"During the recess I have made a journey, partly on foot, through the North " Island, and have traversed Native districts which it had for some time past been deemed unsafe to enter. I everywhere found the embers of disaffection dying "out, and I was received by the Maori population, even in districts recently in "rebellion, in such a manner as to inspire confidence in the future peace of the " country."

3. In the remarks thus prepared by my Responsible Advisers I fully concur, and I feel sure that your Grace will be gratified to learn that such is our joint

opinion upon the present state and future prospects of New Zealand.

I have, &c.,

His Grace the Duke of Buckingham and Chandos.

G. GREY.

No. 40.

COPY of a DESPATCH from Governor Sir George Grey, K.C.B., to the Right Hon. the Duke of Buckingham.

(No. 64.) MY LORD DUKE,- Government House, Wellington, 15th July, 1867.

I have the honor to transmit the accompanying Petition to Her Majesty the Queen from the Provincial Council of Otago, that Her Majesty "may cause "an Act to be introduced into the Imperial Parliament to provide for the separa-tion of the North and Middle Islands of New Zealand into two separate and "independent Colonies, with such provisions for a federal union as Her Majesty's "Advisers may esteem desirable."

2. My Responsible Advisers request me to inform your Grace that they cannot concur in the prayer of the Petition, as they believe that a separation of the Colony would be productive of great calamities, would largely affect the question of its liability for its existing public debts, and would much retard its

future progress and prosperity.

I have, &c.,

His Grace the Duke of Buckingham and Chandos.

G. GREY.

Enclosure in No. 40.

PETITION from the PROVINCIAL COUNCIL of Otago to HER MAJESTY.

Her Most Gracious Majesty Victoria, Queen of the United Kingdom of Great Britain and Ireland and Dependencies thereof, Defender of the Faith, &c.

MOST GRACIOUS SOVEREIGN, MAY IT PLEASE YOUR MAJESTY,-

The humble Petition of Your Majesty's loyal subjects, the Provincial Council of Otago, in the Middle Island of the Colony of New Zealand, in session assembled in the City of Dunedin, upon the first day of June, one thousand eight hundred and sixty-seven, who approach Your Majesty with feelings of profound loyalty and attachment to Your Majesty's royal person and throne, in all faithfulness and zeal towards Your Majesty's service, most humbly and dutifully sheweth—

That your Petitioners pray Your Majesty may cause an Act to be introduced into the Imperial Parliament to provide for the separation of the North and Middle Islands into two separate and independent Colonies, with such provisions for a federal union as Your Majesty's Advisers may esteem advisable.

That your Petitioners consider the union of the Northern and Middle Islands is injurious to both, the interests of the two islands being dissimilar.

That the Northern Island has been and will be for many years occupied in resisting the aggressions of the Native race; and ultimate peace with the Natives can only be secured by the careful local application of laws calculated to meet the wants of both the European and Native races, laws altogether unsuitable to the Middle Island, which, free from Native claims and occupations, seeks only permission to devote its energies to the development of the great commercial, pastoral, agricultural, and mining resources which it possesses by the construction of roads, bridges, railways, and other reproductive works, and by encouraging emigration on an extensive scale.

That, owing to the General Assembly of New Zealand having to chiefly occupy itself with the discussion of Native questions, laws for the general government of the Colony, as well as those more particularly affecting the interests of the Colonists occupying the Middle Island, are either hurried through in an imperfect manner, or are altogether neglected.

That the administration of the Government of the Middle Island, where only European settlers are concerned, has always been subordinate to that of the Northern Island; and, so long as the two islands are united and the Native question exists, your Petitioners believe it will necessarily be so.