Up to date of this report the whole of the First Division of the Reserve, and Classes A and B of the Second Division, have been exhausted either by voluntary enlistments or by the operation of the ballot, and a commencement has been made with the calling-up by ballot of Class C of the Second Division.

The gross numbers drawn in the later ballots have not suffered to the same extent as in earlier ballots by the striking-off of men who had previously enlisted or of men under orders to proceed to camp as volunteers, caused by the fact that the machinery for the notification to the Government Statistician of the names of volunteers has been brought to a greater degree of efficiency than in the first months of the operation of the Military Service Act; also by the fact that there has been a decrease in the number of volunteers offering for service. In addition, the men of military age in the Dominion have now better realized their obligations under the Military Service Act, and the Government Statistician has necessarily been enabled to effect a more accurate classification of Reservists, through the latter supplying him with more detailed information as to children, &c., than they had done at first.

Towards the end of 1917 the Government decided that the strength of Reinforcements drafts could be safely reduced, and, as recruiting disclosed a position of great strength, a temporary halt in the calling-up of Second Division men was called. Later events, however, necessitated an alteration of policy and a consequent acceleration of the action of the ballot. The temporary halt resulted in a reduction in the number of District Medical Boards and Military Service Boards operating, but the increased numbers called up later necessitated the re-establishment of some of the disbanded District Medical Boards.

In the early portion of 1917 it was decided to comb out First Division men who had been classed "C2" by the District Medical Boards, and for this purpose the papers of all such men were scrutinized by a special Re-examination Medical Board, and those considered to be worth a re-examination were ordered up for that purpose. In connection with this matter it was approved that a special training-camp should be established for the purpose of imparting graduated training to those men who were slightly better than those classed "C2" but were not up to the "A" standard. Such men were classed "C1," and were in due course sent into the C1 Camp. This course has been productive of a considerable increase to the number of fit "A" men sent into Expeditionary Force camps. Up to the date of the last return the C2 Board had re-examined 5,340 men. Some idea of the work done in this branch and the results of the ballot may be obtained from the following, taken from the latest recruiting return:—

Since the date of the first ballot (23rd November, 1916) 63,641 First Division men were drawn in the first ten ballots. Of these 3,483 men have not yet been disposed of finally, and of 3,483 so remaining 1,957 are lost. These "lost" men comprise, in the great majority of cases, men who are legitimately out of New Zealand on passport or permit issued before the ballots were drawn. The men under disposal comprise 1,526, of whom 728 are under orders for camp, 42 are aliens whose cases are under consideration, 64 are temporarily unfit, and 466 are appellants whose appeals are not yet finally disposed of. The balance comprise "lost" men whose cases are under investigation by the Director of Personal Services.

Considering the First Division ballots as a whole in comparison with Class A of the Second Division as a whole, the following features are of interest:—

(a.) Of 76,398 First Division men drawn, the wastage (men who had to be struck off the list as alien, dead, left New Zealand permanently, &c.) was 6,532, or 8.5 per cent. of the whole. The wastage in Class A under the same headings was 1,458 men out of 13,277, or 10.9 per cent. of their total.

(b.) Of the 76,398 First Division men drawn, less "lost" men, men struck off, and men not yet medically examined (a total of 9,724), 66,674 were medically examined. Of these 38,726 were classed "C2," or 57.9 per cent. of the total examined. The percentage of C2 men to the total Class A Second Division men examined works out at 67.8 per cent. on the same basis (1,926 lost, &c., out of 11,351 examined, and 7,697 classed "C2").

(c.) If to the foregoing we add the result to date of the C2 Re-examination Board, the percentage of C2 men finally found in the First Division is decreased. Of the 38,626 men in the First Division classed "C2," 3,031 were found fit on re-examination, leaving 35,595 C2 men out of 66,674 examined, or 53.3 per cent., classed "C2."

(d.) If we examine the actual production of men for camp compared with the total examined the position is as follows:—

First Division— Medically examined					• •	66,674		
	 classed p (incl	.) .,		 e-examina		19,788 1,407 2,392		
Production						${23,587}$	or 35·37	per cent.
Class A, Second Division- Medically examined		••	•••		٠	11,351		
Gone to camp Under orders for cam	 p	••	• •	•••	• •	$50 \\ 2,133$		
Production		• •	• •	••		2,183	or 19·25	per cent.