26 A.—1.

I believe that a few years ago Te Whiti would have been glad to come to some arrangement which would have assured him and his people peaceful possession of such portion of his land as will be reserved for him. Two causes have, however, made him now most difficult to deal with. The first is that he has been so often interviewed, questioned, examined—it may be, promised something—by different emissaries of the Government, without any satisfactory result, that he is weary and sick of the sight of such emissaries; and, secondly, that the peculiar position in which he is placed, and his own cunning self-complacency, fanaticism, and action with the Government, have won him a share of power and importance far above what he is entitled to by birth or inheritance, and which a satisfactory settlement might considerably endanger. He lives now, seeking, with Tohu and ten others, for the "truth"—as he considers his present religion, founded on his rendering of the Bible—prophesying and receiving worship; feared by others for his divine attributes and power of witchcraft, and believed in, I think, by himself. This is, to him, a state of happiness, which might be modified were he only to

become a contented Maori chief.

That the belief in him is somewhat on the wane I think there is little doubt. Events have not always turned out as he prophesied, in spite of his crafty translations of his prophecies. Those who brought clothes for their deceased relatives, who, he had promised, should rise from the dead, took them home unused, hardly satisfied with the explanation that the prophet had meant the General Resurrection at the last; and some other such failures of his prophecies have raised doubts. But, though belief in him is waning, fear of his supernatural powers of witchcraft is, I fancy, as strong as ever. This waning of the Natives' belief in Te Whiti is, I think, certainly a great inducement to carry on things deliberately, without forcing a collision. The people, no doubt, dislike this present unsettled state. They would wish to be assured of their land, or to be allowed to fight. Though they are comfortably off well fed and well elebated their present position is an appearance to them. fortably off, well fed and well clothed, their present position is an uneasy one to them; and I think that sooner or later they will put pressure on Te Whiti to come to an understanding—peaceably or

otherwise.

Tohu, who does not admit of Te Whiti's superiority, would be, I think, of this mind. He would listen to some arrangement: if it was wholly unacceptable to him he would fight.

While Te Whiti is at Parihaka, unsatisfactory as the position is, he is certainly of value in keeping the peace, and is worth a large force of police in that respect. What might be the result were the lands to be occupied by white settlers without his having agreed to some arrangement previously, of course I

have no experience to judge.

If nothing else be considered but expense, I believe that some time occupied in coming to an agreement with him will be far more economical than forcing a war with a people weak indeed as far actual fighting is concerned, but powerful enough to cause many years of trouble and lawlessness such as to render their neighbourhood unsafe without considerable armed defence. Te Whiti is determined on peace. He should not be disappointed. At any rate, some time must elapse before your Excellency's letter can be declared without fruit. It must work among the other chiefs and the people, as well as in Te Whiti's mind, before it can be known what results it may have, or that it is entirely without results.

Before closing my report I would beg to call your Excellency's attention to the sale of spirits and beer to the Natives in the District of Taranaki. Each hotel and publichouse is thronged day and night by a crowd of Maoris, among whom is a large proportion of women and young boys, simply loafing and drinking. I have seen the same people at a publichouse for days consecutively, evidently drinking their money out, day after day, poisoning themselves with the vile spirits imported for Maori

I heard a case of a chief, to whom another was paying a visit, going with all his people and the visitors to a publichouse, and every individual leaving with a bottle of spirits in each hand: £70 was

the cost of the carouse.

The chief Hone Pihama has a large publichouse on his property; there is no other within eight miles of it, but he steadily refuses to allow a license to be again taken out for it, so evil did he find its effects on his people. Te Whiti also prohibits any spirits from being taken to Parihaka. If the chiefs struggle to suppress the evil among their people, cannot some assistance be given them in their good

In conclusion of my report, I wish to bear testimony to your Excellency to the very valuable and able assistance rendered by Mr. Hursthouse in the mission, who spared no fatigue or inconvenience to bring it to a satisfactory end. I have also to call your Excellency's attention to Hone Pihama's ready and valuable aid. I have, &c.,

Louis F. Knollys, A.D.C., Capt., 26th Cameronians.

His Excellency the Governor.

No. 39.

COPY of a DESPATCH from Governor the Hon. Sir Arthur Gordon to the Right Hon. the Earl of KIMBERLEY.

Government House, Auckland, (No. 2.)MY LORD,

New Zealand, 12th January, 1881.

I have the honor to report to your Lordship the resignation of the Minister of Native Affairs, Mr. J. Bryce.

2. Mr. Bryce was desirous that measures of active pressure upon Te Whiti and the Natives of Parihaka should be at once undertaken by the Government, but has been unable to induce his colleagues to share his views, and has, consequently, retired from the Cabinet.