

The present position as regards civil aviation is illustrated by the following statistics showing registrations of aircraft, &c., and licenses valid on the 31st May :—

Pilots " A " license	152
Pilots " B " commercial license	27
Aerodromes	17
Aircraft	59
Ground engineers	38

A considerable portion of the time of certain personnel of the N.Z. Permanent Air Force is devoted to the administration of the Aviation Regulations, and in certain phases of this work increases in personnel will soon be essential. This particularly applies to the work involved in periodical inspections of civil aircraft.

(2) Aero Club Movement.

A total of nine clubs have received assistance under the Government scheme of subsidizing light aero clubs. These clubs, operating thirty aeroplanes (of which sixteen are on loan from the Government), have trained *ab initio* 190 pilots for their " A " licenses.

The clubs have received £3,080 on account of subsidies for trained " A " license pilots.

4. TERRITORIAL FORCE.

(a) COMMANDS.

A number of changes in the command of brigades and units were effected. To those officers who relinquished their commands on expiry of their four years' service in these important appointments I wish to extend my sincere thanks and appreciation of the good work performed by them in the training of the Territorial Force, especially during the difficulties of the year.

(b) STRENGTH.

The strength of the Territorial Force is shown in Appendix I.

(c) GENERAL.

Reference was made in my predecessor's report for the year ending 31st May, 1930, to the cancellation of camps for the remainder of the 1930-31 training-year. A drastic reduction was also made in the Defence estimates for 1930-31, rendering it necessary to adopt a substantial change of policy in order to bring expenditure within the allotted limit. This was effected, as far as the Territorial Force was concerned, by discharging the bulk of the personnel, retaining in each unit only sufficient officers and N.C.O.s to form a framework (or " cadre ") on which expansion could be made when possible. It was fully recognized that the cadre system could only serve as a temporary measure, since it does not provide a satisfactory means of training either officers or N.C.O.s, and interest is difficult to maintain under such conditions. Care was taken, however, to maintain intact the Divisional and Mounted Rifles Brigade organization on which the Territorial Force is based.

In spite of the severe handicaps imposed by the cadre system and by the atmosphere of uncertainty surrounding the future of military affairs, the officers and N.C.O.s remaining with units continued to train in a most praiseworthy way. Great credit is due to them for their entirely voluntary efforts in very difficult circumstances, and there can be no doubt that the fine spirit displayed by them will be of incalculable value to the Territorial Force in the future.

In accordance with Government policy, the Territorial Force has been reorganized on a voluntary basis. The new scheme came into force on the 1st June, 1931. It provides for the continuance of the Territorial Force, recruits being obtained by voluntary enlistment, with a strength of some 10,000, as compared with some 16,000 under the system of compulsory service. This reduction in personnel has been brought about by adopting smaller peace establishments for certain units (*e.g.*, Infantry and Mounted Rifles), but care has been taken to ensure a proper allotment of officers, N.C.O.s, and men within units to enable progressive training to be satisfactorily carried out and to provide for a rapid expansion to a war footing if necessary. The Divisional organization has been adhered to; it is very convenient for administration in peace, and will form the basis of our actual requirements in war.

5. CADETS.

Simultaneously with the reduction of the Territorial Force units to cadre strengths, as mentioned in paragraph 4 (c) of this report, a sweeping change was made in the policy of training Cadets. All Cadets, other than those belonging to secondary-school units, were discharged, and Cadet training ceased except at secondary schools. The units at these schools were continued on a voluntary basis, and I am pleased to report that there is a general desire on the part of the school authorities to encourage the training of their Cadet corps. The Department is assisting in every way possible, by the provision of instructors and equipment, to make the training useful and interesting. The Secondary School Cadet corps form a valuable recruiting-pool for the Territorial Force, particularly as regards officers and N.C.O.s, and it is intended to encourage the formation of specialist sections at the schools wherever possible, to afford training in artillery, engineer, signal, machine-gun, and other work.

Several secondary schools have held " barracks " during the year, at which continuous training has been carried out.