

Responsible Advisers had asked me to reserve my report on the Petition until I had first received remarks which they wished to make upon it.

4. Subsequently I found that the matter had become one which had excited very strong political feelings, and that Her Majesty's Government and my Responsible Advisers had adopted views opposite to those which I held on the subject. I therefore felt it my duty to refrain from doing anything which might tend to embarrass either Her Majesty's Government or the Colonial Government, and I did not forward the Report which I had proposed to make.

5. In your Despatch No. 50, of the 26th July last, you informed me that you inferred from not receiving that Report that I had changed my opinion and concurred in the views of my then Responsible Advisers.

6. I think it right therefore to state that nothing which has yet taken place has led me to alter the opinion which I expressed in my Despatch No. 3, of the 5th January, 1865.

7. The opinion I hold is based upon the necessity of strong, instantly acting, and entirely impartial Government, in a case in which an European race and a powerful and jealous semi-barbarous race are mingling together. A country so circumstanced requires more government than a country in which an ordinary state of things prevails. I think that with such a government the happiness and peace of both races in the Province of Auckland might be shortly ensured, and that the present anomalous state of things would soon cease to exist there. I fear that without some such arrangement as is proposed is carried out, a long time of difficulty and trial lies before the northern part of this Island, which I should naturally regret to see it subjected to because I believe it to be unnecessary. A few years since I thought the various questions outstanding between the two races would have been adjusted much more speedily than has been the case.

I have, &c.,

The Right Hon. Edward Cardwell, M.P.

G. GREY.

No. 22.

COPY of a DESPATCH from Governor Sir GEORGE GREY, K.C.B., to the Right Hon. EDWARD CARDWELL, M.P.

(No. 5.)  
SIR,—

Government House, Wellington,  
8th January, 1866.

My Responsible Advisers have requested me to submit for the consideration of Her Majesty's Government, the enclosed statement of the losses the Colony of New Zealand has sustained from the failure of the Mail Steamers of "The Peninsular and Oriental Company," to arrive in Australia with the European Mails on their due dates, and the claim of this Colony to compensation for these losses.

I have, &c.,

The Right Hon. Edward Cardwell, M.P.

G. GREY.

Enclosure in No. 22.

COPY of a MEMORANDUM by MR. STAFFORD.

Ministers desire to bring under the notice of the Imperial Government the great pecuniary loss sustained on several occasions by this Colony, in consequence of the failure of the Mail Steamers of "The Peninsular and Oriental Company" to arrive in Australia with the European Mails on their due date.

Three lines of steamers are maintained between Australia and New Zealand for the special purpose of carrying English Mails to and fro, at the following cost:—

1st. Between Victoria and Otago—Nine thousand five hundred pounds per annum (£9,500).

2nd. Between Nelson and Sydney—Six thousand pounds per annum (£6,000).

3rd. Between Sydney and Auckland—Thirteen thousand pounds per annum (£13,000).

Altogether amounting to Twenty-three thousand five hundred pounds per annum (£23,500).

The first two services are maintained wholly at the cost of this Colony. A moiety of the cost of the third is paid by the Imperial Government.

The line between Victoria and Otago was established expressly for the purpose of bringing the English Mails each month from Melbourne to the Southern Provinces in New Zealand, in sufficient time for correspondence to be answered by the return boat of "The Peninsular and Oriental Company" for the same month; but not only has this important object been repeatedly defeated, in consequence of the non-arrival in Australia at due date of the Peninsular and Oriental steamers in eleven out of