

7. H.M.S. "Dunedin" has further visited a number of large overseas shipping centres during her voyage to the United Kingdom. In all, the New Zealand flag has been shown in British, Australian, American, French, Dutch, Indian, and Mediterranean waters, and the resulting indirect benefit to New Zealand trade and commercial business should be appreciated. Widespread cruises do not only benefit the personnel of the ships engaged, but do much to advertise the Dominion in the territories visited.

XII. POLICY AND ECONOMY.

Before handing over the command of the New Zealand Division to my successor, and my departure for England, I feel that mention should be made of the existing situation in the above respect.

2. During the term of my command the need for rigid economy has been paramount, and all expenditure has been closely scrutinized with this in view.

3. The Naval Board have therefore accepted a postponement of the progressive development which should have taken place in accordance with the approved policy and which would have necessitated an annual expenditure of approximately £565,000.

4. This approved policy is based on the various commitments entered into by the New Zealand Government at the Imperial Conferences in 1923, 1926, and 1930.

5. The *status quo* has merely been maintained, and by doing so a sum amounting to approximately £320,000 has been reduced from the anticipated votes for naval defence over the years 1930 and 1931.

6. The present estimates for 1932–33 (£400,000 approximately) are based on the minimum sum required to—

- (a) Maintain the two cruisers "Diomedé" and "Dunedin" in commission.
- (b) Maintain the existing Base and repair facilities at Auckland.
- (c) Maintain the existing facilities for the training of New-Zealanders on entry into the New Zealand Division.
- (d) Maintain the existing R.N.V.R. organization.

7. No provision for development in accordance with the approved policy has therefore been made, owing to the present financial crisis, and New Zealand is consequently not yet in a position to undertake her local naval defence.

I have, &c.,

GEOFFREY BLAKE, Rear-Admiral,
Commanding New Zealand Station.

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