

SIR,—

Commonwealth of Australia, Prime Minister, 25th September, 1902.

I have the honour to acknowledge the receipt of your letter of the 15th of August last, stating that their Lordships would be glad to receive my formal concurrence in the "Draft Agreement between His Majesty's Government of the United Kingdom, the Commonwealth of Australia, and the Colony of New Zealand," shown at page 7 [printed below] of the printed paper enclosed in your letter.

The terms of the draft agreement were, as you correctly state, mutually accepted in London before the close of the late Conference at the Colonial Office, and therefore my written assent to them, subject to the approval of the Parliament of the Commonwealth, remains now to be formally given and is hereby given.

I have, &amp;c.,

EDMUND BARTON.

The Secretary to the Lords Commissioners of the Admiralty.

DRAFT AGREEMENT BETWEEN HIS MAJESTY'S GOVERNMENTS OF THE UNITED KINGDOM, THE COMMONWEALTH OF AUSTRALIA, AND THE COLONY OF NEW ZEALAND.

The Commissioners for executing the office of Lord High Admiral of the United Kingdom of Great Britain and Ireland, &c., and the Governments of the Commonwealth of Australia and of New Zealand, having recognised the importance of sea power in the control which it gives over-sea communications, the necessity of a single navy under one authority, by which alone concerted action can be assured, and the advantages which will be derived from developing the sea power of Australia and New Zealand, have resolved to conclude for this purpose an agreement as follows:—

*Article I.*

The naval force on the Australian Station shall consist of not less than the undermentioned sea-going ships of war, all of which shall be from time to time throughout the terms of this agreement of modern type, except those used as drill-ships: 1 armoured cruiser, first class; 2 second-class cruisers; 4 third-class cruisers; 4 sloops; and of a Royal Naval Reserve consisting of 25 officers and 700 seamen and stokers.

*Article II.*

The base of this force shall be the ports of Australia and New Zealand, and their sphere of operations shall be the waters of the Australia, China, and East Indies Stations, as defined in the attached schedules, where the Admiralty believe they can most effectively act against hostile vessels which threaten the trade or interests of Australia and New Zealand. No change in this arrangement shall be made without the consent of the Governments of the Commonwealth and of New Zealand; and nothing in the agreement shall be taken to mean that the naval force herein named shall be the only force used in Australasian waters should the necessity arise for a larger force.

*Article III.*

This force shall be under the control and orders of the Naval Commander-in-Chief for the time being appointed to command His Majesty's ships and vessels on the Australian Station.

*Article IV.*

Of the ships referred to in Article I., one shall be kept in reserve, and three shall be only partly manned and shall be used as drill-ships for training the Royal Naval Reserve; the remainder shall be kept in commission fully manned.

*Article V.*

The three vessels used as drill-ships and one other vessel shall be manned by Australians and New-Zealanders as far as procurable, paid at special rates, and enrolled in proportion to the relative population of the Commonwealth and New Zealand. If a sufficient proportion of men from either colony should not on the aforesaid basis be forthcoming a sufficient number of men to complete the complements of the ships may be enrolled from the other colony.

They shall be officered by officers of the Royal navy supplemented by officers of the Royal Naval Reserve.

*Article VI.*

In order to insure that the naval service shall include officers born in Australia and New Zealand, who will be able to rise to the highest posts in the Royal navy, the undermentioned nominations for naval cadetships will be given annually: Commonwealth of Australia, 8; New Zealand, 2.

*Article VII.*

The branches of the Royal Naval Reserve established in Australia and New Zealand shall be called into actual service by His Majesty in Council, acting on the advice of his Governments of the Commonwealth of Australia and New Zealand respectively.

The men forming the Royal Naval Reserve shall be divided into two classes: (a) Those who have served for three years on board one of H.M. ships; (b) those who have not so served. These men shall be trained on ships specially provided for the purpose.

The officers of this reserve force shall be included on the list of officers of the Royal Naval Reserve.