

supplied General Scratchley with an estimate of expenditure suitable for such a vessel (Appendix III.), and I have no doubt that this probable expenditure is one which will serve as a useful guide.

JOHN DOUGLAS,

Her Majesty's Special Commissioner for British New Guinea.

Brisbane, 31st December, 1886.

#### APPENDIX A.

MEMORANDUM of AGREEMENT entered into this thirtieth day of April, eighteen hundred and eighty-six, between the Honourable JOHN DOUGLAS, C.M.G., Her Majesty's Special Commissioner for the Protected Territory in New Guinea, and Messrs. BURNS, PHILP, and Co., Limited, of Brisbane, Townsville, &c. (Queensland), and Sydney (New South Wales).

It being essential to the proper development of New Guinea that steam communication should be established between Thursday Island and Port Moresby, and whereas Messrs. Burns, Philp, and Co., Limited, are already engaged in trading between and with these ports, the following arrangements are herewith agreed upon between the Honourable John Douglas, C.M.G., and the said firm.

Messrs. Burns, Philp, and Co., Limited, agree to run a monthly steam service between Thursday Island and Port Moresby (and to extend the service if required by the development of trade from Port Moresby along the south-east coast to East Cape), carrying the public mails and despatches for the Honourable John Douglas without charge other than hereafter specified.

Messrs. Burns, Philp, and Co., Limited, undertake to gradually establish trading-stations along the coast at various points, under the management of good and reliable men, who shall be approved by Her Majesty's Commissioner. These stations shall be formed for the purposes of collecting copra, béche-de-mer, and other products, and offering inducements to the natives to engage in industry and in the development of the natural resources of the country.

The sites for such stations shall be selected or, if not selected, approved by Her Majesty's Special Commissioner, or public officer appointed by him. It is understood that the land upon which the stations are built, and any water-frontages upon which wharves are erected or other improvements made, will be held by Her Majesty's Special Commissioner for the sole use\* of Messrs. Burns, Philp, and Co., Limited, unless and when required for public purposes; and should such lands or water-frontages, in consequence of being so required, be resumed or sold by Her Majesty's Special Commissioner, then the improvements shall be valued at the time of resumption or sale, and the amount of such valuation shall be paid to Messrs. Burns, Philp, and Co., Limited.

Her Majesty's Special Commissioner shall allow Messrs. Burns, Philp, and Co., Limited, to take passengers (within limits as to number, to be specified by himself from time to time) from Australia to New Guinea, always provided that the said firm guarantee that such passengers shall not become a burden upon the Government, and that they comply with the regulations and sign the usual "Memorandum of Conditions" required from approved travellers or immigrants, copy of which is hereunto annexed.

In the event of the steamship employed breaking down, or requiring to proceed to Townsville or elsewhere for repairs, then Messrs. Burns, Philp, and Co., Limited, shall be allowed to substitute a sailing vessel until repairs are effected, and thus obviate the necessity of keeping a second steamship ready for emergencies.

In consideration of the due fulfilment of the terms of the steam service named, Her Majesty's Special Commissioner agrees to pay to Messrs. Burns, Philp, and Co., Limited, and Messrs. Burns, Philp, and Co., Limited, agree to accept in full settlement, the sum of fifty pounds sterling per month. The said steam service will date from the 1st day of July next, and terminate on the 30th day of June, eighteen hundred and eighty-nine. Should the steamer be detained for repairs longer than two months in one year, then the payment for such excess of time shall be only at one-half the rate per month stated.

It is finally understood that this agreement may be terminated on either side subject to six months' notice being given from one side to the other, in so far as the mail service and subsidy are concerned, and that the provisions of this agreement are subject to confirmation by Her Majesty's Secretary of State for the Colonies, although acted upon by Her Majesty's Special Commissioner.

JOHN DOUGLAS,

Special Commissioner.

BURNS, PHILP, AND CO., LIMITED,

(Per JAMES BURNS,

Managing Director.)

TELEGRAM from Her Majesty's SPECIAL COMMISSIONER, Brisbane, to Messrs. BURNS, PHILP, and Co., Sydney.

26th April, 1886.

I PROPOSE to insert in agreement *re* tenure of station-sites a few words stating that actual tenure shall be similar to that of the pearl-fishing stations at Thursday Island. Do you agree? This will not interfere with valuation clause. Contract to date from 1st July.

JOHN DOUGLAS.

\* "Sole use" to be interpreted in accordance with the telegrams interchanged on this point—JOHN DOUGLAS.