

## XI. EXPENDITURE DURING LAST FINANCIAL YEAR.

40. The sum voted for naval defence for 1923-24, and the amounts expended, were as follows:—

Item.	Voted.	Expended.
	£	£
(1.) Full pay and wages, extra pay, &c. . . . .	154,400	133,480
(2.) Administration . . . . .	600	14,960
(3.) Victualling, clothing, and mess-traps . . . . .	33,575	34,431
(4.) Medical services . . . . .	1,300	1,511
(5.) Repairs, docking, &c. . . . .	8,225	6,302
(6.) Fuel and lighting . . . . .	40,670	33,269
(7.) Stores . . . . .	34,500	28,630
(8.) Works . . . . .	12,800	651
(9.) Reserves . . . . .	2,000	738
(10.) Effective services . . . . .	33,209	29,746
(11.) Non-effective services . . . . .	27,975	27,011
(12.) Contingencies and claims from Admiralty . . . . .	3,363	5,024
Gross total . . . . .	352,617	315,753
Less estimated credits . . . . .	13,220	30,030
Net total . . . . .	339,397	285,723

41. The following notes explain shortly the differences referred to in the previous paragraph:—

Item (1): Allotments to the amount of approximately £20,000 have not been claimed by Admiralty.

Item (2): Remittances have been credited to Suspense Account by Treasury, but have been charged to Naval Defence vote.

Item (3): Credits in aid were estimated, but these were not allowed. The victualling-allowance was not reduced as much as was expected.

Item (4): Treatment ashore was heavier and purchase of stores was larger than estimate.

Item (5): Refit of "Chatham" was postponed, and that of "Philomel" less expensive than anticipated.

Item (6): Coal stocks were not completed owing to coal strike.

Item (7): Sum of £5,500 not expended on guns.

Item (8): No expenditure on oil-fuel tank, for which £12,000 was voted.

Item (9): Numbers entered were less than estimated.

Item (10): Travelling-expenses and passages amounted to £2,500 less than the estimate.

Item (12): Contingencies recoverable from Admiralty debited to this item £1,700 more than estimate.

## XII. ESTIMATES FOR 1924-25.

42. Estimates for the current financial year have been framed with the object of giving effect to the views expressed by the Admiralty as to the lines which, in their opinion, Dominion naval policy should follow.

43. These views are recapitulated below under the headings given by the Admiralty, in the order of their importance, with a statement as to the proposals for the current financial year.

(i.) "*Maintenance of Nucleus of Seagoing Squadron capable of Expansion by Light Cruisers and Ocean-going Submarines.*"—Owing to the complement of H.M.S. "Dunedin" being smaller than that of H.M.S. "Chatham," the numbers of officers and men to be borne this year are less than for the previous year. No provision has been made for the entry and training of the young men who will be required eventually for manning the second and third light cruisers. It is earnestly hoped that as soon as the financial position of the Dominion renders it possible a second light cruiser of the "D" class will be added to the squadron, and eventually a third.

The importance of the provision of a second light cruiser at the earliest possible moment cannot be overestimated. Quite apart from Imperial considerations, with one light cruiser only there is an entire lack of competition, except on the rare occasions of a visit being paid to Australia, or a ship of the Australian Navy visiting New Zealand waters. Competition is the keystone of efficiency, and however good the personnel of an individual ship may be it is impossible to maintain the highest possible standard without competition with at least one other ship of the same or a similar class. For the peace-time needs of the station, embracing as it does a very large area, including a considerable number of islands in the South Pacific, it is highly desirable that another ship should be provided to enable the various ports to be visited more frequently. It is not contemplated that a submarine flotilla should be established in New Zealand waters for the present.

(ii.) "*Provision of Oil Reserves in the Dominion.*"—As stated in paragraphs 17 and 18, provision has been made for two oil-fuel tanks, both of which it is hoped will be completed during this financial year. One of these tanks was approved for 1923-24, but no money was spent on it. The provision of these two tanks and the tank-vessel should be sufficient to meet the naval needs of the Dominion.

(iii.) "*Assistance in equipping Empire Naval Bases.*"—The recent decision of the Imperial Government to incur no further expenditure on the projected Naval Base at Singapore makes it unnecessary for New Zealand to contribute any sum for this purpose at present.