes much nearer the scale. At Trentham, for instance, ration per scale has ranged from 2s. 3½d. to 2s. 4½d. The ration consumed ranged from 2s. 1¼d. to 2s. 3½d. At Featherston, while ration per scale has ranged from 2s. 7½d. to 2s. 8½d., the ration consumed ranged from 1s. 10¾d. to 2s. 10½d. At the present time in Trentham ration per scale is a little in excess of the ration consumed, and in Featherston the saving is 4d. per ration. Awapuni, the Medical camp, being a very small camp, comparison is not of such value, but the figures show that the matter has had the careful attention of officers concerned.

Cost of rations, for some reason lacking suitable explanation, includes cost of fuel and straw—roughly, 1½d. per man per day.

Bread in Camps.

The bread in camps is notably of excellent quality. The prices seem low also, but we refrain from making comparison with outside costs because they are not quite comparable. They naturally should be lower in camps, even allowing for every charge of rent and labour, as the baker outside cannot live without his profit.

Camp Construction, Additions, and Alterations.

Colonel Ernest Haviland Hiley accepted the position of Military Director of Railways and Works, without pay or allowance of any kind whatever, and took charge of all camp construction, alterations, and sanitation in July, 1915, at the time of the Trentham excitement. All this work has been done by him ever since. He pays high tribute to work done by the Public Works Department in camp-construction, when, after disease broke out in 1915, Trentham had to be remodelled, and, at very short notice, a large civilian labour staff of upwards of eight hundred men was organized to work at high pressure. When it was decided that Trentham was not big enough, a second camp was started—at Featherston—and the number of men employed in civil work there rose to 1,100.

Colonel Hiley organized a working section formed on Royal Engineer lines at each camp to construct any further buildings necessary, maintain outhouses, and carry out all water and sanitation schemes. He was able to use the machinery

of the New Zealand Railways, of which he is General Manager, through his technical officers, and as the Stores Branch purchases up to £1,000,000 of material every year, the Defence Department participates in benefits of procuring and prices.

The work is undoubtedly well done, and by drawing a tight rein great expense has been saved; but possibly safeguards have become irksome in minor cases. Not one penny is allowed to be spent without reference to the Director of Railways and Works; consequently, when a shelf or a small alteration or addition is required the enterprising soldier requiring it simply purloins some timber and nails, puts up his shelf or addition, and says nothing about it.

A witness declared that the Director of Railways and Works received £500 a year and other expenses in addition to his salary as General Manager of the New Zealand Railways. It was pointed out to him that he was in error, as the Commission had satisfied itself that this officer received nothing from the Defence Department either as salary or for expenses. The witness seemed momentarily abashed, but rose to the occasion and protested against Colonel Hiley doing all this for nothing and thereby doing another man out of a job!

Railway Fares to and from Camps.

Soldiers are generously treated in the matter of travelling on leave from the camps. The return fare, Trentham—Wellington, for civilians is—First class, 3s. 3d.; second class, 2s. A soldier pays—First class, 2s.; second class, 1s. The return fare, Featherston—Wellington, for civilians is—First class, 13s. 7d.; second class, 9s. 1d. A soldier pays—First class, 5s. 5d.; second class, 1s. 6d.

In the case of the Featherston fares the Defence Department pays for each ticket issued for soldiers 2s. 3d. The Railways stand the loss of the balance, but the actual advantage to a soldier is 7s. 7d. on a second-class ticket.

Fly Pest at Camps.—Professor Kirk's Position.

Professor H. B. Kirk, Professor of Biology at Victoria University College, seems to have had some difficulty in persuading the Military authorities that it was necessary to employ an expert to deal with the fly pest. It is usually left to Medical authorities, and in other countries, anyhow, the man of medicine has usually stubbornly resisted the aid of biologists in this matter, with the result that their efforts have not been so entirely successful as they might have been. Luckily, the Director-General of Medical Services, having had experience in tropical countries, was aware of the trouble that flies caused, and he embraced Professor Kirk's offer of co-operation; and from Featherston being quite notorious for the inconvenience and loss occasioned by fly pests, it has become so model a camp in that respect that it is rare that flies are seen there. An inspection of the methods there, and the excellent results attained, is as interesting as it is instructive. Knowing as we do the trouble and cost in health and efficiency caused by the fly in spreading the awful Gallipoli dysentery, for instance, one cannot help feeling profound regret that a man of Professor Kirk's knowledge, enthusiasm, and tact was not employed there. In Egypt, and Palestine also, the fly pest is bad, but the authorities there seem satisfied that they can do all that is necessary to cope with it. If there is any doubt about it, it would be an excellent thing, alike for the New Zealand Forces and for their comrades in arms there engaged, to send Professor Kirk to give proof of his skill. He pointed out in this connection that, while the Defence Department does not leave the care of sick and wounded men to the British authorities, it leaves the prevention of disease to them when once our men land on foreign shores. The professor's well-trained, scientific sanitary squad at work in Palestine, for instance, would be a fine advertisement for this Dominion. It is hoped by those who have seen the fruits of Professor Kirk's work that the local authorities will be stirred to emulate the fine example he has set at Featherston Camp.

We suggest that Professor Kirk be invited to extend his supervision to Trentham Camp. Flies were never so bad there as at Featherston; but there are distinctly more of them there than at Featherston, which previously bore so unenviable a reputation.

In this connection it seems curious that "duty pay" should be given to home-service men in camps connected with nightsoil and sanitary matters, and to men

who empty grease-traps, but not to Professor Kirk's sanitary staff, who have not only done valuable service but have such unpleasant work to do. It seems odd, for instance, that latrine-men should get 2s. per day duty-pay, as theirs is very easy work, and they do not empty the pans, which work is done actually by "fatigue" men, latrine-men merely seeing that the premises are kept clean and that nuisance is not committed—easier and much less important work than that performed by men on Professor Kirk's staff.

It seems odd, too, that the sanitary squads should be under the Quartermaster, and it would seem more fitting that they should be under the New Zealand Medical Corps, which would more carefully train the men and bring about better results, and the work of prevention should dovetail in naturally with the office of cure.

Sale of Camp Refuse and Waste Products.

Until 31st March, 1918, the whole of the money realized for fat and refuse sold from the camps was paid into the camp canteen funds, and used solely for the benefit of the troops. The camps having been fitted up with all reasonable comfort and convenience, this was altered from 1st April, 1918, and 50 per cent. of the money realized is paid to the credit of the Government, the balance being applied as heretofore.

Waste products are carefully conserved and sold—such as sacks, butter-boxes, benzine and kerosene boxes, tea lead, wire, coffee and other tins—some £5,000 having been realized in this way from Trentham and Featherston Camps.

Camp Canteens.

Canteens for the supply of articles for the men (other than those allowed by Army issue), which might be termed luxuries, were run in both camps by contractors, but some six months ago at Featherston a departure was made and the camp took over the canteen, which is now run by soldiers of class C2, the whole of whose pay and emoluments are defrayed out of canteen funds. Prices have been considerably reduced—an average of 30 per cent. is claimed—but it is too early yet to speak with certainty of net results. However, from all appearances it is going to pay the camps better to run these canteens and cut out contractors' profits. On the other hand, there is no evidence to show that the contractors made such large profits as might be suspected from a cursory glance at the difference in prices now charged from those previously ruling. For instance, the contractors paid into regimental funds 2½d. per day per head of troops in camp, which payment amounted in the last year of running to £13,000. On the same capitation basis, and with fewer men in camp, a contractor would now be paying at the rate of £8,000 per year for the canteen right, and the turnover would be about £75,000. On present reduced prices of goods the men, however, are paying for their stuff at the rate of £24,000 per year less, and at the same time the canteen is still making profits, as evidenced by the fact that in four months £2,141, or at the rate of, say, £6,000 per year, was handed over to Camp Headquarters to provide comforts for men on their voyage to England. The canteen estimated yearly financial results may therefore be stated as under:—

	£
Saving to soldiers..	24,000
Profit on canteen	6,000
	<hr/>
	30,000
Less subsidy that a contractor would pay	8,000
Net annual advantage of the camp running its own canteen	<hr/> £22,000

This is after paying wages and providing for food and uniforms of all canteen employees, numbering fifty-three, and allowing at the rate of £1,500 per year for depreciation of stock, &c., and £450 for rental of the canteen building, which cost the Government £3,000.

It is not really important that the canteen shall actually make £6,000 per year, and, in fact, such a large sum is not now necessary, the camp being properly established. It is really immaterial as long as the soldiers get the direct benefit of the lowest prices for goods of the best quality. There is not the same induce-

ment to purchase lower-quality goods at lesser prices in the case of the camp running the canteen as in the case of a contractor running it, because he must make a profit over and above his rent, contribution, and expenses, to enable him to live.

The question, too, is largely one of management, and Featherston was particularly fortunate in securing the services of a successful merchant in the Territorial Force, Captain Andrew Fairbairn, of wide experience, who has made it his hobby, and whose canteen is a credit to him and all concerned with it. Very wisely, he is going slowly, and wants to see what the results of the venture at Featherston are before he takes over the Trentham canteen.

6. TRANSPORTS.

New Zealand Hiring Agreement compared with British and Australian Transport Charters.

During our investigation we received most varied testimony about the cost the Dominion is paying for the transport of its troops at home and abroad; so we determined to sift the matter thoroughly, and no section of our inquiry has caused us more trouble.

The vessels belonging to the Union Steamship Company of New Zealand (Limited) now chartered by New Zealand are—

As hospital ships : “Maheno,” “Marama.”

As vessels carrying troops, stores, and cargo : “Maunganui,” “Tahiti,” “Willockra,” “Tofua,” “Mokoia.”

Other ships previously hired from the company but released from time to time were—

As passenger ships : “Monowai,” “Moeraki,” “Talune,” “Warrimoo,” “Navua.”

As cargo ships : “Aparima,” “Waitemata,” “Waitomo,” “Waihora,” “Limerick.”

The total amounts paid by the New Zealand Government to the Union Steamship Company for Expeditionary Force purposes since the outbreak of the war are—

(a.) Gross for hire to February, 1918 : £1,578,547.

(b.) Reimbursement of moneys advanced on Government account to February, 1918 : £1,309,943.

The date of the hire agreement, covering the four ships first hired, is 21st August, 1914. The terms of the agreement are based on the British Admiralty form of Charter B. This hire agreement was amended from time to time in small particulars as other vessels were added to the fleet charter, generally in favour of the Government.

We have experienced considerable difficulty in presenting a statement that will be readily understood, eliminating technical phrases and variations tending to confuse the mind; and we feel we cannot do better than quote in full certain questions put to the general manager of the Union Steamship Company, and his answers :—

Question.—Show by comparative statement, at per annum, cost to New Zealand Government under its present agreement with your company, and what the cost would have been under Admiralty charter-party.

Answer.—

	Cost to New Zealand Government per Annum under Present Charter.			Cost under Admiralty Expeditionary Force Charter-party.		
	£	s.	d.	£	s.	d.
“Maheno”	38,325	12	0
“Marama”	56,001	18	0
“Maunganui”	65,821	13	0
“Tahiti”	67,726	8	0
“Willockra”	56,346	2	0
“Tofua”	42,075	6	0
“Mokoia”	33,163	19	0
				£359,460	18	0
				£388,444	10	0

Or a saving to the New Zealand Government on the present form of charter of £28,983 12s. per annum.

The above figures show an average net rate per gross ton per month of 14s. 1d. under the New Zealand form of charter.

For purposes of comparison it has been necessary to deduct from the gross hire received from the New Zealand Government the wages paid by the Union Company on the above ships (except "Marama" and "Maheno"), and to deduct from the Admiralty Expeditionary Force charter rates 5s. 1d. per ton to cover owner's charges, including wages of crew.

I would mention that the rate of 5s. 1d. per ton is the rate agreed with the Admiralty for owner's charges on our s.s. "Wahine," and is somewhat higher than should be allowed on the above ships, as the "Wahine" is a 22-knot boat with a large stowhold crew, and her cost in wages is therefore higher than on other vessels.

Q. Do you expend money on behalf of the New Zealand Government? Please explain fully, if you do so, for what purpose?

A. Yes; we expend money for stores, bunker coal, provisions, water, dock dues, labour and material, refitting ships, &c. We do not receive *any* remuneration by way of commission or interest for this service, though, as the Commissioners will be aware, a *del credere* commission on expenditure is customary. In commercial business this would be 5 per cent., but in view of the special nature of the services required by the Admiralty as high as 10 per cent., and even 15 per cent., is payable according to circumstances. We have not asked and do not ask for such remuneration.

Q. How long after disbursement are your advances repaid, and how much are you paid for this service (per centum or lump sum) by way of commission and (or) interest?

A. Owing to Government Audit Department's requirements it is generally two months and more after a vessel sails before we are able to render a full account and obtain a progress-payment. The disbursements on Government account which we have outstanding average at a low estimate £70,000 to £80,000 continuously; so that we have this amount of capital idle and receive no recompense for it.

Q. Do you know on what terms and conditions other British dominions (for instance, Canada, Australia, or South Africa) charter vessels, and how they compare with those paid by the New Zealand Government?

A. Yes. So far as Australia is concerned, the Commonwealth charters vessels on the Expeditionary Force charter, which gives an average net rate of 15s. 2d. per gross ton per month, as compared with 14s. 1d. per gross ton per month under the New Zealand charter. We believe that Canadian and South African transports are also taken up on the Expeditionary Force form.

Q. If you happen to know rates and conditions of the Standing Charter-party of the United States of America, please quote (in each case in sterling) prices paid by New Zealand Government, British Government, and United States of America.

A. The average net rate per gross ton per month on the vessels now employed by the New Zealand Government is 14s. 1d.; under the British Government Expeditionary Force charter the average net rate per gross ton per month would be 15s. 2d. per ton; under the United States of America form of charter the average net rate per gross ton per month would be £1 12s. 3d. per ton. These rates were fixed after three years' experience of war conditions.

We have been reminded that the net rate per gross ton per month paid for transports employed during the Boer War was 17s. 9d.; and all costs, such as for coal, stores, provisions, and labour, have increased since the period of the Boer War; so that experience gained since, and matters ventilated immediately after that period, do not seem to have been in vain.

Q. By whom are the wages of the crews of your ships chartered to the New Zealand Government paid?

A. The wages of the statutory crews (except in the case of "Marama" and "Maheno") are paid by the Union Company. The wages of the "Marama" and "Maheno" are paid by the Government (about 2s. 1d. per ton).

Q. Have wages on vessels referred to in last question varied during the currency of the charter-party? If wages have increased, by whom has the increase been paid—by your company or New Zealand Government? If wages have decreased, which party has benefited?

A. Wages have not decreased, but increased by an average of £3 per man per month. The increase has been borne by the Union Company and the New Zealand Government in equal shares.

Q. Are you aware whether on vessels used by the British Government wages have increased? If so, is the increase borne by the owners or the Government?

A. Yes; wages on vessels used by the British Government have increased on an average of £5 to £6 per man per month, and the whole of this increase is borne by the Imperial Government, no portion being collected from the owners.

Q. In case of loss of any vessel leased by you to the New Zealand Government, does the loss fall upon your company or the Government?

A. The loss falls upon the New Zealand Government to the extent fixed by the charter-party.

Q. If the loss falls on the Government, how is the amount determined—by ascertained present-day value, or by an amount previously fixed by agreement between the parties to the charter? Which of these would your company prefer, and why?

A. The amount is determined by the terms of the charter, in which a value for compensation was inserted at the date of charter. This value is very much lower than the ascertained present-day value, or, in other words, the market value. The Union Company would naturally prefer the ascertained value, as at present the liability for the excess value rests upon the company and not on the Government.

Q. Do the conditions of your agreement with the New Zealand Government in this respect differ from the terms of the Admiralty charter-party, and, if so, how?

A. Yes. While the New Zealand charter-party provides for a fixed amount based on pre-war value to be paid in the event of loss, the Admiralty charter-parties provide for compensation, in the event of loss by war risk, at the ascertained value at the time of the loss *i.e.*, at the market value at the time.

Q. Has the New Zealand Government the right under their charter with your company to purchase any of your vessels?

A. Yes, with the exception of the "Willochra."

Q. Has the price been fixed by agreement, or how, and is that the price the New Zealand Government is responsible to pay your company for the vessel in case of loss?

A. Yes. The price is fixed in the individual charters. It is the same amount as that for which the New Zealand Government is responsible in the event of loss. These prices were not included in contemplation of subsequent acquirement, but were incorporated primarily to fix the measure of compensation in the event of loss, and in pursuance of a provision not infrequently inserted in charters, to be possibly applied under abnormal circumstances—*e.g.*, where a vessel had met with a mishap of such a nature, or had been so completely altered for special purposes, that it was preferable to pay the purchase-money rather than to attempt salvage or to reconvert the vessel to her original class.

Q. What notice must the Government give of intention to purchase? When and how must payment be made?

A. Notice to be given by the Minister of Defence in Wellington, and payment is due on notice being given.

Q. Does Admiralty charter-party provide for similar right to purchase vessels under charter to British Government?

A. The Admiralty Expeditionary Force charter does not give any right of purchase to the British Government. Admiralty Charter-party B, as printed, provides for a right of purchase at a specific price. In the case of the two vessels we have had on this form of charter—namely, the "Avenger" and "Wahine"—no amount was fixed for this purpose, or for compensation in case of loss, the question being left open for determination on the then-ascertained value if the occasion should arise. We understand that this is merely in accord with general practice.

An interesting item of information was elicited that the British Government generously pays, for reasons difficult to understand at this end of the world, 3s. per ton more for Dominion owned or managed vessels than for those owned or managed in Great Britain.

No vessel, at the time of these questions being answered, had been lost while under charter to the New Zealand Government; but, oddly enough, a large cargo-transport was lost a few weeks after being transferred from New Zealand to the Admiralty. The cost to the New Zealand Government would have been £60,000, that being the value placed upon the vessel at the time of hire. We are not at liberty to say how much the loss will be to the British Government, which has to pay the present-day value, but it will be roughly three times that amount.

Reconditioning Vessels.

A witness who would be presumed to know something about the matter confidently assured us in his evidence that the cost of reconditioning chartered vessels (*i.e.*, restoring them to approximately their condition before taken over by the Government) on surrender to the owners would be nearly as much as the value of the ships themselves. We therefore asked the Union Company,—

Will reconditioning of the chartered vessels be a serious matter in cost of time and money? Can you give an approximate idea as to the cost of typical vessels?"

To which the company replied,—

We do not consider that the final reconditioning will be a very serious matter. The actual cost will depend upon circumstances existing at the time, but if there is freedom from congestion, and sufficient labour is available, we estimate that the two smaller ships, the "Mokoia" and "Tofua," will each cost £6,000 to £8,000, the "Maunganui" and "Tahiti" £12,000 to £14,000, and the "Marama" and "Maheno" £13,000 to £15,000. The time occupied in reconditioning is expected to be three to four weeks for each steamer, and we have agreed with the Defence Department that quarter-rate of hire only will be charged during such time of reconditioning.

Evidence we have since gathered from competent authorities seems to endorse the above estimates.

On arrival at Headquarters we found that this matter of comparative costs had been exercising the minds of the officers concerned with transports. A comparison of involved charter-parties is an intricate matter even for experts,

which the Chairman of the Transport Board did not claim to be ; but he showed tireless industry in getting at the root of the matter.

The Minister was especially keen to understand the exact position. He felt that he had made a reasonably good bargain on behalf of the Government, but he wanted to be assured on this point, and even sent the Secretary of the Transport Board over to Australia to ascertain on what terms they were paying, which he found were on the basis of the British Admiralty Charter-party.

We submitted in advance to the Chairman of the Transport Board the full evidence (questions and answers) of the general manager of the Union Steamship Company, and the result is shown in the following questions and answers :—

Q. 59. Are you aware of the arrangement between the Union Steamship Company and the Government with regard to the conveyance of troops ?

A. Yes.

Q. 60. Do those answers by the general manager of the Union Steamship Company correctly set out the position as to cost ?

A. Generally speaking, the position as regards the cost of charters is fairly stated, the only difference being the method of computing the costs.

Q. 61. If not (*vide* last question), please show in what way they are incorrect, giving the correction in figures.

A. The Union Steamship Company in arriving at the cost to the New Zealand Government under New Zealand charters have apparently chosen as a basis the cost of one of their vessels under Imperial charter ; whereas our statement of cost, which is attached hereto, shows the actual cost of New Zealand transports after reallocation of some of the costs to make the comparison applicable to Expeditionary Force charters.

Both the Union Steamship Company's statements and the Department's statements clearly show the New Zealand Government in a most advantageous position regarding the cost of charters in comparison with Expeditionary Force charters which are adopted by the Imperial Government and most of the other colonies chartering vessels for trooping purposes.

The Union Steamship Company's statement shows that the New Zealand Government benefits to the extent of £28,983 per annum. The Department's statement shows that the New Zealand Government actually pays some £70,328 per annum in excess of Imperial charters (a difference of opinion of £99,311). Against this, however, the New Zealand Government has several advantages of great intrinsic value.

(1.) The New Zealand Government's liability in the event of loss of the vessels is *less* than under Imperial charters, the New Zealand Government having only to pay at an agreed value which is much *less* than market value, whilst under Imperial charters *full* market values must be paid in the event of loss. The difference between New Zealand charter values and present market values is an average of £100,000 per vessel ; this in regard to eleven vessels is £1,100,000. The average war risk during the period of the war is in the vicinity of 4 per cent. This war risk is payable each time a vessel traverses the danger-zone. As each of our vessels traverses the danger-zone four times per annum, the precise saving to the New Zealand Government under this advantage is 16 per cent. on £1,100,000, equal to £176,000 per annum.

(2.) The Union Steamship Company disburse on the Government's behalf for all repairs and refitting to the vessels at Port Chalmers ; the average amount outstanding under this head is £80,000. This at 5 per cent. amounts to £4,000 per annum.

Taking the above circumstances into consideration, the position is that the New Zealand Government, under present system of charter, benefits to the extent of £110,000 per annum against what would be payable under the alternative Imperial system of charter for conveyance of troops.

This was satisfactory so far as it went ; but we wanted the matter cleared beyond cavil, and, with the difference of opinion unsettled, we felt that the position was too open. The Union Company was either right or wrong. Further conferences and discussions took place between the Union Company and the Government's experts, with certain references to ourselves, and ultimately we received from the Director of Movements and Quartering (Chairman of the Transport Board) the following memorandum, dated the 31st May, 1918 :—

With reference to my answer to question No. 61 given before your Commission, I have to draw your attention to an error inadvertently made in compiling the costs of charter of New Zealand transports.

In my statement the New Zealand Government was shown as paying £70,328 more under New Zealand charters than would be payable under Expeditionary Force charter. This, with the other attendant advantages, was ultimately converted to show the New Zealand Government as being in a most advantageous position, being some £110,000 per annum better off than under Expeditionary Force charter.

The error which has now been discovered, however, shows the New Zealand Government to be £50,250 per annum better off than shown in the earlier statement, the precise advantage to New Zealand being, say, £160,000 per annum.

H. C. NUTSFORD, Major,
Director of Movements and Quartering.

In quoting this memorandum we do not wish to reflect on the Chairman of the Transport Board or his officers. They have been exceptionally busy, and, unfortunately, we have piled a great deal of research and other extra work upon them; so it was quite easy for them to have made the error mentioned. As a matter of fact, although not stated, there were errors on both sides; but all that is required for Your Excellency's information is the net result, which we think you will feel is most satisfactory.

We did not ask the general manager of the Union Company what the Government was saving on account of marine insurance on real value instead of charter value, which under the Admiralty charter-party would have to be borne by the company, because the company could only have guessed at the amount; and the exact amount was available only in Wellington at Government Headquarters.

In addition to the vessels mentioned herein, the Government has on hire from Messrs. Huddart, Parker (Limited), their vessel "Ulimaroa," 5,777 tons, under rates and conditions of Admiralty charter-party. If this vessel should be lost the New Zealand Government would have to pay her value ascertained at the time of her loss, and not her value at the time she was taken over by the Government, which was a very great deal less than at present prices of shipping. To emphasise and throw additional light on comparisons herein expressed it may be mentioned that the cost of hire of the "Ulimaroa" under the Admiralty charter-party for one year is £79,118. If she had been hired under the terms accepted by the Union Steamship Company the cost would have been £72,118, showing a difference of £7,000 a year, in addition to the contingent difference in case of loss.

This statement in relation to the Union Company so clearly speaks for itself that lengthy comment would be superfluous; but the claim of that company that it has fully recognized its duty to the Dominion in the furtherance of its active participation in the war, and in catering at the same time for the trade of the Dominion, may fairly be admitted. The company placed its books and all necessary information at our disposal without hesitation or reservation, and courted the fullest inquiry. We therefore expressed our grateful appreciation to the company for lightening a heavy task.

7. HOSPITAL SHIPS.

We feel bound to say that the reputation which the "Maheno" and "Marama" earned abroad as hospital ships seems to have been thoroughly well justified. This was no doubt due mainly to the broad-gauge policy adopted at the outset in making comfortable and ample provision in these ships for all contingencies likely to arise in taking care of the sick and wounded they were intended to accommodate under any conditions likely to be met with.

Of course, suddenly called upon, unprepared for extraordinary effort, organization—at any rate during the first commissions—was not so complete as it became later on.

At an early stage of the equipment of the first hospital ship—the "Maheno"—in 1915, Your Excellency invited the different communities of New Zealand to send in suitable gifts, in money and in kind, and the response was so generous as to be almost embarrassing in its profusion. Your Excellency's experience when a soldier on active service had shown how to discriminate between the essential and the ornamental, and was most valuable.

Curiously, it has not been generally recognized that the goods were carefully classified, and that faithful record was kept of the donors, so that we were rather surprised to see for ourselves how completely this had been done. Inventories of the stock were made, and articles of the same sort were then repacked together, every case carefully numbered, and the contents recorded in schedules. We cannot do better, for detail purposes, than quote the evidence given on this matter by the regimental quartermaster-sergeant who, after helping with the receipt and classification of the gift goods, sailed as quartermaster on the "Maheno" during her first commission, extending over ten or eleven months:—

In reference to stores for the first trip of the H.S. "Maheno," I personally took charge of every article of gift goods sent to Government House for the hospital ships. As they arrived they were unpacked, sorted, and repacked into cases containing only one sort of article. Instead of a case containing, for instance, sheets, shirts, bandages, &c., all in the same case as we received it, after we

had repacked it only sheets, shirts, or bandages, as the case may be, would be inside. The idea of this was so that two or three cases would not have to be opened to supply an order for any one article. After the case was packed ready to send away, a distinguishing mark (two green stripes and a red stripe) was painted on two sides of each case to show at a glance that the case belonged to a hospital ship. A 3 in. number was also stencilled in black on every side of the box for reference. The numbers ran from 1 to something like 500, if I remember rightly. These numbers were taken down on a typewritten list, with the contents alongside the number, as, for example, "No. 1 case contains 100 pyjamas," and so on, giving the number of each case and the exact contents. These contents were entered up in the equipment ledgers on board ship, but, as others took charge of them as soon as they were put on board, I cannot state how they were issued. Two copies of lists of contents were sent on board and handed to the quartermaster. During the first charter of the "Maheno" I saw every case that was opened, and in no instance did a case contain anything but what was listed down for it.

Before falling ill our fellow-Commissioner, Mr. Peter Barr, made a detailed inspection, conveyed to us in a special report, on the system and conditions on board the "Maheno." He found that large numbers of cases, duly marked and scheduled, and known to contain gift hospital goods, were received on board the ship, and had to be stored in the hold. As they were piled one on top of the other during the necessary process of stowage and apparently without any defined scheme of order, the impossibility of getting at this cargo while at sea, or at any specified box during the voyage, can be imagined. Possibly, also, the lavish liberality of the public in their gifts helped in the failure on board ship to recognize the necessity for keeping such accurate account on the ship of the consumption of donated supplies as was done for the material paid for by the Defence Department.

Mr. Barr says, "So abundant was the response to appeals to the public that the Department appears to have required to spend comparatively little upon medical and other hospital supplies. The requirements in many lines were largely exceeded." In spite of this, it is probable that during the first commissions some stores for urgent requirements had to be purchased, though officers knew quite well that ample stocks were on board which they could not get at.

Subsequently temporary 'tween-decks were built, and the holds of the "Maheno" and the "Marama" were fitted up with bins, where ready access could be had to the stocks on board, and a thorough stock-taking was put in hand.

Mr. Barr continues *re* the "Maheno,"—

The present system of stock records has only been in force since January, 1917, and it is evident that during the earlier voyages no proper records were kept, particularly of "gift" goods, and that great confusion existed, and in consequence there must certainly have been considerable waste and loss. The system now in use is very complete and satisfactory, and the returns are practically in the forms adopted by the British Army. The stock sheets, and particularly the return of medicines and Army medical stores, are more subdivided and detailed than would be usual in ordinary mercantile practice, and appear to me to be thoroughly satisfactory.

When the hospital ships were first commissioned and left New Zealand equipment was put on board with the idea that the vessels might be absent for a long time—possibly for years—on service; as, for instance, between Gallipoli and Egypt, or other short runs with freshly wounded men, where consumption of medical stocks was large. Experience showed that this would not be the case, so when the ships returned home and were recommissioned it was decided to reduce the stocks on board, and in all 365 cases* of cotton-wool, gauze, lint, drugs, and sundries were returned to the Officer Commanding the Medical Stores, Wellington; also seven thousand articles from the linen section were sent to the Red Cross Society, while the stock remaining on board is still estimated to be sufficient for the next eighteen months.

In the absence of knowledge this surplus of requirement provided in 1915 suggested extravagant provision; but the arrangements made then proved to be singularly sound, and the fact is that the surplus has now become worth far more than its original cost, and some of the items are now almost un procurable—for instance, cotton-wool, Salvarsan, aspirin, and synthetic drugs generally. Even allowing for interest meantime on the outlay, the net profit from increased value of the surplus stock is very substantial, while in addition to this is the satisfaction that the sacred necessity of making full provision for the Dominion's wounded was

*These goods were paid for by the Crown, and the proceeds credited to the Hospital Ship Fund.

amply recognized and afforded. What would have been said and what explanation would have sufficed had those hospital ships run short?

Officers and personnel of the "Maheno" and "Marama" are changed every commission, representing two voyages in eight or nine months, and are given shore duties, a change beneficial for health and the efficiency of the service. Quarter-masters have also been trained to their duties on board, and the whole system is now running smoothly. Our personal inspection of the hospital ships certainly created an impression of efficiency in all departments, and we are convinced that they are at least up to the standard of Imperial hospital ships.

We were confidently assured that the hospital equipment of the "Maheno" had cost over £7,000, and included even a midwifery outfit. As a matter of fact, we ascertained that the medical and surgical equipment of this ship, while ample, was not excessive, and was obtained after consultation with three of the best-known local surgeons, and did not cost the Dominion more than £1,300. Some of the instruments were presented—amongst others a ship's outfit—and it happened that one set placed on board a transport included a midwifery outfit, which is part of the ordinary surgical equipment of every ocean-going vessel.

Summing up, our opinion is that New Zealand has, and always has had, reason to be proud of her hospital ships, even while admitting that they suffered at the start from some lack of experience, just as always happens, whether in Government Departments or in private enterprises, when they are called on to meet absolutely unprecedented emergencies.

8. MILITARY HOSPITALS.

Military hospitals or convalescent homes were until recently under dual control—Health Department and Defence—which caused a lot of trouble, and friction was narrowly avoided between the two Departments. They are now entirely under the Defence Department, and things will work more smoothly. The Medical Officer at Hanmer, for instance, although in uniform and ranking as a Captain, actually did not know under which Minister he was serving. His salary came to him monthly, seeming to drop as manna. When the officers there requisitioned for supplies they were in doubt whither to ask, and so, when fifty extra beds were needed at Hanmer the requisitions were sent to both, and the Health Department and the Defence Department *each* provided fifty; but whereas one sent fifty bedsteads with mattresses, &c., complete, the other sent only fifty bedsteads; and the bedsteads were of different patterns, each differing from the type already in use there.

Similar overlapping happened with regard to the transfer of patients, the hospital authorities usually receiving a telegram of advice from each Department. In one case seven telegrams were sent—on the occasion of one patient being transferred from Hanmer to Dunedin.

Under such a system there was naturally want of definite control, and neither the senior Medical Officer nor the combatant Officer in Charge knew on whom, in case of trouble, responsibility would ultimately rest, or where the one's liability ended and the other's began. That has now, fortunately, all been altered.

The regulations governing hospitals in procuring stores are quite good and satisfactory, provided men are conversant with them or have been trained in administering rules; but they are too voluminous and vexatious for temporary and casual men to administer. The Director-General of Medical Services admitted that it would take a quartermaster twelve months to learn his job, and a particularly quick man three months to establish a working acquaintance with these regulations; and the awkward fact was that quartermasters were usually changed every few months. Consequently these regulations have been a source of a good deal of friction and embarrassment; but there seems a probability now of obtaining permanent men for these positions who have been trained to the rules, and so that trouble should pass.

The value of some of the returns demanded is more seeming than real. For instance, in a convalescent hospital short of accommodation, where staff and patients must necessarily eat together, it is quite impossible to give with any degree of accuracy separate returns for food consumed by staff and by patients; but as Headquarters demand that this be done, the quartermaster simply makes an estimate

and sends it in, and that seems to satisfy them. We could suggest no means to that harassed quartermaster by which he could arrive at actual quantities consumed, where, for instance, ten of a staff and thirty patients are all messing from the same tables, at the same hours, from the same food, excepting by the guess of one-fourth and three-quarters. We gather that in future military convalescent hospitals at Rotorua and Hanmer will be under the control of Medical Commandants with some military experience, who will have under them subordinate military representatives for disciplinary and store-accounting services. This will save the expense of a Military Commandant at each place, and will, in our opinion, be a decidedly better plan in defining responsibility.

We did not regard it as within our scope to examine the medical management and discipline of the military hospitals, but we may suggest, as the result of our observations, that very much stricter rules might be enforced at Rotorua with benefit to the convalescents there, and, if necessary, even place hotels out of bounds. Also, if some scheme of light duties could be devised at all convalescent homes, so that each man capable of doing a little was daily employed—out-of-doors for preference—for periods suitable to his convalescence, the result would be of benefit both to the patient and to the institution.

Experience has shown that nearly every man suffering a recovery is all the better for making daily effort, with some objective in view, to more speedily regain his normal condition of health, and if this could be started before he leaves hospital it would mean that he would the sooner become fit for his ordinary vocation.

When convalescents leave hospital, care should be taken to establish close touch between them and the Health Department in their subsequent treatment. This suggestion applies also to men returning to the Dominion, especially after the war, when purely military hospitals will cease to be necessary, and the completion of men's treatment can be done in civil hospitals, with the Boards of which the Defence Department seems to have established pleasant relations.

A man who has contracted venereal disease has 2s. per day deducted from his pay from the time he enters a hospital (at home or abroad) until he is discharged as cured from the disease, but pay and allowances for his dependants are not interfered with.

Where a man is imprisoned for an offence against military or civil law his pay and allotment are stopped from date of notification of sentence until completion of sentence, but children's and separation allowances are continuous for a period of up to six months from date of notification.

9. MEDICAL AND DENTAL EXAMINATIONS AND TREATMENT.

At the beginning of recruiting there were four Medical Boards (one for each military district) composed of well-known practitioners, preferably with military experience. These had soon to be increased to two and even three Boards in certain districts, until there were finally twelve in New Zealand.

It was inevitable that in spite of general rules for the guidance of medical men in examining recruits, the standards of fitness should vary, and fairly frequent alterations of standard requirements in England added to the difference of medical opinion, and to the difficulty of establishing any definite standard to which all medical examiners could conform. These variations (for instance, heart affections, flat feet, varicose veins, &c., where divergence of opinion could honestly arise) account to a considerable extent for the rejection in England of men found fit here, and for the occasional alteration in a man's status when re-examination takes place here by a second Medical Board. To improve this condition members of Medical Boards were sent to Trentham for instruction in standards and to get a better appreciation of the work recruits had to perform. Gradually returned military doctors with knowledge of the strenuous conditions on active service were appointed to positions on standing Medical Boards, and the District Boards were eventually reduced to eight—namely, five regular Boards working full time, plus a skeleton Board each at Auckland and Canterbury to be assembled when required, and the special Board for re-examination of men classed "C2," in case some of them should be fit for a training course in the C1 Camp. Co-ordination of standard is improving; but even yet "doctors differ." To quote one witness:

"Medicine is not an exact science, nor are doctors infallible. With a science that is not exact, and medical men who are only fallible, mistakes must occur, and cannot be helped. We do our utmost to reduce them to a minimum, and I think our results compare favourably with those of other countries."

Carping will always be indulged in, but the following is a flagrant instance of vain imagining: A uniformed clerk in No. 5 Group, with a wife and two children, thus receiving 11s. 6d. a day for seven days per week, and therefore, on the face of it, presumably an intelligent and reputable man, actually swore that "fit A" men had influence to get passed as "C2" (permanently unfit). When pressed he named two members of well-known New Zealand families. We sent for the papers, and thereon it was clearly shown—

Case of H.I. Examined by Medical Board; declared "B2" (doubtful), and postponed for two months. He was re-examined after that period by another and entirely different Board and classed "C2" (permanently unfit), with full and clear reasons appended.

Case of J.L.S. First Medical Board to examine classed him "B2." He was examined three months later by another Board and classed "C2" (permanently unfit). Full reasons stated, amply justifying the decision.

When a voluntary witness, an employee of the Defence Department, on oath gives such an extraordinary perversion, can one wonder that members of the public, with no such opportunities of obtaining knowledge, should sometimes cherish erroneous opinions?

Comment is sometimes caused in districts by a second Medical Board following close on the heels of another. This has really occurred; but it arises from the fact that the first is a District Board, and the "C2" Re-examination Board works on a Dominion itinerary, as against the District Board's local run.

Medical Boards have to act according to general instructions from Headquarters and in accordance with the Military Service Act, and testimony indicated general satisfaction with their work.

In camp the New Zealand Medical Corps have charge of hospitals, the health of the troops, camp sanitation, and a variety of kindred matters; while it would be superfluous here to go into the invaluable service they render our men in field and camp on active service.

From our observation here, in contrast to most other branches, initiative seems to be encouraged, and suggestions from Medical Officers welcomed, and, where practicable, adopted.

It has been suggested to us that the lay members of Medical Boards might be made less than five, the present number employed; and we agree that it should be quite feasible for Medical Boards during their tours to rely on group officers for, say, two out of the five to assist in presenting recruits for examination and other simple work requiring no long experience, especially as they could be supervised by the three still remaining as the regular staff.

Final Medical Appeals.

Until the last minute we shared the popular and natural impression that the final Board of appeal in case of medical re-examination of recruits was the Director-General of Medical Services, who informed us he had dealt finally with sixty-two cases of appeal which were more or less difficult or unusual.

We are unable to find the precise authority for any single medical man being a Medical Board; on the contrary, it would seem that the regulations under the Military Service Act specifically state that a Medical Board must always consist of two or more Medical Officers, thereby superseding any authority originally given under which the Commandant might act on the report of one Medical Officer, *if conclusive*.

In any case, we are convinced that to prevent any misunderstanding re-examinations should always be made by a full Medical Board of three, particularly if the applicant should finally have to be classed "C2." We further recommend that when men have been re-examined and finally classed as "C2" (unfit for service beyond the seas), their names, occupations, abodes, and the grounds on which they have been exempted shall be forthwith gazetted, which was probably the intention of Parliament (*vide* section 48 of the Military Service Act, 1916).

Soldiers returned from Abroad without seeing Firing-line.

1,167 soldiers have been returned to New Zealand from abroad medically unfit, without ever having been in the firing-line. Some were sent back on account of being over age, others on account of being under age; some developed diseases after embarking—such as pneumonia, bronchitis, rheumatism, and surgical disabilities—for example, ruptures and flat feet aggravated by strenuous training at Sling following the softening effect of the long voyage by sea. Others were returned having been rejected on account of changes in the Imperial Army Council standards, varied since they enlisted. For instance, at one time men blind of the left eye or suffering from slight rupture would be accepted. These regulations were afterwards made more stringent. Also it must be remembered that gallant fellows, anxious to get away, deliberately misled the authorities as to their actual physical conditions. The cost of training, maintaining, and equipping a man, and of getting him as far as Sling and back, is on the average £150—amounting for 1,167 to £175,050. This is supposing all these men were *single* men, and is worked out on the basis of sixteen weeks in camp here, seven weeks' voyage there, seven weeks returning, seven weeks in England—thirty-seven weeks in all—which is certainly less than the average time experienced. Estimating that these men could have been pursuing their ordinary callings, on a low scale of pay the average earnings per man would be £130, a total of £151,710, making the loss to the country £326,760. This is putting the position in its worst aspect; but it will be seen that the percentage, whether in men sent from here or of the amount expended for the Expeditionary Force, is so small as to be negligible. In other dominions the percentage of returnings has been much greater: in Canada and Australia about four times as much. But they give the smallest possible time to training their troops before shipment, often only a few days; so that the long training here of four months gives much greater opportunity for culling out the unfits, and the cost of having a small proportion of unfits returned is so very much less than the cost of the longer training for the whole.

Probably, also, the fact of the men being in training here for four full months indicates no necessity for urgency in finally examining medically—hence certain slackness. But the case of the "Arawa," where it was found that out of a small shipment of 485 men actually 168 should never have left New Zealand, caused somewhat of a sensation, and the system was tightened up.

In spite of all that can be done, the country must expect to have some "returned tourists" from abroad who have never seen the firing-line; but there is no evidence to show that medical examinations have not been painstaking and satisfactory. We are convinced that the New Zealand Medical Corps is entirely to be depended upon.

C1 Camp, Featherston.

The establishment of a C1 Camp was a very interesting experiment, and results seem to fully justify it. The total number of men arrived in camp to the 1st March, 1918, was 3,395; the number discharged ultimately as "unfit" was 1,201; the number sent to Reinforcements as "fit A," 1,163; and there were remaining in camp the balance, 1,031. It will be seen, then, that 49 per cent. of those finally dealt with were made fit to enter Reinforcement training, and we find that of those 6½ per cent. were finally rejected, which means ultimately that, roughly, 46 per cent. out of the men who go into camp are raised from C1 to A class. Vague statements were placed before us that many of these men, ultimately rejected, suffered seriously in their health from the training they were put to, but we could find no evidence to support such a statement. There may have been odd cases in which the training had a prejudicial effect on the men's health, but they are extremely few; and the impression left on the mind was that, apart from the value of the existence of this camp from a military point of view, it was serving a useful purpose in assisting the health of the community by increasing and establishing the stamina and physical standard of a large number of men.

Without a question, there are many men in New Zealand who have no idea of being soldiers who would be greatly benefited by a course of training in C1 Camp.

Dental Examination and Treatment.

With sound teeth a soldier's chances of making the best use of camp food and of being in a condition to resist disease and make a good recovery in case of wounds are greatly enhanced, and dental treatment is therefore more and more coming into prominence and importance.

When recruiting began in 1914 it was soon found that something like 35 per cent. of volunteers, otherwise fit, were rejected on account of dental defects, and the authorities came to recognize that no recruit should be rejected purely on that account. New Zealand was among the first to arrange for the dental treatment of its Expeditionary Force, and two Dental Officers accompanied the Samoan Expedition as part of the Medical Corps. Further officers were appointed as dentists, and went overseas with the various transports. Two were also working under adverse conditions in camp at Trentham. These were the nucleus of the New Zealand Dental Corps. Meantime civilian dentists throughout New Zealand were patriotically doing a lot of dental work for volunteers, either free or at greatly reduced charges, the idea being that while they helped the war, the work done outside camp would not interfere with men's training. It was soon found cheaper and better to do all work in camp, the volume of treatment being so extensive. For instance, one Reinforcement of 1,275 men had 7,522 diseased teeth amongst them, and required 397 dentures and various degrees of other treatment. Obviously it is a serious matter when men average half a dozen bad teeth each. The Dental Corps was established at the end of 1915 by the transfer of Dental Officers from the Medical Corps and the appointment of additional officers in New Zealand, and it became compulsory for all recruits to be made reasonably dentally fit. The dental work is admittedly thoroughly good and sound, though little or no gold is used in carrying it out.

The Dental Corps is now well established, and comprises forty-two officers in New Zealand and thirty-four serving abroad, with necessary mechanics and orderlies. The organization appears to us to be good, and there can be no question as to the necessity for, and value of, the actual work it is doing. Evidence tendered to us showed that the dental system in vogue saves the State about £19,000 per year even on the specially reduced fees originally arranged by dentists for soldiers' work when working individually without adequate organization. The Dental Corps now obtains some officers and mechanics from the ranks, who come in under the Military Service Act. Questioned as to the fairness of giving any of these men professional pay of 10s. a day (enjoyed by all dentists in addition to pay and allowances of rank), the Director of Dental Services thought the allowance fair, as the Department did not train the dentists. He, however, admitted that there was something to be said for the contrary view—that immediate promotion from the ranks to Lieutenant's pay (£219), plus field-service allowance of £54 15s. and wife's separation allowance, if married, of £54 15s., is substantial enough without adding £182 10s. for professional pay, particularly as no other Army appears to be giving such generous terms.

10. MILITARY SERVICE BOARDS.

Military Service Boards are not under the Defence Department's control.

From what we can judge, there do not seem to be too many Boards to deal with the large number of appeals from recent heavy ballots for men of the Second Division called up under the Military Service Act.

These Boards cost for the year 1st April, 1917, to 31st March, 1918—

	£
Auckland (two Boards)	4,364
Wellington (two Boards ; formerly three)	5,797
Canterbury (two Boards)	3,469
Otago (one Board ; formerly two)	2,930
	<hr/>
	£16,560

In connection with these Boards an anomaly strikes one. The lay members and such of the Chairmen as are not Magistrates are paid £1 1s. per day each, with

£1 travelling-allowance while away from home ; but the Chairmen who are Magistrates receive £1 6s. every day, with 15s. travelling-allowance, in addition to their full salaries as Magistrates. While payment beyond salary may be warranted where a Magistrate undertakes a duty extra to his ordinary work, so substantial an additional fee is hardly called for when the Magistrate is relieved of his ordinary work and the special duty continues for many months.

In the present instance it seems that the Magistrate who is acting as Chairman of a Military Service Board is, allowing for all expenses, drawing upwards of £300 a year more than his brother Magistrate retained for Magisterial work, and perhaps taking part of the said Chairman's normal Court work. We think an extra payment at the rate of £100 a year, plus usual travelling-expenses when absent from home, would be ample recompense for any inconvenience to which these gentlemen may be put by travelling, or any loss of perquisites that attach to their Magisterial duties.

There is this further point : At this stage, when the procedure has become so familiar and the Chairmen are either Magistrates or practising lawyers, it might well be considered whether it is necessary to have a Military Representative—who is mainly a legal representative—attached to each Board. It appears to us that, excepting in the cities, the task of watching the Department's interests before the Board could be undertaken by the Group Commander, while in the cities this duty might be discharged by some other representative of the Department. This would save, in the country districts, the pay and travelling-allowance of the Military Representative and the clerk allotted to him, as well as the cost of maintaining a separate office for the Military Representative, as is done in some instances.

In any case, it seems unnecessary that the Military Representative should wear uniform, and preferable that he should not.

II. ALL OTHER MATTERS INVOLVING PUBLIC EXPENDITURE FOR THE PURPOSES OF THE WAR.

Superannuation Fund.

The Military Force enjoys the benefit of the general Public Service Superannuation Fund. Annual contributions are according to age at date of joining the service, as follows : Under 30, 5 per cent. of pay ; under 35, 6 per cent. of pay ; under 40, 7 per cent. of pay ; under 45, 8 per cent. of pay ; under 50, 9 per cent. of pay ; over 50, 10 per cent. of pay.

Unfortunately, there has been a clash of opinion between the Military Board, which decides when soldiers are medically unfit for further service in the New Zealand Forces, and the Superannuation Board's medical officers, who certify when men are unfit for ordinary service—for instance, in civil callings. There are two gallant officers, both of whom have won the D.S.O., who have been declared unfit by the Defence medical authorities and therefore cannot return to the front, although both are keen to go, and they are fitted for nothing else in the Defence Department so far as can be ascertained, but they are declared not to be sufficiently medically unfit to be a charge on the Superannuation Fund. Their position is naturally serious. The Government has the matter under consideration, and doubtless a way will be found out of an unfortunate situation which is causing a painful impression.

Cost of Territorial Forces.

The amount expended on the Territorial Forces since their initiation is as follows :—

				£
1910–11	..	..	..	221,875
1911–12	..	..	..	413,457
1912–13	..	..	..	529,396
1913–14	..	..	..	519,295
1914–15	..	..	..	515,040
1915–16	..	..	..	472,749
1916–17	..	..	..	506,150
				<hr/>
				£3,177,962

To quote from the evidence of the General Officer Commanding :—

These payments include cost of equipment, guns, armament, &c., such as—

- (a.) The provision of drill-halls, orderly-rooms, rifle ranges, offices for Groups and Areas throughout the Dominion; many of these halls being large and costly.
- (b.) Up-to-date armament 18-pr. F.A. and 4·5 howitzer guns, a brigade of the former and two batteries of the latter, with ammunition-supply, stores, harness, spares complete.
- (c.) Provision and maintenance of coast defence, forts, searchlights, Defence vessels, R.N.Z.A. barracks, &c.
- (d.) In 1913 and in the early part of 1914 the number of rifles in the Dominion was doubled. A full supply of small-arms ammunition was despatched with the Main Force and maintained during the Egyptian and the Peninsula campaign, and is still being shipped.
- (e.) Up-to-date Mills-Webb equipment for Infantry, Maxim machine guns.
- (f.) A considerable amount of Field Engineers' equipment, pontoons, tool-carts, signalling and telegraph equipment.
- (g.) Medical stores, ambulance wagons.
- (h.) Maintenance of Cadets at Duntroon Military College, up to forty Cadets.
- (i.) Field service uniform for the Main and Samoan Forces were all drawn from the Territorial Force until war contracts later became available.
- (j.) Supply of tents, camp equipage, marquees, operating-tents, cooking-utensils.
- (k.) Pay and maintenance of the New Zealand Regular or Permanent Forces—viz., New Zealand Staff Corps, New Zealand Permanent Staff of N.C.O.s, R.N.Z.A., Civil Service Clerical Section of the Force. Cost of General and District Headquarters, Group and Area officers and Staff throughout the Dominion, pay of Territorials whilst attending annual training-camps, courses of instruction and exercises for officers, and N.C.O.s refresher courses.
- (l.) Clothing and equipment and administration of the Senior Cadets—lads of fourteen to eighteen years of age.
- (m.) Cost of officers each year training in England or undergoing Staff College courses in England and India.
- (n.) Purchase of horses for permanent Cadre Field Artillery and Instructors in the country for training purposes.

In fact, the Expeditionary Force left for service complete in armament, arms, ammunition, tents, and camp equipment, capable of being disembarked self-contained anywhere. This was all due to the state of the Territorial Force even in its undeveloped state.

The testimony of witnesses whose opinion is well worthy of consideration agreed that more was due to the work done on the Territorial Force in the short time of its existence before the war than was at present understood, and that it was most desirable, in spite of present manifold distractions, to keep the machine moving even at a slow gait, for if it were allowed to stop the task of starting it again would be huge.

Home-service Men in Uniform.

Most "regular" soldiers seem to think that all men doing military service, whether directly or indirectly, should wear uniform, and in their minds the terms "military" and "millinery" become naturally and closely associated. They have the idea that better discipline and therefore more efficient service are thereby secured. There is grave doubt about service rendered in uniform being more efficient, but none whatever about it being more costly. To begin with, a soldier is paid for seven days of the week and he has all sorts of allowances not made to a civilian. On the other hand, the soldier receives nothing for overtime. Putting men engaged as clerks into uniform gives the men and the public the idea that they are soldiers. Either they are soldiers or they are not. If they are they should be drilled at least sufficiently to give them the rudimentary ideas of a soldier's duties and obligations, but as clerks this would seem to be a waste of time and hardly necessary to their full clerical efficiency. If it is not considered necessary to do this for clerks why put them into uniform at all? It is immaterial to a good clerk's value whether or not his top button is open, or whether he can, and does, salute certain persons senior to him, beginning at an arbitrary line of remuneration or rank. There are many men doing purely clerical work in uniform in the Department of Defence drawing as soldiers infinitely more than they would be paid as civilians. A reasonably competent clerk, after years of service and experience in a civil occupation—say, a bank or a warehouse, or even in another Government Department—with a wife and two children, draws £4 a week; but a man so experienced would, if in uniform, be made a Staff sergeant at least, and as such would get per day 8s. for pay, 4s. in lieu of quarters and rations, 1s. for his wife, and 9d. for each of his two children, making in all 14s. 6d. a day for seven days—£5 1s. 6d. a week. He would also receive a full supply of uniform from head to heel, under and outer, to save him at least 5s. a week. So he would

enjoy an increase of £1 6s. 6d. a week over what he would earn in a civil capacity, without benefit of any kind whatever to the State. He has, too, other advantages, such as free medical attendance for himself, and would be allowed more time off for sick-leave than under the Public Service Regulations.

But most curious were instances of men who either volunteered or were called up for military service and, on being declared unfit for active service, went into uniform and received more than they were getting for better and more valuable work in their civil employment. In one case a man who in his civil occupation drew £3 a week was serving in a purely clerical capacity in a branch of the Defence Department as a regimental sergeant-major, drawing for himself, his wife and three children, £297 a year, plus clothing and medical attendance for himself—double the remuneration received by him in his civil occupation.

On the other hand, it is fair to say we came across men who, inspired by fine desire to do their bit, surrendered their comfortable jobs to do war work at one-half what they received in civil life.

Then again, if a man returns from the war and does further work on home service he is taken on at the pay of his rank, irrespective of his qualifications for the new work. Certain branches of the Defence Department seem hard up for clerks, and are inclined to take what comes along; but there are too many cases there of persons being taken on at higher pay than they had been receiving in other Departments of the Public Service, from which they had resigned, and, in some cases, had even been dismissed. A returned soldier who has served as a sergeant-major in the field abroad, because he is a sergeant-major, although employed as a clerk in some quite unimportant capacity, receives the pay and allowances of a sergeant-major. This rule applies equally to commissioned ranks; and we saw several instances of men drawing the pay and allowances of a Major doing quite unimportant work, which would be well paid at the remuneration of a Lieutenant. The only reason one could get was "Pay for rank." But this system presents other comical aspects. The position of Director of Recruiting, for instance, entails considerable work and responsibility, but because the officer holding that appointment ranks in the Army as Captain he receives Captain's pay. But the Deputy Director of Base Records, who has infinitely less responsibility and anxiety, being a Major, draws a Major's pay; and the Director of Personal Services, and even his assistant, whose work, according to their titles, would be a good subject for a guessing competition, both being Majors, draw Major's pay and allowances, with infinitely less responsibility and anxiety than those of the Director of Recruiting, a Captain.

That there is no necessity to put men into uniform is evidenced by the fact that in the clerical departments there are some clerks in mufti and many women employed; and, in fact, in many branches the work of a woman compares most favourably with that of a man. The average pay per woman employed in the Defence Department is less than £100 per annum; the least that a single man ranking as a private can get is £3 3s. a week, plus uniform and free medical attendance; but there are very few clerks of the rank of private and unmarried, and with the acquirement of a wife and rank remuneration handsomely increases.

Complimentary Allowances to Returned Soldiers.

A returned soldier is given a railway pass entitling him to travel free on the railways for three weeks after arrival, to enable him to meet his friends before settling down.

He is also allowed £1 10s. towards obtaining a suit of mufti to replace the suit left behind; and underclothing, boots, uniform, hat, &c., are made up to two complete changes, running in value up to £14. Discussion is in progress of a proposal to increase the mufti allowance and reduce the uniform issue; and, as soldiers are not allowed to wear uniform excepting on special occasions, this amendment should prove more satisfactory.

At the same time, so far as we have been able to ascertain, no other country makes either of these generous allowances to its discharged soldiers.

Returned Soldiers and Repatriation.

Military life is very unsettling, especially to the amateur, and, as in previous wars, great difficulty will be experienced in getting many of the men returning to settle down. It therefore seems unkind in the returned soldiers' best interests to

pamper them, and thereby loosen the fibre of some, and transform gallant, efficient fellows into dependants. The kindest thing would seem to be to return all possible, without delay, into the walks of life they previously followed. Too much so-called kindness and consideration simply prolong, and ultimately make permanent, their restlessness.

Some men, encouraged by the adulation accorded them on their return from the war by an appreciative public, come to think that, having been at the front, the country should keep them and their families for the rest of their lives. This erroneous idea should be corrected, and the sooner such an impression is removed the better for the soldier and the community.

A popular cry is to put returned soldiers on farms ; but, before putting men on the land, their fitness for that work should be thoroughly tested. Present agricultural schools could be used and, if necessary, others established to first train or test soldiers, as disaster is invited by putting unsuitable men on the land. Even after twelve months at an agricultural college many men would not acquire sufficient knowledge, but less than that period would suffice to show whether a man has aptitude and persistence enough to succeed.

Of course, all men who have been trained on the land should be encouraged to return to it. The whole matter calls for careful and expert thought, combined with infinite patience.

Land acquired at ruling prices and stocked with cattle at current market rates will present a sufficiently difficult proposition to the beginner, even experienced.

"Easy come, Easy go."

The Vice-President of the New Zealand Returned Soldiers' Association, Wellington Mr. Claude Wilfred Batten, in giving evidence on the question of multi allowance on leaving the Army said : "I was issued with one suit of very heavy woollen underwear" (in addition to the suit he was wearing), "and I never put it on, because it was unsuitable." He was asked, "What did you do with it ?" and he replied, "I used the first one up for cleaning-rags for my gear, and the other suit may be still at my home." He was asked, "Was not that pretty expensive stuff for cleaning gear with ?" and he replied, "It was ; but it was fit for no other purpose." If a peep into the future could be vouchsafed us . . . !

Discharged Soldiers Information and Employment Department.

This Department costs about £3,500 a year. It assists returned soldiers to get employment, or to settle on the land, and advises them generally. It works in conjunction with forty local committees (voluntary) in the various parts of the Dominion. Every man on returning from the front is informed of this bureau and its powers of giving information, and is invited to make use of it. One wonders why this bureau, not under Defence, should have been specially formed, and why this work could not have been done by existing agencies for placing men in positions, which are already so good in New Zealand. Of the 17,651 men who have returned, only 2,534 have been placed in employment by the Department. There are still 5,600 names on their books as not settled, but it is not likely that one-half, at the most—2,800 men—will avail themselves of, or need assistance from, this Department. It is under the direction of an officer loaned by the Government Life Insurance Department, assisted by eighteen other paid officers.

The Officer in Charge says, "I do not like to talk too severely to a returned soldier, but sometimes we have to do it. We offer them all sorts of billets, but some turn up their noses at everything, and we have a great deal of trouble in that respect."

Free Passes to Next-of-kin to meet Returned Soldiers.

Until recently, free travelling passes were issued to next-of-kin to meet returning soldiers on arrival in New Zealand, but the system as it grew was difficult to handle satisfactorily and was open to abuse. It has now been wisely stopped.

Construction, Alterations, and Repairs.

These are carried out by the Public Works Department, and this method seems preferable to forming an expensive works branch for the Defence Department ; but Defence might be the better for having an Engineer officer attached to it to advise on works matters specially military and technical.

Territorial Officers called into Camp for whom there are no Vacancies in Commissioned Rank in Expeditionary Force.

We quote in full the question we put to the General Officer Commanding on this matter, and his answer, which we consider fairly presents the position :—

Question.—It is reported that about the middle of 1917 some sixty to seventy officers, mainly Territorials, were taken into camp for whom commissions in the Expeditionary Force could not be found. If this statement is correct, please explain—(a) How this state of affairs arose ; (b) was employment found for these officers, and on what duty ; or (c) were they discharged or granted leave ? If the latter, was it with or without pay ? (d) how much this error, if committed, cost ? (e) what is the present position of the matter ?

Answer.—The question is merely one of supply and demand. We have available a number of Territorial officers who lack experience in the present war, for whom vacancies cannot be found in Reinforcement drafts. The number of officers involved is really forty-two, which represents the balance of two classes drawn from sixty-three officers who were mobilized in July and August, 1917, for a special course of training. As the result of this course, twenty candidates were selected from among those who gained the highest marks, the remainder being given leave, as they objected to the conditions under which they proceeded to camp—viz., that if found unsuitable, or if no vacancies existed for their appointment to the Expeditionary Force with commissioned rank, they should be reverted temporarily for service in the Expeditionary Force as N.C.O.s.

The question is a matter of policy and is now under consideration. The officers were in the first place granted leave without pay, but as a solution of the problem could not be found and the officers concerned were without means, pay was issued from time to time up to 9th March, 1918. No employment was found for these officers, as it was impossible to foresee when this question would be settled, and leave was only granted for short periods. They were not sent back to camp, for the reason that their presence there created discontent, which was apt to depreciate the value of their own and their comrades' training. Their pay whilst on leave amounted to £2,966.

It is not admitted that an error was committed, as the situation was forced on by the provisions of the Military Service Act, which is no respecter of persons in its insistence that every fit man must proceed abroad when his turn comes. The Military Service Act had the effect of throwing a surplus of inexperienced officers on our hands, and the legal difficulties involved in reconciling the provisions of the Military Service Act with the necessity for respecting the King's Commission, if possible, caused unavoidable delay regarding these officers' disposal.

This problem exists in other parts of the Empire, as applications are being received asking for employment here, the applicants stating they are surplus in their own dominions.

General Robin added later :—

A decision has been reached since my answers were framed, under which these officers have been notified to come into camp in the middle of this month (May). They will go in as sergeants. If a man will not go as a sergeant he will go to Court-martial as a deserter. We have had to go very carefully into this with the Home Government and other British Governments.

One cannot but sympathize with the portion of these officers who volunteered for active service earlier in the war but who were retained on duty in New Zealand, and it is hard on them to be now asked to accept less than commissioned rank. We understand others had not previously offered their services, and with them we have no sympathy.

But we feel that all these gentlemen will, on reflection, sink their personal feelings, as so many others in New Zealand have done, and cheerfully fight in whatever sphere it may please their country to allot them. Their position is invidious now, seeing that they were glad to wear uniform in peace-time ; and we fear that in the years to come no explanation will serve if they refuse to go, however well-founded their contention may at present seem.

It may assist them if they admit what is due to gallant fellows who joined the ranks years ago, not as sergeants but as privates, and who fought and suffered all sorts of dangers and privations to attain to commissioned rank, and realize what the feelings of these fellows would be to see brand-new officers coming in, over their heads, four years after the war had begun !

Lieut.-Colonel Roy William Cumming, 16th (Waikato) Regiment.

With reference to the preceding paragraph, we heard a great deal of comment during this inquiry in the camps and elsewhere about an officer who had gone to France with a Reinforcement in 1916, and, there being no vacancy for a Lieut.-Colonel on his arrival there, was afforded the option of—

- (1.) Retaining his rank and returning to New Zealand for instructional duty there ;
- (2.) Relinquishing his rank of Lieut.-Colonel and being posted to an Infantry unit in France with the rank of Major.

After considerable discussion, No. 1 was allotted to him, and, retaining his rank, he returned to New Zealand and has since been employed in camps as an Infantry

Instructor. In civil life he was in the Lands and Survey Department at a salary of £275 per annum; and the Public Service Commissioner says that arrangements could be made for his return to his old Department if the military authorities could spare his services. As an Infantry Instructor at Featherston Camp he receives in pay and allowances £638 7s. 6d. per annum. The reports on this officer state that he is keen, hard-working, and conscientious, has plenty of initiative, and has justified his selection for his present position. But it is difficult to think that instruction from an officer about whom these facts are perfectly well known can achieve full measure of success.

While this officer retains his present comfortable position and handsome emoluments (considerably more than double his civil pay) it must be conceded that these disgruntled Territorial officers have some shadow of right to a grievance.

Distributing Casualty Lists and War News throughout New Zealand.

The system, good from the start, has gradually developed. At first, telegrams were sent to 2,500 post-offices throughout New Zealand, giving the name of the soldier, the nature of the casualty, and the date it was sustained, relating to each soldier. The same was done with war news. It was done for sentimental reasons, and was certainly necessary for, and demanded by, the public at the beginning of the war. It was reduced by degrees, until now casualties are classified according to the four military districts, and district lists only are telegraphed. The cost at present is one-fourth of what it was, although the amount of work done is larger. Separate telegrams are sent by Your Excellency, on behalf of His Majesty the King,* and by certain Ministers; and, although some witnesses cavilled at the cost, our experience showed that undoubtedly comfort was brought to the hearts of many receiving these messages, and the cost is therefore justified. The system is developing on the lines of co-operation with the Press throughout the Dominion, and this will be a further benefit to the community. The ordinary rate for telegrams is $\frac{1}{2}$ d. per word. The Post and Telegraph Department claimed for the period August, 1914—31st October, 1915, £422,000, settled after reference to Cabinet for a lump sum of £160,000; and from the 1st November, 1915, that Department has charged the Defence Department only press rates, of 1s. per 100 words—which rates admittedly yield no profit—and these, up to the 28th February, 1918, amounted to £263,000. So that, in all, for this service the Defence Department has paid £423,000.

The Post and Telegraph authorities have not only wisely and cordially co-ordinated with the Defence Department in all business matters, but often suggested means of lessening the costs, although the idea seems current in some quarters that the Post and Telegraph Department, because of revenue coming to it, would encourage expenditure by its customers. The fact is that the Post and Telegraph Department has felt the pressure of the war almost more than any other Department of the State, and is forced to economize labour in every way. This Department, also, has arranged to be sent abroad free inquiry messages in regard to casualties; does not levy war tax on letters to and from soldiers; delivers unstamped soldiers' letters free of surcharge; and makes special arrangements and reductions in connection with soldiers' week-end messages. It is admitted that no call has been made on the Post and Telegraph Department which has not been willingly met. We have had tributes from many quarters to the courtesy and efficiency of the Post and Telegraph Department.

Last year the Post Office made 753,632 soldiers' payments at various offices throughout the Dominion, at a charge of 3d. for each transaction, which it is said barely pays, and seems a reasonable charge. There are more risks and trouble in making these military payments, which are subject to variation and are temporary, than in making such payments as pensions, which are stationary, and therefore less risky and troublesome. The Post Office has to make good in cases in which its officers overpay or pay the wrong person. Fortunately, those cases have been very rare.

* These telegrams of sympathy, we are informed, have been discontinued since the 14th November last in favour of letters from Your Excellency, which we certainly think will be more valued by recipients as well as being more economical.

Far too much Telegraphing.

It must be admitted that the Defence Department is far too prone to telegraph needlessly ; and present quantities should be rigorously cut down. Probably because it has not to pay in cash, the Defence Department has not realized what the sending of urgent telegrams means. Many telegrams are not necessary at all—letters would do equally well ; but telegrams are marked "Urgent" (double rates) without due regard to necessity. Various instances were quoted us of "urgent" telegrams being sent from branches of Defence in Wellington to men stationed within the City of Wellington, which could have been delivered to the addressees at a nominal price by letter by hand, and in less time than occupied by the Telegraph Office in preparing and delivering a telegram.

Unnecessary telegrams are sent also, for instance, to and from Wellington-Palmerston North, Wellington-Auckland, Wellington-Christchurch, Wellington-Nelson, the contents of which could easily go by post, or, if they had to be telegraphed, could go at ordinary rates instead of urgent (double) rates, and be condensed often to two-thirds without any risk of obscuring the meaning.

On one occasion the ordinary telegraph business at Wellington was held up for some hours owing to the large number of "urgent" Defence telegrams going through without urgent reason, and very serious trouble in consequence was narrowly averted, another Government Department being affected, which, studying reasonable economy, allowed its telegrams to go through at ordinary rates.

It would be well if some method of check could be arranged whereby the Post and Telegraph Department could report periodically to the Defence authorities, for there is really a large amount of money wasted by Defence in excessive telegraphing.

Soldier's Discharge Certificate.

Each soldier on discharge from the Expeditionary Force receives a certificate of discharge setting forth the length of his service, which, among other things, bears testimony to his conduct while on service. The qualifications vary through "Very good," "Good," "Fair," and "Bad," and we were very surprised to find that the first could not be obtained without a service of two years and a half.

It was admitted that a perfectly colourless individual, of no particular use as civilian or as soldier, who had served for two years and a half, and who had been speeded on his homeward way without one sigh of regret from his fellows, but who during his service had not been found out in any crime or misdemeanour received a conduct certificate on leaving the New Zealand Army "Very good." A gallant soldier, a leader among his fellows, perhaps passed out of his regiment through a hospital, beloved and admired by his comrades, with two years and five months' service to his credit, would be marked "Good." Is that sort of oddity more amusing or pathetic ?

When explanation was demanded we had good old "King's Regulations"—framed for a standing Army of long-service men—thrown in our faces ; but "King's Regulations" were found "Not guilty," as they do not stipulate two years and a half, their minimum for long-service soldiers to obtain "Very good" being six years.

To accentuate the feebleness, there is nothing on the discharge certificate to explain how and why the different conduct grades are awarded. This should be altered without delay. A gallant soldier who has behaved well should receive his full meed of praise if, through wounds or even sickness, he has to leave the Army after only a few months.

Employers to whom these certificates may be offered as credentials for employment should know that their real worth is to show that during the military career of a discharged soldier he was neither drunken nor insubordinate. His other qualities are in no way alluded to.

These certificates, too, are not so much for to-day ; they will be handed reverently as priceless heirlooms in the far future.

The Mosaic Law.

The cabled casualty reports from abroad include all cases in hospital, even for quite minor ailments, such as corns, bunions, warts, toothache, and, oddly enough, for circumcision. These disablements are purely of a temporary nature,

but the difficulty is that if the Department failed to notify the friends of the sufferer and they learnt, as in a great majority of cases they are sure to do, that their relative or friend had been in hospital, needless alarm would be caused, and complaints would reach the harassed Minister in sorrow or in anger. In ordinary course, therefore, one message was carefully sent to a soldier's father informing him that his son had been admitted to hospital in England on a certain date for circumcision, and the usual sympathetic paragraph was added : "Please accept my sincere sympathy and hopes for your son's speedy recovery." Alas, this kindly message elicited an indignant reply from *pater familias* stating that, "If the word 'circumcision' was meant in a literal sense, the message was absurd and preposterous." He could only conclude that "circumcision" was a code word, and that some casualty clerk was "too damn lazy to decode it." This created a distinctly awkward situation : but it must be admitted that the following reply exonerated the casualty clerk, preserved the proprieties, and enunciated clearly an admirable sanitary law :—

The word to which you refer was not a message lurking in cipher, but must be accepted in its literal meaning. In other words, your son was admitted to hospital for the purpose of undergoing a slight operation, which, according to Mosaic law and the dictates of modern science, should have been performed in his infancy.

RECOMMENDATIONS.

A perusal of the foregoing will disclose that in our opinion the organization of the Defence Department on its administrative side is faulty. The trouble has come about through the casual addition of branches necessitated by the Department's growing activities and requirements, without a guiding hand to economically fit them in. The motive was, as herein explained, really economy, and the reluctance to create a new office which would necessarily command a fairly liberal salary. Parliament and "the man in the street" are rather to blame for this timidity ; for the tendency of a democratic community is to think that new appointments carrying a salary of £1,000 a year or more are unnecessary or extravagant. And thus it comes to pass that, while the lower ranks in the Public Service are generally well paid, one wonders at the high type and ability of many men occupying important and responsible positions in the Public Service receiving only from £500 to £1,000 a year, which salaries, when estimates are under discussion in Parliament, are often made to appear princely, but which are in reality less than the rates ruling outside for first-class men. The fact is that the appointment of such a man would have saved in every week the yearly salary of himself and his necessary staff.

There are two branches in a Military Force—"Training" and "Administration." A soldier naked comes under "Training," which should drill him, exercise him, and, when necessary, discipline him ; but when he needs clothing, food, arms, equipment, pay, transport, or other such attention, he comes under "Administration" ; and there should be a clear line of demarcation.

Our recommendation is that there be appointed a General Officer in Charge of Administration, under whom will come all administrative branches :—

- (a.) Those hitherto under the Quartermaster-General.—Equipment and Ordnance Stores, Financial Services, Movements and Quartering, Supplies and Transport, Construction and Maintenance, and Veterinary Services.
- (b.) The Administrative Branches now under the Adjutant-General—such as Organization, Recruiting, Base Records, Personal Services—excepting such items as deal with discipline and purely military detail, which should be transferred to the Chief of the General Staff.

We can find no room in the Defence Department for an Adjutant-General's Branch ; but in saying this we wish it to be understood that no reflection is intended on the Adjutant-General, who has "scorned delights and lived laborious days" since the war commenced, and has done a huge amount of war work, to the total neglect of his private business. If the Government see fit to adopt these recommendations and split up the Adjutant-General's Branch, and the present occupant of that office is prepared to do further military service, ample opportunity awaits him elsewhere for his ability and great zeal.

The following recommendations made throughout the report can safely be carried out :—

AUDIT :—

Establish a branch in London.

Appoint a representative in each military district.

CAMPS :—

Change brigade system for battalion system.

Reduce establishments.

MEDICAL EXAMINATION BOARDS :—

Reduce lay staff of each to three persons.

Gazette names of men reclassified as C2, giving reasons.

PAY AND ALLOWANCES :—

Payment of allotments, separation allowances, &c., should be lunar, or for one-twelfth of a year, instead of by calendar month.

Abolish grooms allowance.

Abolish professional pay in certain cases.

Abolish field-service allowances in standing camps.

Establish camp allowance and field allowance on flat rate.

Increase pay of Lieutenants on staff work in New Zealand.

Increase travelling-allowance of Captains and Lieutenants.

Reduce fees of Chairmen of Military Service Boards.

STORES :—

Brand clothing and equipment to prevent pilfering.

Let there be no nervousness about departing from customs obviously faulty. The excuse that " Grandfather did it " is very leaky nowadays.

When a high officer, after admitting that certain designations were misleading and conveyed no meaning, was asked why a new departure could not be made and common-sense titles substituted, which the world might follow, he said that New Zealand is too small a country to start innovations. It would not be the first time that New Zealand had struck out on new lines, which the other parts of the Empire had gradually followed with great benefit.

In addition, we make the following suggestions for the guidance of the occupant of the new post of General Officer in Charge of Administration :—

- (a.) The branches of Recruiting and Personal Services now employ 232 and 22 people respectively—in all 254. If that shrewd organizer the Government Statistician (Mr. Malcolm Fraser) could be prevailed upon to take over these services we are quite sure he would do them more efficiently than at present, with 150, as a minimum—probably 200—less hands. In other words, to make our position plain, as we are aware of the full significance of what we are recommending, if the Government Statistician were given at the very most 100 extra staff he could perform more efficiently the work now done by the 254 referred to above.
- (b.) Where possible, all men, irrespective of rank, employed on purely administrative work should be in mufti. Of course, in camps uniform is necessary. Quite an erroneous impression is conveyed to the public by seeing so many men unnecessarily in uniform.
- (c.) Military nomenclature should be simplified. Archaic designations should be abolished, and common-sense and understandable names substituted. For instance, we can extract no meaning from the words themselves in the title " Quartermaster-General " or " Adjutant-General." The title " Director of Equipment and Ordnance Stores " should be changed to " Director of Army Stores," for the one thing he has, and should have, *nothing whatever to do with* ordnance ; but his scope should be extended to embrace Engineers' stores, medical supplies, and also forage and food, now looked after by an officer called " Director of Supplies and Transport." The " Director of Personal Services " is simply a military legal adviser. The principal duty of the " Director of Movements and Quartering " is transports, which could be better left to an expert than to one who admitted that he knew nothing whatever about ships and charters until he assumed this job. As to the true inward significance of

the term "Director of Organization," we have already admitted our ignorance. We need hardly say that the high-sounding titles of "Deputy Director" and "Assistant Director" should be abolished. The suspicion is that a very fine title like that commands, even sympathetically, more remuneration than a "common or garden" variety of Chief Clerk. The term "Chief Paymaster" certainly seems more appropriate than "Director of Financial Services." It is an important position, and will be more so if the War Expenses Division is added to it. The present Director is a good, zealous man who has gained useful experience, but he does not carry guns enough for the new position, for which, possibly, a man will be found somewhere in the Forces sufficiently experienced and qualified. Perhaps an exchange between the present Director and another could be arranged. The status of the Accounting Department should be improved and sustained.

- (d.) The present Director of Equipment and Ordnance Stores will be the right-hand man of the new Administrator, and his status and emolument should be liberally increased. We found him to be a sound and capable man, for whom responsibility had no terrors. He had not only a thorough mastery of the principles and details of his work, but was shrewd in his estimate of the value of his subordinates. After a long and vigorous cross-examination we were so impressed with his knowledge of service conditions, especially the administrative side, that we invited him to send us any suggestions that might occur to him as the result of his examination; and we feel that we cannot do better than quote what we regard as a very able opinion on the points bearing on this report. On taking charge of his branch he drew up, for the conduct of his subordinates, regulations, No. 12 of which (probably his text for his suggestions) reads as follows:—

Promotions.—A nominal roll will be kept at the Headquarters of the Department, and all promotions will be made and regulated therefrom in accordance with the establishments laid down. Seniority alone affords no claim for promotion; the successful working of a section, due to the initiative of the officer responsible, is the essential qualification.

He says,—

The present staff may be divided into three classes, namely,—

- (a.) Those whose qualifications are undoubted;
- (b.) Colourless men, lacking energy and initiative, shirking responsibility, always looking for some excuse to avoid work—the 9-to-5 men;
- (c.) Those whose unfitness is apparent.

Dealing with (a) and (c) is simple; but class (b), which represents a fair proportion, presents many difficulties. The appointment of these men was originally made because there was nothing known against them. Subsequent promotions are made for the same reason. Men should only be appointed or promoted if something is known in their favour. Under our present system the burden of proving a case for refusing appointment or promotion rests with the General Officer Commanding, and unless a strong case is made out which will stand the test of questions in Parliament made by interested parties—because officers and others are of opinion that they have a vested right in the service—it is very difficult to refuse appointment or promotion. The result is that few men, if any, are refused appointment or promotion on the grounds of inefficiency only, and some specific act of neglect of duty, or often worse, must be proved against them. It is therefore submitted that no person should be allowed to think that he has a vested right in the service. If men are unfitted for their position they should be compelled to give place to better men. This can be accomplished by adopting business principles—*i.e.*, if men do not show proof of making good, there is a method of getting rid of them which we do not possess; but is there any reason why we should not possess the same means?

On the administrative side of the service (if not in all branches) all officers should be obtained from the ranks, appointments to be permanent so long only as the men can successfully and efficiently perform their duties. Thus, like the shareholders in a soundly managed commercial concern, the taxpayers shall obtain value for money expended.

- (e.) Extreme care should be exercised in the making of all appointments and promotions. It would be better that a Board should make the necessary representations to the Minister, and it is most desirable that the Defence employees should have close relationship in duty and emolument to the members of the Public Service. For this reason any such Board should include the Public Service Commissioner. A Board of this nature would be the means of preventing the appointment of unqualified

persons on recommendations prompted by personal liking or desire to secure employment for a particular individual, rather than by regard for the interests of the State.

- (f.) Administrative officers should be changed round occasionally, as long residence in a particular centre does not produce the best results nor that standard of uniformity which is necessary to a sound system of administration. The relation of the different branches of Administration, and between the departments of Training and Administration, should be that of friends and helpers. Conference should be encouraged, and unnecessary correspondence frowned upon.
- (g.) Too much stress is placed upon the value of Courts and Boards. They seem to afford an indifferent check ; and the most remarkable feature about their "findings" is the uniformity with which they agree that "the value of the same is a fair charge against the public," or that "the public should bear the loss."
- (h.) Definite establishments should be provided for all units, and be fixed by Order in Council, and there should be no alteration without reference to the Board charged with appointments. We have been surprised at the lack or looseness of establishments.
- (i.) It should be impressed upon officers entrusted with the expenditure of public moneys that they are trustees, and that they are subject to penalties for any breach of trust.
- (j.) We specially urge that there should be a stern combing-out of the Defence Department, and a careful medical examination of all males of military age, so that it may be ascertained exactly how many "A class" men are employed therein—at General Headquarters, in districts, or in camps—and why they cannot be spared to go to the front. We are glad to say that we have come across exceedingly few men in the Department who could be classed as shirkers ; but there are "fit" men anxious and willing to go, and the time seems to have arrived when there must be sufficient war-worn men to replace "fit" men in the Forces here. At regular intervals, say of six months, this combing-out should continue, so that no suspicion can arise in the minds of the public that the Defence Department is falling short in its duty in this respect.

In this connection it is fair to say that we have come across no evidence whatever, although we carefully sought it, of the Minister of Defence, directly or indirectly, using the influence of his high office to grant or obtain exemption for men from active service. We also made diligent inquiry as to what relatives or connections, if any, the Minister had in the Department. We found only one, a gentleman connected by marriage, doing important work, attending daily the prescribed hours, but enjoying no military rank, and drawing neither pay, emolument, nor allowance of any kind. As a matter of fact, we came across no case of any Minister of the Crown having friends or relatives in comfortable or lucrative positions in connection with war activities ; and if there are any they must be serving in a humble capacity.

- (k.) We are confident that the extension of the principle of the amalgamation of the administrative positions should also take place in connection with the district commands, and that it will result in a large saving without any loss of efficiency.

An experienced witness suggested that a Secretary of Defence should be appointed at, say, £700 a year, whose function would be to control the civil portions of administration and act as medium of communication between the military authorities and the Minister. But we fear that such an appointment would fall short, as what is wanted is a first-class man of experience who will be made responsible and accountable to the Minister for the quality and result of his work. Too much would depend on the type of man chosen to be Secretary. If he was a strong man he would find too much of his time occupied in steering clear of difficulties with the military authorities, who would resent interference from a purely civilian official in what they regard as matters requiring special training and experience to successfully deal with.

If the Secretary was an amiable sort of person he would be merely an unnecessary channel of communication—a Chief Clerk—and no responsibility whatever

would attach to him if anything went wrong. He would be prone to gradually gather a staff about him to do a lot of redundant minuting and recording, and, in short, he would be a "fifth wheel to the coach."

All that he could do is now done by the capable and courteous gentlemen who act as Private Secretaries to the Minister at much less cost, and the services of one of whom, anyhow, the Minister would have to retain.

We have mentioned this at some length to show that we have carefully viewed the matter from various angles, and we kept steadily in view the important future lying ahead of the Department of Defence. When this war is over some countries will fortunately be able to practically disband their armies and think of defence in the past tense, but not so New Zealand. From now onward defence is going to be a costly business, and it is for that reason that for every pound spent the country must feel assured that it is getting twenty shillings' worth.

In no perfunctory way we desire to record our cordial appreciation of the excellent services of Mr. A. E. Briggs, who has acted as Secretary to the Commission, and to Mr. W. H. Russell and Mr. J. A. Smyth, who have so efficiently recorded the evidence and proceedings. These gentlemen have gone far outside their prescribed duties to facilitate and assist our labours.

We received valuable aid also from Major C. E. Andrews, of Defence Headquarters Staff, who accompanied us in the districts to assist us in technical difficulties, and who saved our time and temper in many ways.

Finally, we wish to emphasize that we were commissioned by Your Excellency to seek out faults and not extol virtues. We have looked for failings and recorded them herein; but on the way we found admirable work of much greater quantity. Therefore, when its strong points are weighed against its weaknesses, especially bearing in mind how scarce competent and experienced assistance was, the Department may well comport itself proudly.

In all *essentials* the Administration has succeeded. A few instances:—

£40,000,000 spent and no frauds.

An Army of 100,000 men excellently and fully equipped, and carried to the other end of the world. A declaration by the most responsible public man four years ago that this could be done by New Zealand would have been described as "rhetoric"—or worse.

Supplies have been purchased well, and, although the actual purchasing has been done outside the Department, military officers have been responsible that quantities have been sufficient and not excessive.

The bargain for transport vessels is the most favourable that can be learnt of anywhere.

Your sick and wounded have been tended with efficient and tender care both here and abroad. At Gallipoli your hospital ships won such a name that the wounded of other Forces counted themselves most fortunate to be transported on them.

As to the Minister of Defence, for reasons that will occur to Your Excellency we shall refrain from expressing herein our opinion further than to say that we envy him in the years to come his memories and his reflections on the work he has done. Criticism will, during the war, specially rage about the Minister of Defence, and he may gather grim comfort from the knowledge that "Censure is the tax that a man pays to the public for being eminent."

With respectful compliments we surrender our commission into Your Excellency's hands.

ROBT. McC. ANDERSON.
CHAS. RHODES.

APPENDIX.

REPORT OF COMMITTEE ON VARIOUS BRANCHES OF ADJUTANT-GENERAL'S DEPARTMENT.

The Chairman, Defence Expenditure Commission.

Wellington, 1st June, 1918.

As requested in your memorandum of the 13th ultimo, we visited the various branches of the Defence Department dealing with members of the New Zealand Expeditionary Force, having in view the criticisms made by Lieut.-Colonel T. W. McDonald, of the Wellington Military District, Mr. B. C. Warnes, of the Base Records Office, and Lieutenant Macdonald, of the Office of the Director of Recruiting.

Each of the gentlemen mentioned submitted a written statement setting out briefly the main points of their criticisms, and they were also given the opportunity to verbally elaborate and illustrate their points.

The time at our disposal did not enable us, nor did we think that you required, that we should go minutely into the detail of the various branches, and attention was therefore confined to a general study of the system and methods followed.

It was considered desirable to make an examination of the method adopted and the records established in connection with the various actions taken from the time a person is registered as a Reservist under the Military Service Act until he is sent overseas or is otherwise disposed of. We found that in giving effect to the provisions of the Military Service Act for the supply of men for the Expeditionary Force the following organizations exist for the handling of the men, apart from their equipment and training :—

- Registration (Government Statistician).
- Director of Recruiting.
- Groups (21).
- Military Service Boards.
- Medical Boards (with Attesting Officers attached).
- Director of Personal Services.
- Camp Records.
- Q.M.G. (4)— Pay Office.
- Financial Assistance Board.
- Base Records.

Accordingly, visits of inspection were paid to the offices of the Government Statistician, Group 5 (Wellington), Group 6 (Palmerston North), Director of Recruiting, Director of Personal Services, Base Records, Wellington Military Service Boards, and the Trentham Camp.

Dealing separately with the two principal branches more particularly criticized, we come to the following conclusions :—

Base Records. The criticisms, in so far as they relate to pay and duties, arise principally from the fact that the staff is composed of both military and civil officers, the former being paid according to rank irrespective of duties performed. But it must be borne in mind that anomalies are almost unavoidable when very large organizations have to be suddenly and rapidly created. We noted that these anomalies are gradually being eliminated in some directions.

So far as the methods followed in this office are concerned, we consider, for all the various services required of the office, they were expeditious and efficient.

As to the carriage of files between Base Records and War Expenses, this must continue so long as these branches are housed in different buildings.

Recruiting Office. The criticisms of this branch suggested that overlapping and duplication of work existed in its relations with the offices of the Government Statistician, the Director of Personal Services, the Groups, the Military Service Boards, the Camp, and Base Records ; that the methods and system adopted within the branch itself were inefficient ; and that much of the work done could better be done in the Groups. As a result of our investigations and inquiries it is apparent that considerable duplication and overlapping does exist, particularly as between the Director of Recruiting, Director of Personal Services, and the Groups ; but as to how far this duplication or overlapping is necessary or expedient, having regard to the duties imposed by the statute, is a matter for determination if reorganization is decided upon. As to the methods and procedure in the Recruiting Office, we think they could be simplified and thus rendered more expeditious and efficient.

As to whether the notices calling up the Reservists selected by ballot could be issued from the Government Statistician's Office, they could, of course, be so issued, but whether, with existing organizations, such a change at this stage would be desirable is somewhat doubtful. That is a matter for determination in the event of a complete reorganization of the whole system being decided upon.

In stating these conclusions it is only right to point out that we are referring to organizations brought into existence to enable the country, under the Military Service Act, to fulfil its obligations in regard to the war, and to carry out work of which no one had had any previous experience. Hence, at various stages developments took place and systems were adopted in an honest endeavour to meet necessities of the times which, viewed and examined at this stage in their relation to the whole, appear cumbersome and inefficient.

A matter calling for immediate action is that under the present procedure there is an absence of the "personal touch" as between the various branches of the Department and the individual concerned.

All action is taken about a "paper" man, and we are convinced that more effort in the nature of "personal" inquiry would not only eliminate considerable delay and much needless effort, but would prevent the mistakes and consequent complaints which are inseparable from "paper" inquiries.

We feel that the present position has largely arisen through the absence of an organizing head, controlling and co-ordinating the whole of the clerical functions of the various branches concerned under officers trained in modern office organization and management, and seeing that the systems and procedure adopted give the required results efficiently and expeditiously, with the maximum of economy.

We are also convinced that if all the clerical services of the various branches were organized on a civil basis the results would be more satisfactory, and many of the existing anomalies would disappear.

J. D. GRAY.
MALCOLM FRASER.
P. VERSCHAFFELT.

REPORT OF DEFENCE EXPENDITURE COMMISSION.

LETTER BY MR. P. BARR, MEMBER OF COMMISSION.

Rotorua, 15th October, 1918.

The Hon. Sir James Allen, K.C.B., Wellington.

DEAR SIR JAMES,—

Defence Expenditure Commission.

I very keenly regret that on account of illness I was unable to carry out my full share of the work entrusted to the Defence Expenditure Commission by His Excellency the Governor-General, and that the drafting of the report itself had to be left to my colleagues Sir Robert Anderson and Mr. Rhodes. Now, however, that my health has been restored I think it right to address you briefly on the subject, and, as the commission has been surrendered to His Excellency, shall be glad if you will kindly convey to him a copy of this letter. A perusal of what I have now to say will, I believe, result in the report being recognized as an expression of the opinions arrived at by the three members of the Commission.

I have noticed in more than one newspaper statements to the effect that I had been ill "during the major portion of the tour," and "debarred at an early stage of the inquiries from taking part in the proceedings." In view of the publicity given to these statements, I think it well to say that the Commission began its work on the 28th January, and, after travelling through the North and South Islands and visiting the military camps, completed the taking of evidence in Wellington on the 14th May, occupying in all a period of just over fifteen weeks. I ceased to take part in the proceedings on the 19th April, and was therefore absent for three weeks and a half, and, unfortunately, debarred from hearing the evidence taken during that period, and from taking my share subsequently in the preparation of the report. It will be seen, however, that I was an active member of the Commission during the whole of its travels, and heard the bulk of the evidence. Mr. Rhodes has assured me also that when they were engaged in the compilation of the report my colleagues constantly kept in view what they understood, from our numerous conferences, would have been my opinion on the various points as they came under consideration.

As soon as health permitted I obtained a copy of the report, read and considered it very carefully, and during the past fortnight have had the opportunity in Auckland of conferring with Mr. Rhodes as to all that was done after I had to discontinue my share of the work. I have also had laid before me the whole of the evidence then taken, and a file of the comments made by the Press of the Dominion after the publication of the report.

It now affords me considerable satisfaction to be able to inform you that I find myself in general agreement with the contents of the report, and to express my belief that, had I been present when it was being compiled, there would have been no substantial difference in any of the recommendations made. As a matter of fact, many of the matters dealt with had been frequently discussed before I took ill, and the common understandings arrived at were in substance the conclusions set forth in the report.

It is unnecessary that I should refer in detail to the matters dealt with under various headings, and I shall content myself with brief comments as to a few points.

The evidence taken was very voluminous, but the Commissioners were inclined to regret that more advantage was not taken of the opportunity to submit information as to their experience of the Department by those within its ranks, but more particularly by citizens outside who were brought into touch with it in the course of their business. We were, of course, aware that there had been rather widespread criticism of the Department, both public and private. The proceedings of the Commission were well advertised and reported, and officers and men of the service were assured by the General Officer Commanding in repeated circulars that they were free to offer whatever evidence they desired without any fear of consequences following. In view of these three facts evidence might have been expected from some who did not come forward. You are aware, however, that we interviewed, or received evidence from, practically every officer of the Department holding any command or position of importance.

I desire now to endorse and emphasize my agreement with the conclusions and recommendations made in the report regarding—

- (1.) The appointment of a General Officer Commanding in charge of Administration.
- (2.) The removal of anomalies existing between the pay and allowances of officers in camps and those at Headquarters or in districts, and arising from the system of distinguishing between Home Service men engaged in practically the same class of clerical or other work, by paying those in uniform according to rank, without any relation to the value of the services rendered.
- (3.) The reduction of the period of training in New Zealand.

As pointed out in your memorandum issued with the report, the first proposal "would not do away with the duties of the Adjutant-General's Branch," but I agree with my colleagues in believing that it would result in that work being much more economically, and no less efficiently, performed.

The question of pay and allowances, with all its complications, was gone into in great detail, and I am quite satisfied that a considerable amount of unrest and dissatisfaction will be removed if the recommendations of the Commission are carried out. The schedules published in the report in this connection are illuminative.

The question of the period of training in New Zealand appears to be a difficult one, and was, of course, viewed not so much from the military standpoint as from that of economy in expenditure. The opinion, expressed on page 37, in favour of a reduction to three months, was forced upon us after the most careful consideration of evidence received from men of various ranks who have had experience of the service abroad as well as in the Dominion, and appeared to view the question from both standpoints.

I have no doubt that the report must have largely removed rather widespread misapprehension from the public mind as regards agreements made with the shipping companies for the charter, provisioning, and reconditioning or purchase of the vessels used as transports, and also as to the value of the expenditure upon hospital ships.

In conclusion, I am pleased to express my cordial agreement with the paragraph making reference to your own position and work as Minister of Defence, and the commendation of the work of certain officers of the Department, who are named, as well as to gratuitous and valuable services rendered by members of Boards of Advice.

I am, &c.,

PETER BARR.

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