

202. The control of the New Zealand Division is vested in the Naval Board. The rates of pay in the New Zealand Division are in excess of Imperial rates.

203. The percentage of New Zealand cost to Admiralty cost has increased from 0·128 per cent. in 1914–15 to 0·812 per cent. in 1930–31.

204. The following statement will illustrate the variation in expenditure in New Zealand for Naval purposes since 1914–15 :—

Period.	Admiralty Cost.	Cost per Head of Population.	New Zealand Cost.	Cost per Head of Population.	Percentage of New Zealand Cost to Admiralty Cost.
	£	£ s. d.	£	s. d.	
1914–15	51,550,000	1 3 3	65,874	1 2	0·128
1921–22	57,492,000	1 5 11	303,517	4 9	0·527
1922–23	54,064,000*	1 4 4	211,225	3 2	0·391
1924–25	60,005,000*	1 6 9	283,356	4 2	0·472
1927–28	57,139,000*	1 5 2	486,830	6 9	0·852
1930–31	51,605,000*	1 2 6	418,837	5 7	0·812

* Population of Irish Free State excluded in computation.

205. The following additional amounts have also been expended, making the total cost per head in New Zealand as under :—

Period.	H.M.S. "New Zealand": Interest and Sinking Fund.	Singapore Base.	Total Cost per Head.
	£	£	s. d.
1914–15	117,043	..	3 2
1921–22	115,148	..	5 7
1922–23	50,564	..	3 11
1924–25	57,788	..	5 1
1927–28	57,788	125,000	9 4
1930–31	57,788	125,000	8 1

206. The evidence submitted by the Naval Board indicates that a vote of £400,000 is the minimum necessary if the present arrangements are to be adhered to, and we are convinced that this amount must inevitably increase substantially in the future. We believe that under Admiralty control the cost to New Zealand of maintaining the units at present stationed in New Zealand waters would be considerably lessened, but consider that any reduction in the amount of the vote must involve a change in policy. We are of opinion that the present divided control cannot give the best results, and that differentiation in the rates of pay in different Divisions of the Service is anomalous and expensive. We therefore recommend that negotiations be entered into with His Majesty's Government in Great Britain for the Admiralty to resume control of the New Zealand Division of the Royal Navy, without any conditions as to the number of cruisers to be stationed in New Zealand waters, in return for a fixed annual subsidy, the amount of which must be determined by the policy adopted by Parliament.

207. We feel that reversion to Admiralty control would result in considerable economies which do not appear to be possible under the present system.

208. If one cruiser only were maintained in New Zealand waters, and the maintenance of the "Wakakura" suspended, a saving of about £200,000 a year might be effected, but the possibility of making the saving would depend upon the policy arrangement entered into between the New Zealand Government and the Admiralty, as undoubtedly relief to New Zealand finance would be at the expense of the British taxpayer.

VOTE, EDUCATION.

209. We have carefully reviewed all items of education expenditure and have earlier in this report made recommendations for the elimination of certain items which appear under the heading of "Permanent Appropriations," but which are a part of the educational expenditure of the Dominion.

210. We now come to vote, Education, and note that for 1931–32 the gross vote amounts to £3,125,264, less credits-in-aid of £218,536, leaving a net appropriation of £2,906,728.

211. The growth of the cost of education may be gauged from the attached table showing expenditure, excluding capital cost of buildings, in four-yearly periods from 1st April, 1914, up to and including the estimated expenditure for 1931–32.