

I was determined, however, that there should be nothing on my part to hinder or prevent the success of the operations of these agents; and, as already explained in my letter of 18th March (No. 151), I agreed to pay them the maximum amount they claimed on account of salary and travelling expenses, namely, £350 per annum salary, and £350 travelling allowance, it being clearly understood that the latter should be held to cover not only travelling but all other expenses.

Having found myself how entirely these agents had failed to carry out the work for which they were sent home, I was not surprised to learn, from the Hon. Mr. O'Rorke's Memorandum of 15th February (No. 34), that in the opinion of the Government "the services rendered by those gentlemen appear altogether disproportionate to the expense incurred in their pay and travelling allowances." And on receiving authority to use my own discretion as to whether the services of these agents should be retained, I at once decided on dispensing with them on the first opportunity.

Mr. Seaton having addressed to me a letter on the 28th April, in which he requested me either to put him in possession of certain information which he considered necessary to enable him to carry out his work, or else to terminate his engagement, I at once adopted the latter alternative, and wrote to him on 30th April (copy herewith, Enclosure 1), stating that I should dispense with his services from and after the 31st May, requesting him in the meantime to devote himself exclusively to the duty of procuring the emigrants applied for by Mr. Burns for Otago. I agreed to defray the cost of Mr. Seaton's return passage to New Zealand, and he will therefore be entitled to receive that from the Government on his arrival in New Zealand.

After receiving the Hon. Mr. O'Rorke's Memorandum of 14th April, I at once wrote to Mr. Birch the letter of which I forward a copy (Enclosure 2). On receiving Mr. Birch's report of his operations, I considered it my duty to dispense with his services likewise, the more so as Mr. Birch had himself, in a previous note, intimated his intention to resign, by asking me what notice I should require.

In the case of Mr. Farnall, however, who was engaged in promoting a special settlement at Auckland, I adopted a different course.

After explaining to him the views of the Government with regard to the rate of his pay and allowances, I stated that the Government had cast upon me the responsibility of deciding whether his services should be retained or not, and I requested him to inform me fully as to the steps he had taken in the matter of the proposed settlement, the progress his negotiations had made, and the prospect they afforded of ultimate success. On receiving his reply, I came at once to the conclusion that it was undesirable to retain his services any longer. I accordingly addressed him a letter to that effect (copy herewith, Enclosure 3). Mr. Farnall then wrote to me, saying, "I presume that your letter has only reference to my paid services, and that there will be no objection on your part to take any emigrants of whom I may approve." I informed him, in reply, that as his services had been dispensed with, it would not be proper for him to approve emigrants, or to act in any other way as an emigration agent, but that there could be no objection to his doing anything he might think fit in his private capacity, with the view of promoting the cause of emigration. Mr. Farnall replied, July 9th, that he considered the "implied assumption" of a right on my part "to dictate his course of action as a private individual as most unwarrantable;" and shortly after this he inserted in *The Times* a letter announcing that the first ship with passengers going out in connection with the Auckland settlement scheme "will leave England towards the end of October of this year," and specifying the terms on which intending emigrants will be admitted to take part in the movement.

On the 3rd instant, I received a letter from Farnall covering a claim for "moneys advanced and to be advanced," on account of the Government (copy herewith, Enclosure 4); and on the 8th he wrote again, demanding a cheque for the amount of his claim, and requesting to be informed whether the cost of his return passage to New Zealand would be allowed. I beg to forward, for the information of the Government, a copy of the letter which I thereupon addressed to him (Enclosure 5). To this letter Mr. Farnall replied in person, by calling at my office. He stated that I had authorized him to allow the usual capitation money to his clerks on all emigrants obtained by them—a statement which met with my unqualified denial. I, of course, intimated to him that I should be compelled to call upon him to refund the sums paid under this head to clerks in his employ. I further requested him to furnish me with the names of the promoters of the Auckland settlement with whom he had been in communication, and to hand over to me all his correspondence on the subject. He declined to do this, and I then addressed him officially to the same effect. (Copy herewith, Enclosure 6.) To this letter I have not yet received any reply. I have felt it my duty to decline to pay Mr. Farnall the balance of his salary, or to entertain his claim for expenses and for a return passage to the Colony, till he shall have complied with these requirements, and I feel assured that the Government will approve this course.

As reported in my letter of July 11th, I lost no time in placing myself in communication with Mr. Stewart, who is the real promoter of the proposed settlement. I beg now to forward, for the information of the Government, copy of a letter (Enclosure 7) received from that gentleman, in which he states that he hopes to induce a large body of emigrants to accompany him to New Zealand.

If anything can be done in the way of forming a special settlement, I am persuaded that it will be accomplished quite as readily without Mr. Farnall's help as with it. Indeed I consider