Land Commissioner's Office, Auckland, August 23, 1854.

Sir,-

I have the honor to acknowledge the receipt of your letter of the 19th instant, instructing me to proceed at the earliest possible period to Taranaki for the purpose of instituting a special and minute enquiry into the late unfortunate affray between the natives in that Province.

In obedience to those instructions, I have arranged to leave for Taranaki on Thursday first, and on my arrival there I shall use every endeavour, in conjunction with his Honor the Superintendent (who accompanies me) and the Resident

Magistrate, to allay the excitement at present existing in that District.

From all the reports that have reached me from New Plymouth, I apprehend that an adjustment of such a serious and fatal collision will be attended with very considerable difficulties, and it appears to me that it would be essential to have an authority to take such steps, and incur such expenses, as the present emergency urgently demands.

For instance—the natives who have lost their chief and five of their tribe, while asserting their claim to a disputed tract of land, will certainly expect some reparation, either by taking the lives of the murderers, or by obtaining from them a final surrender of the land respecting which the difference that led to the affray

I must state that it would be quite repugnant to my feelings to accept of any land, on the part of the Government, as an atonement for such a grave and serious offence as that committed by Katatore and his party on an unarmed and defenceless party of natives in asserting their claims to a portion of land they wished to cede to the Government; neither should I feel inclined to encourage or suggest such a mode of adjustment, unless it originates with the friendly natives themselves; but sooner than allow them to seek revenge in their usual mode, which might lead to the destruction of the Taranaki Settlement, it might probably be adopted as a last resort. Should the aggressive party, therefore, offer to cede a tract of country to the friendly natives, and that they on their part agree to accept it, and afterwards transfer it to the Crown, there should be a sum of money at my disposal to offer them, of not less than three thousand pounds, which sum, or any part thereof, need not of course be expended, unless circumstances render it absolutely necessary as a means of preserving the peace of the country.

I cannot conceal from the Government the very critical position of the Taranaki Settlement at the present juncture. The great number of the emancipated natives residing there, now removed from the control of the chiefs who conquered them, struggling to regain their former ascendancy and position as a tribe, who feel they have lost caste, and who are uniting in a general confederation against the alienation of their territory, respecting which there are continual disputes among themselves, and it is impossible to foresee where those disputes, after such

a serious affray as that which has taken place, are to end.

If therefore, the cession by the offenders of a certain district of land is agreed to as a means of staying a war (the horrible results of which I fear to contemplate among a class of natives, like those at Taranaki,) it would be advisable that money should be immediately available for such an occurrence, were it only to be the means of arresting the destruction of the Settlement, and in order that the Government should not participate in any advantage resulting from the death of its faithful allies. The greater portion of the land ceded, excepting as much as would repay the outlay, might be hereafter re-conveyed to the surviving friends and relatives of those who met with such a melancholy and cruel fate.

In every aspect in which the present state of the Taranaki case can be received, it is surrounded with peculiar difficulty and danger to the European inhabitants. For instance—if the friendly natives are not supported, or do not receive some reparation for their loss, they may not only withdraw their allegiance, but may become our opponents if they cannot otherwise find satisfaction. The hostile natives, on the other hand, threaten to destroy the whole remant of the friendly natives, and then there would be no interposing barrier between them and the English, who are utterly defenceless; nor do I conceive that the intervention of troops, except as a strictly defensive garrison, would obviate the difficulty.