Enclosure 3 in No. 1.

REPORT BY THE HON. CROSBIE WARD TO THE GOVERNOR.

Auckland, 23rd January, 1862.

SIR,-

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I have the honor to inform Your Excellency of my proceedings during a visit to the Province of Hawke's Bay, and to communicate the general results.

In consequence of information received by the Government during the months of October and November last, I proceeded in H. M. S. "Fawn," Commander Cator, to Napier, where I arrived on the 22nd ultimo.

During the first few days after my arrival, I visited the farm settlements in the European districts, in order to ascertain with precision the circumstances which were reported as causing serious difficulties between the Native and European population of the Province.

I found that in several districts the lands occupied as farms by the European settlers bordered immediately upon Native territory. As the natural boundaries were not impassable for cattle or horses, the stock belonging to Europeans were in the habit of crossing from one side to the other. In almost all cases into which I enquired the settlers recognised it as an advantage to them that the Native lands should be open as pasture lands for their cattle. In some cases an agreement had been entered into for the running of cattle; in some, after the lapse of a considerable time, the settler paid the Native owners a moderate sum of money in lieu of damages for trespass; but in others, no payment of any kind being tendered, a sum had been demanded by the Natives and refused by the The last class of cases had given rise to the disputes known as the "grass money difficulty," a difficulty which became serious from the following causes.

The Natives had, about two years ago, brought before the Resident Magistrate's Court at Napier a claim for damages committed by the cattle of a settler upon their lands; part of the claim being for the destruction of some wheat, another part for continued trespass upon their unfenced land. The Court allowed the former claim, but dismissed the latter; and it was generally understood that the Magistrates would not give damages for trespass upon unfenced Native land in any case.

The Natives, thus finding themselves without a remedy at law for the continued occupation of their lands, determined in all cases where their demands were not complied with to enforce them in their own fashion. At Petane, about seven miles from Napier, they erected a stockyard, and several times drove off the cattle of the Europeans and detained them in the yard until the sum demanded should be paid. In some cases the demands were extortionate; but I learn that when the Chiefs of the cistrict (there being no Natives of rank at Petane) came to hear of the circumstances, they caused some claims to be considerably reduced. On my visit to Petane, I found that all these cases of dispute had been settled, and the cattle seized restored upon payment of some sum of money in each case. There were, however, some outstanding claims upon which the Natives might at any time take action.

In another district, on the banks of the stream called Tutae-kuri (Meeanee), there remained unsettled one case of a very serious character. This was the case of the Shirleys, father and son. Their cattle, averaging thirty head, had been running constantly on the adjoining Native land for a period of at least five years. The owners of the land demanded a sum of £30 in compensation. Shirley refused to pay the amount; then offered smaller sums; then agreed to pay a certain amount which the Natives agreed to accept. Just at this time Shirley advertised his cattle to be sold by auction, and brought them into the yard for that purpose. The Natives, having reason, as it appears, to place no confidence in Shirley, would not permit the cattle to be sold, and removed them by force from the yard. The Native Chiefs in the vicinity strongly discouraged this action when at first proposed, and restrained those more immediately concerned from attempting it, until it was shown to them that in no other way was the money claimed likely to be recovered. They then withdrew their opposition, but at the same time abandoned on their own behalf any claim upon the cattle. At the time of my visit, the matter was still in the same state: the cattle had been held by the Natives (the principal person concerned being Paora Kaiwhata) for thirteen weeks; Shirley was suffering severe loss from the detention of his stock, among which were many milking cows; but he refused to pay the demand of thirty pounds, for which at any time the cattle would have been restored.

It is necessary to remark here that on the one hand the Natives had reason to believe that damages for trespass on their lands could not be recovered at law; and on the other hand, Shirley knew that the temper of the Natives had become such that a Summons or Warrant issued from the Resident Magistrate's Court against the Natives who had committed the act of violence upon him would be of no effect, but would be destroyed contemptuously, and disregarded.

Under these circumstances, after endeavouring to obtain an amicable settlement of the difficulty, I determined to set an example in the district by bringing the whole case before the Resident Magistrate's Court. Before, however, this could be accomplished there was much to be done. It was necessary to make sure that the claim made by the Natives came within the law; and secondly, it was necessary to induce the Natives to undo their illegal act, to return the cattle which they had seized, and to submit to the law.

I was enabled to point out to the Resident Magistrate of Napier the fact, theretofore overlooked, that a portion (a few clauses only) of the Wellington Provincial Impounding Act, which exactly met the case in point, was in force within the Province. This was sufficient.

In the meantime I had caused to be printed and circulated among all the principal men of the Ngatikahungunu tribe resident in the Province, copies of Your Excellency's general address to the Natives, together with a letter from myself announcing the purport of my visit. I then received