

to aid in cutting a trench through the sand from the swamp to the sea, to try how far it might be possible to drain off the water. A large quantity was thus removed, but not nearly all, as there was evidently percolation through the coral floor. It continued to discharge a vigorous stream till the next spring-tide, which silted up the mouth completely, as well as flowed into the swamp in abundance. It became evident that it was impossible to effect our purpose by draining. A greater probability of success, as I have already proposed to your Excellency, lies in filling it up by degrees with shingle from the shore and with earth from the surrounding hills. When once accomplished, almost the only objection to Dinner Island as a residence would be removed.

On the 17th August, the "Coral Sea," the schooner under Captain Colin Thompson, placed at my disposal, arrived at Dinner Island; and she has been employed by me in visiting the safer portions of the region under my jurisdiction. Following your Excellency's instructions, I visited Doini (Blanchard), Rogea (Heath), Sariba (Hayter), Middle, and Coast Islands, with a view to selecting the best site for the Government residency. Doini presents good positions, as far as regards outlook, at its south-western end; but there is a deal of swampy ground in the vicinity, while there is no good water near enough to the site best suited for a residence. Rogea offers a good site for a house on its narrow isthmus, near a fine tumbling stream of water; there is a general absence of swampy ground, while there could be obtained a beautiful outlook Dinner-Island-wards, with a fine sandy beach on the other side convenient and accessible. In Stanley Bay, in Sariba, a grassy shoulder of a hill—between 200ft. and 300ft. above the sea-level—offers a delightful spot for a dwelling. No swamp land is close enough to interfere with the health of the locality. There is (at some distance) plenty of running water. Coast and Middle Islands are both unsuitable for the desired purpose.

The objection, however, to all these islands is that the anchorage they afford for men-of-war or for large vessels is either too small (as in Stanley Bay) for more than one vessel, or in all of them too exposed in certain winds. The Dinner Island anchorage is commodious enough for all purposes, and, according to the testimony of the officers of the various ships of war that have been stationed in these waters, is in all seasons the safest one in the China Straits. As this anchorage has been chosen by the Admiralty for its head-quarters in South-eastern New Guinea, it is advisable that Dinner Island should be retained as the head-quarters also of the New Guinea Government. It is centrally situated in the Straits; while there are several eminences, about 190ft. above sea-level, suitable for a residency site, commanding a beautiful and cheerful outlook, and open to the sea-breeze from all sides. A small portion of a reef on the south-west corner is uncovered at low spring tides, but, as it is chiefly a rocky spit without much live coral on it, little or no harm can come from it.

The temperature of Dinner Island has been throughout the past six months too high to make a zinc-roofed house a healthy or agreeable abode; a house of native materials, palm-leaf- or grass-thatched, with plank floors and sides if desired, a structure on wood piles 7ft. to 8ft. feet high, surrounded by a wide verandah, would be by far the most salubrious dwelling here, even for a permanent Government residence. The thatch would require renewing not oftener than once in two or three years; and it can be changed in a few days' time. The collecting of rain-water will always be a necessity in whatever island the residency is placed, as even where there is perennial water the streams in the height of the dry season are always very low. The outbuildings, such as the store-room, &c., could be all zinc-roofed, and could without difficulty, with the necessary size of tanks, supply the season to season's water.

Soon after the arrival of the "Coral Sea" I employed her crew to sink a couple of wells, one of which now, I am glad to say, affords a moderately abundant supply of fairly good water.

The chief centres from which the trade of the district is worked are South Cape, Dinner Island, Teste Island, Killerton Island, Milne Gulf, and Nuakata (Lydia) Island, stations now or formerly occupied by missionary teachers, where safe contact with the natives can be more depended on than elsewhere. On the 23rd August, Kissack and Co. (a firm comprising three European partners) removed their head-quarters from Teste Island to Dinner Island, and established, on a portion of land leased to them on this island, the nucleus I hope of a future colony. With the exception of one Chinaman, who has a residence at South Cape, the rest of the traders in these waters have no residential quarters, but peregrinate the Archipelago, living on their vessels and bartering therefrom with the natives for such products as they are in quest of.

The commercially valuable products of the region are at present few in number. The chief are *bêche-de-mer*, copra, tortoise-shell, and pearl-shell of several sorts, of which the white shells are large and valuable, averaging about four pounds each, and obtained mostly below sixteen fathoms of water. Two kinds of dammar, not of the best sorts, but of some value, which are found in Sariba, St. Aignan, and on the mainland in abundance, have not been much collected. Possible products in the future are sago, pine, ebony, and various minerals reported from some of the islands, but as yet without sufficient evidence to warrant one in describing them more definitely.

The past six months shows a sadly dark catalogue of crimes perpetrated by the natives of this region on white men, as I have communicated to your Excellency from time to time. Now, reporting as an unbiassed witness, I feel convinced from my own observations that a great deal of this hostility has been inaugurated by the white man himself. The accounts given to me by natives who have been labouring in Australia, wherever I have met them—in the Louisiades, in Lydia Island, and along the north-east coast—have been the same, a tale of hardship and injustice bitterly expressed. From information given to myself, it is evident that nearly every native taken from the Louisiades was either kidnapped or entrapped into consent by false statements. Apart from this, the infamous crimes and injustices committed by one such man—and there have been others since—as MacCort (or MacCortie), who was murdered in the Louisiades, are enough to inflame the natives of the Archipelago against any white man for a whole generation. Many who have deserved only well of their murderers have fallen victims to the crimes of such predecessors. Nor can it be denied that several traders have lost their lives by natives actuated by the desire of loot. When