

unharnessed. It is felt that when such requests come from a local body they should, if possible, be complied with, and that the State should offer every encouragement to those local bodies who are anxious to promote the advancement of their own districts. Every possible care will be taken, however, to safeguard the interests of the State in such cases.

IRRIGATION.

Steady progress has been made with the practical development of the scheme to irrigate a large area of fertile land in the Ida Valley, Central Otago, by means of water conserved in the Manorburn and Poolburn Valleys. The completion of the scheme has been somewhat delayed, chiefly owing to the rigorous winter climate in the locality where the heaviest works are being carried out.

Surveys of another scheme to bring water from the Manuherikia River for the irrigation of suitable areas near Alexandra and Clyde, and on the Dunstan Flat, have been completed, and tenders are being invited for the construction of the main race to serve these localities.

The expenditure under this heading during the past financial year amounted to £33,602.

NAVAL EXPENDITURE.

Some final payments bring the cost of the battleship "New Zealand" presented to the Imperial Navy to £1,706,341, against which there is now a sinking fund in the hands of the Public Trustee amounting to £173,449.

In accordance with the provisions of the Naval Defence Act, 1913, a transfer to the New Zealand Naval Forces of H.M.S. "Philomel" was accepted on the 15th July last. Captain Hall-Thompson of the Royal Navy was appointed by the Admiralty to command and to act as Adviser to the New Zealand Government on Naval matters. The "Philomel" will be used as a sea-going ship for the training of personnel, which, in case of war or outbreak of hostilities, will pass by section 19 of the Naval Defence Act under the control of the Government of Great Britain.

The preparation of the necessary regulations for the enrolment of men to undergo training will take some time, but much has already been done, and it is expected that the scheme will be in full operation shortly. Regulations are also in course of preparation for the establishment of the New Zealand Royal Naval Reserve.

In view of a Naval Conference being held in 1915 the Government considers it advisable to await the decision of the Conference before submitting any further proposals to Parliament.

DEFENCE.

From the annual Defence Report, which has already been submitted for the consideration of honourable members, it will be seen that the scheme of universal training adopted by this Dominion is proving far more satisfactory than was anticipated, even by its most sanguine advocates. An excellent feeling generally prevails throughout the Force, and the rapid growth of the regimental spirit has produced a good-fellowship between all ranks, the undoubted tendency of which is to establish a better understanding between individuals, and a resultant improvement in their civil relations.

The present system, based as it is on the fundamental principle that it is the duty of every citizen to take his share in the defence of his country, does not press on any one section of the community, but touches all classes, and every effort is made to carry it out with the minimum of inconvenience to both the employer and the employed. The Government has pleasure in acknowledging the ready support accorded by employers and the cheerful acceptance by the men of the citizen army of their responsibilities in connection with the scheme.

The importance of possessing a force trained, officered, and fit to take the field on an emergency cannot be overestimated. In New Zealand we have not been slow to recognize that soldiers cannot be made efficient and units cannot be properly organized without concerted training, nor can it be expected that these results are