

*Article VIII.*

In consideration of the services aforementioned, the Commonwealth of Australia and New Zealand shall pay the Imperial Government five-twelfths and one-twelfth respectively of the total annual cost of maintaining the naval force on the Australian Station, provided that the total amount so paid shall in no case exceed £200,000 and £40,000 respectively in any one year. In reckoning the total annual cost a sum equal to 5 per cent. on the prime cost of the ships of which the naval force of the station is composed shall be included.

*Article IX.*

The Imperial Government recognise the advantages to be derived from making Australasia a base for coal and supplies for the squadrons in Eastern waters.

*Article X.*

1. This agreement shall be considered to become actually binding between the Imperial Government and the Commonwealth of Australia and New Zealand so soon as the Colonial Legislatures shall have passed special appropriations for the terms hereinafter mentioned, to which Acts this agreement shall be attached as a First Schedule.

2. The agreement shall be for a period of ten years, and only terminate if and provided notice has been given two years previously—viz., at the end of the eighth year, or at the end of any subsequent year, and then two years after such date.

*Article XI.*

1. The payments named in Article VIII. shall be considered as payments in advance, and shall first become due and payable six months after the colonial Legislature shall have passed the special appropriation referred to in Article X.

2. The period of ten years referred to in Article X. is to be calculated from the date on which the colonial Legislature passes the special appropriation referred to.

3. The payments under the existing agreement, and that agreement itself shall terminate on the date on which the payments under the new agreement commence.

4. The share of these payments due from each colony shall be paid annually in London by the High Commissioner of the Commonwealth and the Agent-General of New Zealand, and, pending the appointment of the first-named officer, by such person as the Government of the Commonwealth may nominate, to such account as the Lords Commissioners of the Admiralty may direct.

*Article XII.*

In time of peace one of the drill-ships referred to in Article IV. and one other cruiser shall be stationed in the waters of New Zealand and its dependencies, as their headquarters. Should, however, such emergency arise as may, in the opinion of the Naval Commander-in-Chief, render it necessary to remove either or both of such ships, he shall inform the Governor of the reasons for such temporary removal.

## SCHEDULE TO AGREEMENT.

*Limits of Australia Station.*

The Australia Station, as referred to in Article II. of the foregoing agreement, is bounded—

*North.*—On the north from the meridian of 95° east, by the parallel of the 10th degree of south latitude, to 130° east longitude; thence northward on that meridian to the parallel of 2° north latitude; and thence on that parallel to the meridian of 136° east longitude; thence north to 12° north latitude, and along that parallel to 160° west longitude; thence south to the Equator; thence east to the meridian of 149° 30' west longitude.

*West.*—On the west by the meridian of 95° east longitude.

*South.*—On the south by the Antarctic Circle.

*East.*—On the east by the meridian of 149° 30' west longitude.

*Limits of the China Station.*

The China Station, as referred to in Article II. of the foregoing agreement, is bounded—

*North.*—On the north from the meridian of 95° of east longitude in 10° north latitude, along that parallel to the west coast of the Malay Peninsula; thence by the shores of Asia as far as the meridian of 180°.

*West.*—On the west from the latitude of 10° north, by the meridian of 95° east longitude, to 10° of south latitude.

*South.*—On the south from the meridian of 95° east longitude, by the parallel of 10° south latitude, to 130° east longitude; thence north to 2° north latitude, and along that parallel to 136° east longitude; thence north to 12° north latitude, and along that parallel to the meridian of 180°.

*East.*—On the east by the meridian of 180° from 12° north latitude to the point where the meridian reaches the shores of Asia.

*Limits of East Indies Station.*

The East Indies Station, as referred to in Article II. of the foregoing agreement, is bounded—

*North.*—On the north by the southern shores of Asia, including the Persian Gulf, from an imaginary line drawn from Jebel Sejan on the African coast to Cape Babel Mandeb on the Arabian coast, to where the 10th parallel of north latitude touches the west coast of the Malay Peninsula.