

the result of the operations against him. From the chief Poihipi, Mr. Locke gathered that these people view Te Kooti now as defeated, and that it only requires him to be driven from Taupo for them to take decided part with the Government, and in future assist in maintaining the peace of the Taupo District. I have in a former letter expressed my opinion that they will readily take road work, and may in that way be usefully and peacefully employed. Te Kooti has also been prevented from returning to the Urewera country; and although I do not believe his absence will affect the hostility of that tribe, yet if he can be dealt with separately, it will make it much easier to deal with them than if they had his support.

It remains yet to be seen whether we can inflict a heavy blow upon Te Kooti where he now is. A very few days will decide this; but in any case I should trust that the Government will retain its hold upon Taupo, and so support the resident Natives as to ensure them from being forced into a hostile attitude to us. I should not for a moment propose to the Government to retain a large force of Natives on pay for this purpose. I believe, by occupying Tokano and Rotoaira with 100 men, partly Native and partly European, and also by keeping a party of Constabulary at Tapuaeharuru to countenance the friendly Natives there, that we could hold Taupo against any force Te Kooti could bring against us, particularly if we kept command of the lake, by which means we could keep up communication between Tokano and Tapuaeharuru; and in the event of either of these positions being threatened, the force at either place could assist the other.

In addition to this, I think the Ngatikahungunu would require very little pressing to induce them to occupy some of the country they are conquering. I dwell very much upon the occupation of Taupo, because I feel assured it is the step to secure the permanent peace of the country, and that so long as the centre of the Island is a refuge for disaffection, so long shall we have trouble. Could we retain our hold there for the coming summer, and expend a portion of the road vote in opening the roads to the Bay of Plenty and Napier, we should be able to so improve the means of communication as to cause the present great difficulty and expense, viz. the transport, to be an easy and comparatively inexpensive matter. I would therefore urgently submit, that whatever reductions in Defence expenditure may be necessary, our present footing at Taupo should be held, and every effort made to secure the co-operation and support of the resident Natives. With possession of Taupo, we interpose between Waikato, and the Wanganui and Manawatu King Natives; we cut off the communication between the King party and the Urewera, and our location there ends practically the supremacy of the Maori King.

Another advantage of possession of Taupo is, that it will enable the reported gold fields at Kaimanawa to be tested; and should it prove a success, it is unnecessary to dwell upon the effect it will have.

With regard to the Defence expenditure in the district included in this Agency, I have pointed out in my telegram to Mr. Bell, that prior to the operations against Te Kooti the force at my disposal was small enough for the work that it was necessary should be done; and I may add, that it cannot possibly be reduced whilst the Urewera remain in their present position and hostile attitude. After deducting the garrisons that protect Poverty Bay and the Wairoa, the force numbers about 230 men, and with them I have to protect the frontier of this Province and the telegraph line to Taupo, which entails the holding several posts on the line, all of them in difficult country, and within the boundaries of the Urewera. At the present moment, I have 100 men out of this number acting with the Natives against Te Kooti at Tokano; but I am obliged to report that in consequence I have great anxiety for the safety of the posts and the transport to the front, which might at any moment be cut off by an attack from the Urewera country, and I have to admit that great risks are run. The only reductions that are possible are with the Native forces employed; and I have fully explained in the telegram before referred to, that directly Te Kooti is dealt with, nearly the whole of that force can be put off pay. At the present moment, it is larger than I ever intended; Ministers thought it better to send up Kemp and the Wanganuis, which nearly doubles the Native force on pay.

The Arawa who are employed were promised pay, I believe, by Mr. Commissioner Clarke; and the Wanganuis under Wirihana, forty or thereabouts, I authorized Lieut.-Colonel McDonnell to place on pay. With regard to the Ngatikahungunu, who form the greater body of the force, no question of pay was raised by them. I desired them to go, and they went. Yesterday for the first time I opened the question with Karaitiana Tomoana, and his reply was that it rested in my hands, but that he knew his men thought they would receive remuneration. I told him that the Government desired to establish a system of paying Native forces by bonus on the actual work performed, and that I proposed to leave the question of pay to his people open until their return, when himself and his brother Henare, the chief in charge of the fighting party, could discuss the subject with me. To this he assented, and I must ask the Government to leave me to act as circumstances will allow. I have every hope that I shall be able to arrange a settlement satisfactory to the Government; but these Natives have behaved so well, that I am sure it would not be wished but that they should receive fair consideration.

A further force of about eighty men, of Tareha's section of the tribe, left on Saturday for Taupo. I did not wish these men to go, as I looked on the operations as likely to be closed before they could get there, and accordingly I refused Tareha both arms and food. Owing, however, to jealousy of Henare Tomoana, he insisted on sending the men, and bought food to take them there. Of course, when they get there they will increase the difficulty of supply, and I certainly shall not entertain any claim from them for pay.