

While the Government and the country must regret having had to reduce so many of its officers and men, who, in the difficulties of the colony, served it faithfully and well, I am bound to say that all have been as liberally compensated as circumstances would allow, and that the selection made has been the only one possible. All the officers who had been trained to artillery and submarine work are retained. I very much regret that the services of so distinguished an officer as Lieut.-Colonel Roberts should have been dispensed with, for few men have deserved better of the colony; but I trust his services may not be lost sight of, if it is possible to utilise them in some other capacity.

Except in Auckland the Volunteer spirit has not died out in the colony, and the numbers continue to keep up. I am in hopes that at Auckland, when the severity of the present depression abates, that station, the most exposed in war and the most difficult to reinforce, may once more develop the military spirit which has heretofore distinguished it. Of this I am quite sure, that, if unhappily danger should arise, the Auckland Volunteers will be found in their places to defend their city.

I think the Volunteers of the colony have, as a rule, used their increased capitation wisely, having very generally employed it to buy equipments of which they stood in need. I believe under the altered conditions of the colony they will be found to accept the reduced allowance willingly for a year or two, and that it will make no difference in their military spirit.

I inspected the Wellington Volunteers on the 10th December last. I could have wished that this force had manœuvred better, especially as regards the four-deep attack, which was done in rather a slovenly way. The number present was, however, very creditable, few being absent. The Heretaunga Light Horse, though improved since last year, will, I hope, improve still further in the future. The Navals and Artillery Battery leave little to be desired, and if they maintain their present efficiency will be found equal to any call upon them. Speaking generally, the Rifle Battalion is rather young, and is hardly, in physique, up to the standard of the southern battalions. This, however, is a fault on the right side, and will remedy itself. I am bound to note here that during the last six months the Wellington Navals, under Captain Duncan, have made great efforts to render themselves efficient submarine miners, and have practised big-gun drill. In the former they have had the advantage of Captain Falconer's unwearied efforts to make them reliable in case of need.

In conformity with your instructions, I proceeded in the end of January to the South Island, where I found that the South Island Volunteers could not assemble conveniently at that (harvest) season so as to allow me to make my inspections consecutively. I therefore arranged to inspect first at Dunedin, where, on the 1st February, 1,022 of the force paraded for me. The hour selected was rather late to manœuvre the men, and I therefore agreed to Lieut.-Colonel Wales's proposal to complete my inspection at the drillshed (Garrison Hall), which was completely filled by the force. The physique, as I have before reported, of the Southern Volunteers is magnificent, and both at Dunedin and Invercargill I found no falling-off in this particular. The attendance of all the corps, except the Hussars, was excellent, scarcely any being absent. The Cavalry, being largely composed of country settlers—occupied closely with their harvest at the time—was nevertheless fairly represented, and I ascertained from Captain Stronach that such absentees as there were had his permission to be absent after full consideration of the urgent nature of their applications. Speaking of what I saw I can report favourably of the Dunedin force, which has at least shown that it is possible to assemble 1,000 men at any time on short notice if required.

At Invercargill—where I next inspected, as the day for Christchurch was the 8th—I had a very full muster of all the troops except the Cavalry. This corps, called the Southland Hussars, is not one which, I think, can be maintained. It has been gradually dwindling, and has never yet made a good muster at any one of my inspections. It seems specially difficult to assemble it, and therefore, though the men who are available are a credit to the colony, I think it should be disbanded. The Artillery Battery, which is a sister battery to that at Dunedin, both being armed with 12-pounder guns, is in all respects, like it, admirable, and keeps its guns in excellent order—a remark which applies to all batteries of the New Zealand Regiment of Artillery, though, of course, some are slightly better than others. I specially remarked two Infantry rifle corps, who were present to a man. The Gore Rifles, on the other hand, did not turn out equally as compared with last year. Both at Dunedin and Invercargill I ascertained that the Volunteers were quite prepared for a considerable reduction of capitation, and that the extreme country corps would prefer retaining their organization, without capitation, to being disbanded. Four hundred men paraded at Invercargill.

Returning *via* Dunedin on Saturday, the 5th, I reached Timaru, and inspected on the 7th. There were practically only three corps present, though a few cadets were on the ground. The few corps present were almost all complete; but their inspection does not call for special remark. The Navals and Artillery were quite up to the standard of other stations, and the Rifle corps was much as last year. The guns—9-pounders—were in good order. I did not inspect the two Ashburton corps, as it was represented to me that so many of the men were absent harvesting that it would be difficult to secure a good muster. I may, however, observe that one of these two corps has the highest figure of merit of any Canterbury corps; while the other, last year an honorary corps, stands very high on the list of corps in class-firing.

I inspected Christchurch on the 8th, 1,006 men being paraded—a slight falling-off from last year; but this was fully accounted for by the absence of two corps then present. I regret that the old cavalry corps, the Christchurch Yeomanry Cavalry, were not present. This troop is so scattered that it is difficult at all times to assemble it, either in North or South Canterbury. The Mounted Rifles, however, were on parade, and is a very smart, well-mounted, and efficient corps. The Christchurch Volunteers as a whole were quite up to and improved upon last year's standard. I find the average rifle-shooting has been much attended to, and several high figures of merit have been recorded, especially high in the Scottish Corps. All the corps, however, have attained a very