

3. The following table shows the numbers discharged or dismissed after final entry during the period of this report. It is satisfactory to note that the number of desertions has decreased since my last report, and that the total number of ratings lost from the Division is very much smaller than last year.

Cause.	Seamen.	Stokers.	Others.	Total.
Services no longer required, dismissed as a punishment, unsuitable	5	4	1	10
By desertion .. .. .	4	1	..	5
Invalided .. .. .	1	..	1	2
Purchase .. .. .	1	..	..	1
Death .. .. .	1	..	..	1
Totals .. .. .	12	5	2	19

4. During the year twenty-two ratings of various classes have been sent to England for specialist courses in the Imperial training establishments, to be followed in most cases by a period of seagoing training in battleships of the Fleet. During the refit of cruisers at Home every effort is made to release as many of the New Zealand men as possible from ship duties in order to enable them to go through short courses of instruction at the naval technical schools, as this instruction cannot be given on the station. The importance of these courses cannot be appraised too highly, and the results are extremely satisfactory.

5. The health and discipline of the ships' companies have been excellent.

### III. THE NAVAL BASE.

Considerable progress has been made in the Naval Base since my last report. New recreation-rooms have been built for the ships' companies, and a new boat-slip provided, and a boat-shed and Paymaster's store have also been erected.

2. The magazines at Takapuna are complete, and all the reserve ammunition for the station is now stored there. The opinions expressed in my last report as to the advantages of this magazine have been fully borne out by the experience so far gained.

### IV. RESERVES.

The following is the state of the New Zealand Royal Naval Reserve :—

Officers, R.N.R. .. .. .	9
Officers, R.N.V.R. .. .. .	36
Men, R.N.R.—	
Class A (Active)—Men who have served in the Royal Navy or any Dominion Navy, and who come up for periodical training .. .. .	82
Class A (Inactive)—Men who have been discharged from the seagoing Forces in New Zealand, other than those joining Class A (Active). These men are liable to be called up for naval service in the event of war within ten years of discharge from the seagoing Forces if not then over forty years of age ..	134
Class B—Men who follow the sea as a profession in the mercantile marine or steam fishing-vessels .. .. .	15
Class C—Men ineligible for Class A or B .. .. .	82
Class D—As for Class C, but only eligible to join when a division is formed in any district where they may be living .. .. .	175

2. The number of men joining Class B is very disappointing, but further proposals are now being considered for augmenting this class.

3. Some three years ago it was decided to establish a division of Class D of the Reserve at Auckland, where the conditions were peculiarly favourable, in order to ascertain whether it was possible to organize a system of training by which youths might be trained to be of some real value for local naval defence in the case of war. This experiment has proved so successful that it has been decided to establish additional divisions in the other three main centres, and the necessary steps have been taken to commence recruiting for the first subdivision of each division in Wellington, Christchurch, and Dunedin at an early date.

4. In November, 1927, Captain J. R. Middleton, D.S.O., R.N. (retired), was appointed Director of Royal Naval Reserves. He will also be responsible to the Naval Board for organizing a system of local naval defence for New Zealand.