There are two classes of Regulations which are likely to be required, viz.: first, Local Regulations affecting only the population of the respective Hundreds, and to be settled therefore in the Village Runanga; and, second, General Regulations affecting the population of the whole district, which will have to be settled in the District Runanga. Suggestions for regulations made by the Ngatitipa and other Village Runangas, as reported by you, afford good illustrations of the kind of Local Regulations that would come within the first class at present. General Regulations which would involve the consideration of, perhaps, conflicting interests between the various sections of the Waikato tribes that inhabit the Lower Waikato district, would require not only special care in their preparation, but ample discussion by all concerned, before they are sent up for approval.

3.—Court Houses.

The Governor having promised the Ngatitipa and Ngatinaho Runanga that aid should be granted towards the erection of Court Houses at Taupiri and Kohekohe, I have to convey to you authority to incur an expenditure not exceeding £100 (£50 each) on these buildings. The whole sum yet appropriated for Court Houses in the Bay of Islands district being only £100, the question of a further expenditure beyond that sum in your district is reserved till the return of Mr. Fox.

4. - Grass Seed, &c.

His Excellency was pleased to promise Waata Kukutai that 50 bushels of grass seed should be procured for the Ngatitipa people. This will be obtained of the best quality that is in Auckland, and sent out to Waiuku at a convenient opportunity; and with regard to the application of the same people for four working oxen, the Government have, also, at His Excellency's desire, agreed to provide them, it being understood that when the ploughing of the Ngatitipa farm is finished, the oxen shall be available for other Native cultivations within your district, to be approved by yourself and the Village Runangas. You are accordingly authorized to purchase four oxen on account of Government, directing the parties concerned to send in their accounts, in the usual form, to the Native Office.

5.—Appointment of Interpreters.

Your recommendation of Mr. E. S. Maunsell will be brought before Mr. Fox for his final order, as soon as he returns to Auckland.

6.—Allowances to the Resident and Native Magistrates.

The Government understand you in your letter of the 18th February, to request an increase of the fixed commuted allowance of £50 a year for travelling expenses, and 3s. a day for forage, while you are travelling on Circuit. In reply to this, I am to observe that the fixed income of £350 a year was proposed for Resident Magistrates, under Sir George Grey's plan of Native Government, with a view to put an end to the fluctuating and uncertain charges for travelling allowances; and that at present it is intended to adhere to the proposal. With respect to Waata Kukutai, effect will of course be given to His Excellency's promise, that 5s. a day should be allowed for his special journey with you to Aotea and Kawhia.

7.—Payment of Salaries.

In order to facilitate the monthly payments by you of all salaries within your district, you are requested to send in, a few days before the end of each month, a total of the monthly Pay Abstract. This sum will then be paid in as proposed by you to your account at the Bank of New Zealand here, as an imprest advance; and at the end of each quarter you will send in an account current showing the total amount so paid into your credit, and the expenditure on the other side vouched by the duly certified abstracts. I am to convey to you the thanks of the Government for having made the private arrangements you speak for paying the salaries on the spot, which will save to the public the risk and cost of sending notes and coin to the district.

In conclusion, I have to convey to you the approval of the Governor and his Advisers for the steps you have already taken under Mr. Fenton's directions for carrying His Excellency's plans into effect, and for the detailed accounts you have supplied of the various Runanga meetings. The Government is aware that you have a difficult task before you in the endeavour to restore confidence among the Natives of Lower Waikato in the good will of their rulers, and to cultivate whatever desire exists for the establishment of Institutions founded on English law. It is fortunate for you that the work which Mr. Fenton originated four years ago has left its impress upon their minds, notwithstanding the trouble which necessarily attended the recent insurrection; and that Mr. Fenton himself was the means of renewing that work where it was interrupted, and of laying the fresh foundation on which you will have to build. The Government cannot give you a better general direction for your future guidance than to make yourself thoroughly acquainted with the principles which guided Mr. Fenton, and to follow in the path which he pointed out in the valuable reports which he contributed at the time; and I can only add the assurance, that in the execution of this task you may rely on the assistance and encouragement of His Excellency's Advisers.

I have, &c.,

HENRY SEWELL.

J. Armitage, Esq., Resident Magistrate, Lower Waikato.