

X. EXPENDITURE DURING FINANCIAL YEAR 1925-26.

The sums voted for naval defence for 1925-26, and the amounts expended, were as follows :—

Item.	Voted.	Expended.
	£	£
Full pay and wages, extra pay, &c.	194,800	170,907
Administration	400	213
Victualling, clothing, and mess-traps	48,287	50,329
Medical services	2,425	2,033
Repairs, docking, &c.	9,000	6,955
Fuel and lighting	73,220	70,742
Stores*	54,500	76,330
Works	24,900	19,334
Reserves	4,220	3,616
Effective services	31,427	26,783
Non-effective services	30,640	27,345
Contingencies and claims from Admiralty	1,000	1,058
Gross totals	474,819	455,645
Credits	25,737	14,442
Net totals	449,082	441,203

* Stores to the value of £13,000 (approximately) not paid for, 1924-25.

XI. ESTIMATES FOR 1926-27.

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 on which, in their opinion, Dominion naval policy should follow. The views are recapitulated below under the headings given by the Admiralty, in the order of their importance, with a brief statement of the proposals for the current financial year.

(i.) *Maintenance of Nucleus of Seagoing Squadron capable of Expansion by Cruisers and Ocean-going Submarines.*—H.M.S. “Diomedé” arrived on the station in January, 1926, and the Dominion now has on loan two modern seagoing cruisers of a very efficient type. The addition of H.M.S. “Diomedé” will be a great advantage from many points of view, the principal reason being that, with only one ship, it was impossible to carry out certain exercises of a highly important nature. The “Dunedin” and “Diomedé” can now each perform certain services for the other, and a spirit of competition, which is, in my opinion, essential for efficiency, has been introduced, to the mutual advantage of both ships. Provision has been made for paying a proportion of the cost of a battle-practice target, which will considerably increase the efficiency of the cruisers.

(ii.) *Provision of Oil Reserves in the Dominion.*—The second oil-fuel tank at Auckland is now constructed, and it is proposed to fill it during the present financial year. The pumping-apparatus is not yet completed, and certain subsidiary items are still required, but space is now available for a stock of approximately 10,000 tons of oil.

(iii.) *Provision of Bases, Docks, Depots, and Reserves of Stores and Fuel for War-vessels.*—The Naval Base at Devonport, Auckland, is being gradually developed. The new storehouse for naval stores is completed, and many articles required for H.M. ships are now available for issue. Additional accommodation for guns and torpedoes has also been provided. Large stocks of coal are no longer maintained by New Zealand, the Admiralty having taken over the stocks maintained in the islands.

(iv.) *Provision of Local Protection of Trade and Storage of Guns for Merchant Ships and their Escorts, and providing Trained Personnel for them.*—The necessary guns and mountings for protection of merchant ships and escorts are being provided at Auckland, and it is now proposed to begin the accumulation of ammunition for them. The necessary storage space is available.

The Naval Reserves of the Dominion are growing, and the entries are of a very satisfactory type. Training is now being carried out, including training in cruisers at sea; on the arrival of the trawler “Wakakura” training at sea in this vessel will be begun.

(v.) *Provision of Mobile Defence and Mine-sweeping Organization.*—A very suitable trawler has been purchased for mine-sweeping and other duties, and this vessel should arrive early in the financial year. Provision has been made in the estimates for 1926-27 for the supply of suitable mine-sweeping gear of the most modern type, and, on receipt, the training in this duty will be started.

XII. SUMMARY OF ESTIMATES, 1926-27.

The estimates for the naval defence vote for 1926-27 amount to approximately £85,000 in excess of the vote for 1925-26, the increase being principally due to the arrival of H.M.S. “Diomedé” on the station.