

A remodelling of the squadrons maintained in Far Eastern waters was considered on the basis of establishing a Pacific fleet, to consist of three units in the East Indies, Australia, and China seas, each comprising, with some variations, a large armoured cruiser of the new "Indomitable" type, three second-class cruisers of the "Bristol" type, six destroyers of the River class, and three submarines of "C" class.

The generous offer, first of New Zealand and then of the Commonwealth Government, to contribute to Imperial naval defence by the gift each of a battleship was accepted with the substitution of cruisers of the new "Indomitable" type of battleships—these two ships to be maintained one on the China and one on the Australian station.

Separate meetings took place at the Admiralty with the representatives of Canada, Australia, and New Zealand, and general statements were agreed to in each case for further consideration by their respective Governments.

As regards Australia, the suggested arrangement is that with some temporary assistance from Imperial funds the Commonwealth Government should provide and maintain the Australian unit of the Pacific Fleet.

The contribution of the New Zealand Government would be applied towards the maintenance of the China unit, of which some of the smaller vessels would have New Zealand waters as their headquarters. The New Zealand armoured cruiser would be stationed in China waters.

As regards Canada, it was considered that her double seaboard rendered the provision of a fleet unit of the same kind unsuitable for the present. It was proposed, according to the amount of money that might be available, that Canada should make a start with cruisers of the "Bristol" class and destroyers of an improved River class—a part to be stationed on the Atlantic seaboard and a part on the Pacific.

In accordance with an arrangement already made, the Canadian Government would undertake the maintenance of the dockyards at Halifax and Esquimalt, and it was a part of the arrangement proposed with the Australian representatives that the Commonwealth Government should eventually undertake the maintenance of the dockyard at Sydney.

Papers containing all the material documents will be laid before Parliament in due course, and, it is hoped, before the conclusion of the Session.

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