

2. Your Excellency is aware that many communications have passed on this subject of late years between the several colonies and the Secretary of State for the Colonies, and the Admiralty, and now my Lords inform me that they consider it to be a preferable course to entrust me, being on the spot, with the duty of representing them in this matter, with the view to assist in obtaining a practical solution of this much-discussed question.

3. The instructions seem to me to virtually place my services much at the disposal of these great colonies for the above-named purposes.

4. I feel I need hardly tell your Excellency, for I trust I have already assured you, that I shall be very proud if I find I am able to assist in obtaining a solution to such an important subject, which has for an object the giving to these great colonies a more perfect defence, and with it that sense of security, which is the handmaid of increasing prosperity.

5. I gather from previous letters and minutes written by high authorities within these colonies the desire, so far as it has been expressed, tends in the direction—

- (a.) That the purely local naval defence force, which has already been created with so much spirit in several colonies at their own instance, shall remain much on the footing that has been already established.
- (b.) That any sea-going vessels that may be provided, equipped, and maintained at the cost of the colonies, should be manned by the Admiralty, and be placed in every respect on the same status as are Her Majesty's vessels at present belonging to this station, including the condition that the officers and men should be changed from time to time, so as to secure both as to officers and men that the instructions given in naval establishments at Home, and also that the experience gained in the world at large, as now obtained for Her Majesty's fleet, may be enjoyed by all.
- (c.) That the vessels provided at the cost of the colonies should be retained within the limits of the Australasian seas.
- (d.) That no reduction of the forces now on the station shall take place consequent on the addition of any force made at the cost of the colonies.
- (e.) That the entire cost of these vessels will be borne by the colonies.
- (f.) That an increased number of cadetships shall be given to the colonies.
- (g.) That during a time of peace these vessels should be employed in the same way as are other vessels of war on this station.
- (h.) That any arrangement made shall be for a period of years: ten has been suggested.

6. I am authorized by my Lords to say that they are prepared to enter cordially into any such scheme.

7. After some such scheme as that indicated has been arranged, the question that will next arise for consideration will be—the nature and number of vessels which should be provided, and the cost of construction, of manning, and of maintenance.

In the opinion of the Lords Commissioners of the Admiralty, the most suitable vessels for the proposed service are vessels of the "Archer" class, and also fast sea-going torpedo vessels.

The "Archer" is a vessel of 1,630 tons displacement, will steam seventeen knots, and be armed with six 6in. breech-loading rifle-guns, and would also carry torpedos. Ten of these vessels have been already ordered for the navy. The recently-designed fast torpedo-boats have a displacement of 430 tons, steam nineteen knots, and will be armed with three tubes for Whitehead torpedos, with one 3in. breech-loading rifle-gun, four quick-firing and three Por., and two machine-guns.

*As to the Number to be provided.*—This is naturally a matter that is dependent, in a great measure, on the funds that are disposable for the purpose, but in their Lordships' opinion, five "Archers" and two sea-going torpedo vessels in a time of war would, with the squadron on the station, give a very fair offensive and defensive protection.

*As to Cost.*—The cost of an "Archer" complete is approximately £105,230; of a torpedo vessel £53,300; in each case the cost of armament, ammunition, and torpedoes is included.

*Cost of Maintenance, Provisions, Wages, &c.*—This will depend on the classes of vessels decided on and on the numbers that will be kept completely manned. The cost may be gauged through that of H.M.S. "Miranda," a vessel at present serving on this station. The cost of the "Miranda," with a crew of 139 officers and men, on account of provisions, wages, and ultimate liability for pension or deferred pay to men is, I estimate, £12,180 per annum. To this must be added cost of coal and stores, say £1,400; there will also be a further charge on account of docking and incidental expenses, which would not be considerable. The cost of an "Archer" under the above heading of expenses would exceed that of a "Miranda;" that of a torpedo vessel would be very much less. The exchange of crews every three years of five "Archers" and two torpedo vessels would incur an annual charge of £5,300. But as probably only some of the "Archer" class vessels need be kept in commission, and the torpedo vessels would probably be kept with reduced crews and be held in reserve, in such case the cost of maintenance would be greatly decreased.

8. Their Lordships contemplate that the several colonies will continue to arrange for local defence, and that after joint consideration and decision as to any sea-going vessels of war they may desire to add to the squadron on the station, that such vessels should not be subject to any divided responsibility as to their movements within the Australasian waters, but that they in common with the squadron on the station—of which indeed they would form a part—should be solely and entirely under one responsible head; and I am not aware that this view differs from those which I have been led to believe prevail within the colonies with those who have previously considered and written on the subject. Should it not be the desire of the colonies to renew any arrangement now made at the end of the named period—ten-years—it would come to an end, and the vessels would become the property of the colonies.