

I am happy to be able to state that the settlements on the East Coast have not been disturbed during the past ten months by any raids by the enemy, and that both the settlers and Natives are showing more confidence by commencing to return to their former homes, and, as far as possible, repair the damage done to their property last year by the inroads of Te Kooti and his followers. Waiaapu and the country about the East Cape from Tologa Bay to Lottin Point, is inhabited by the Ngatiporou tribe, with but few (under twenty) European settlers amongst them. From the known loyalty of this powerful tribe, and from their having been engaged fighting on the part of the Government since 1865, and more recently through their successful march through what was considered the inaccessible Urewera and Maungapohatu country, under the leadership of Major Ropata, they have been brought prominently under the notice of the public. This district has been under the special charge of Mr. J. H. Campbell, whose popularity with the Natives has been of great advantage.

The dispute respecting the ceded portions of land in this district, under the "East Coast Titles Investigation Act," which has been a long standing and most irritating cause of contention was amicably settled on the occasion of the visit of the Hon. the Defence and Native Minister to the East Coast in March last, at a meeting of the chiefs of Ngatiporou at Kawakawa.

It may not be out of place here to mention that the Ngatiporou are owners of some six or seven thousand sheep scattered in small flocks along the coast, which are very much affected with scab. This endangers the flocks in the neighbouring districts, which are now becoming numerous, and prevents settlers locating at the East Cape, and places this part of the coast in a kind of quarantine.

The Natives are fully alive to remedying this evil by proper dressing, but require advice on the subject, the eradication of which would cause an influx of European population into this district.

Great progress towards the bona fide settlement of the fertile district of Poverty Bay has been made during the past year, and the Natives, who for many years have been in an unsettled state, evince a much better tone, and appear anxious to settle down quietly. The dispute about the land that was ceded in this district under the "East Coast Titles Investigation Act," which has been a bone of contention since 1866, has been settled by a Commission appointed by His Excellency the Governor; and the quantity of land to be ceded to the Government, also the portion to be retained by the Natives decided on. Although no fault can be attributed to the Commissioners, every care and labour being bestowed by them on the question, some discontent was shown by the Ngatiporou and other tribes as to the manner in which the investigation took place; more particularly so, as they were not present, and as the names of some Natives who were considered by them as Hauhaus were inserted in the Crown Grants, and were allowed to participate on terms of equality with loyal Natives in the benefits of the land they were considered to have forfeited. This feeling is to some extent wearing off since the vexed question in the Ngatiporou portion of the district was settled.

The sale of the Township of Gisborne, and the settlement of the Defence Force on their land at Ormond, have been of material benefit to this part of the Coast, giving more confidence to settlers and Natives, and stimulating to fresh exertions the bona fide settlers of the district.

The settlement of the Wairoa, from its proximity to Waikaremoana and the Urewera country, and from the known intention of the enemy to have attacked it had a chance offered, has required unremitting attention on the part of the Government. On one occasion the enemy advanced as near as the Marumaru, about ten miles above the town of Clyde, when, fortunately, they were met by our advance and driven back.

Since the death of the chief Kopu, the Wairoa Natives have been without a leading chief of sufficient rank, combined with force of character, except the loyal chief Ihaka Whaanga, who is past the prime of life, to rally the different hapus, from which cause may to a great extent be attributed the disorganised state these people have for some time been in. Another reason for the lethargic condition of the Maoris near our settlements is from the effect of the fearful quantity of spirits consumed by them.

The gallant manner in which the Wairoa and Mohaka Maoris have overcome every difficulty, and crossed the Waikaremoana Lake, taking the enemies pas on the opposite shores, should atone for much of their vacillating conduct.

From the position the East Coast settlements are placed in with respect to the Urewera and other tribes living in the mountainous country about Maungapohatu and Waikaremoana, no security of life or property will be felt in them until those tribes are brought under such rule that all fears of any future raids have vanished.

The Urewera, from the rugged nature of their country, have been brought but little into contact with the Europeans, and look upon all our movements with caution and mistrust. This fact should not be lost sight of in our dealings with them. If they could be induced to leave their mountain fastnesses and by that means be brought into friendly intercourse with more civilised communities, many of those doubts would wear off.

I would beg to urge on the Government the necessity of providing for the occupation of some of our Native allies, more especially the Ngatiporou, when their services are no longer required in the field, as from their having been engaged for many years in warfare their habits have become unsettled, and if work such as they would readily engage in at a low rate and which would be of vast benefit to the country were offered them, such employment would occupy their minds, and tend much towards settling them down to peaceful pursuits. Many of those Natives who for some years have lived in a semi-rebellious state, and others would soon be induced to join in these operations, if a well organised system were adopted.

Roads to connect the settlements of the Wairoa with Poverty Bay, and Poverty Bay with Opotiki, are much required. The making of these roads is of very great importance in many respects; it would be the means of opening up those settlements, give employment to Natives and others, and facilitate military movements by breaking through that impenetrable mass of ranges lying between the East Coast and the Bay of Plenty.

I would still urge on the Government, as in my report of October 25th, 1869, that a distinguishing mark of some nature should be bestowed on those chiefs who have remained staunch allies from the commencement of the war.