

of a clerk, Mr. Hackworth. There was besides the officer of the Audit Department. I now propose that the whole department shall be subject to Mr. Kennaway's direct control, excepting only Mr. Hoey, who will act as confidential or, as it is usually termed, Private Secretary. If he require assistance, he will have to seek it from Mr. Kennaway. I propose that the correspondence concerning public works shall pass through Mr. Kennaway, instead of, as hitherto, through Mr. McKellar, without Mr. Kennaway's intervention. On the other hand I shall try to arrange that the immigration accounts shall be kept by Mr. McKellar, instead of by a separate officer in the immigration branch. Of the officers I propose to retain, I may observe as follows:—I am confident that Mr. Kennaway is excellently suited to the position he occupies; Mr. McKellar seems to me to be a thoroughly efficient accountant, though not much accustomed to the system of written records adopted in Government offices; and I have been able to observe that Mr. Hackworth is a most zealous and trustworthy clerk. I consider that I am fortunate in finding that Mr. Hoey is willing to continue to give me his able services. I have every reason to think that he will render me great assistance. I have little present need of the services of the Despatching Officer, Captain Smith, but I cannot bring myself to dispense with him. He is a most excellent officer, and when the season arrives for resuming emigration his services will be invaluable. In the reductions I make, I bear in mind the intimation made to me that you propose to have about 5,000 emigrants sent out yearly. It would be unwise to dispense with an officer who could not, when required, be easily replaced. As far as additional ordinary clerical assistance is concerned, it can be easily obtained if it be required during the emigration season. I propose also to retain the services of Mr. McKillian, who has acted as clerk to Mr. McKellar, and of three out of the four clerks in the immigration branch. I will thus dispense with the services of Mr. Ottywell, and of one clerk. I have had great difficulty in deciding about Mr. Ottywell. The Agent-General was directed some time ago to dispense with his services, but on his (the Agent-General's) representations, Mr. Ottywell was allowed to remain some additional time. There is no longer any occasion for his services. I am not singular in this opinion. Sir W. Power, in alluding to him as "supernumerary," indicates the same conclusion, as you will observe by a copy of a memorandum on the subject which he left for me, and which I now enclose. The difficulty I have felt about Mr. Ottywell is that he has great claims upon the Government on account of the able and zealous services which he has rendered over a long period to the Government of the colony, and to the Provincial Government of Canterbury. Besides the salary from the Colonial Government, I find that he draws £300 a year from the Government of Canterbury. I need scarcely observe that Mr. Kennaway will be able to transact any business requiring a special knowledge of Canterbury. I have personally told Mr. Ottywell that, whilst I desired to show him every consideration, I had no longer occasion for his services; but that I wished to dispense with them in the manner which would be most agreeable to himself. I told him that there would no longer be any necessity for the Canterbury business to be separated from the ordinary business of the department, and that the provincial salary would necessarily cease; but that, in respect to it, I should urge upon the Government to place him, as regards compensation, upon the footing of the most favoured provincial officers. As concerned his General Government appointment, I told him I desired to relieve him of it with the utmost regard to his convenience and interest, and, therefore, without prejudice to his receiving compensation for loss of office, I would give him a month to consider his position, and to look out for other employment. I told him also that if I could aid him, during that month, in obtaining other employment I would do so, and that, if he elected to set up in business as a shipping broker, I would give him the business of the office we were in the habit of intrusting to our present brokers. Since then, I have taken into consideration Sir W. Power's suggestion to appoint Mr. Ottywell to the Scotch agency. At first I did not entertain the idea, as I thought it would be very distasteful to the people of Otago to interfere with the present Scotch agency. Subsequently I found that that agency was not working quite so smoothly as might be wished. I had a long conversation with Mr. Galbraith, and I think an arrangement may be made by which, while Mr. Andrew would retain a position of advice and control, Mr. Ottywell would attend to the shipping business. The advantages of such an arrangement would be that, whilst Mr. Andrew would be able to see that none of the old advantages to the Province of Otago are diminished, Mr. Ottywell would be able to make the office work in accord with this office, and would also, if desired, be able to extend the system of Scotch emigration. There is no question that Mr. Ottywell's special knowledge of shipping and emigration would be of great advantage. The arrangement could, I think, be carried out without adding to the present expenditure of the Scotch agency. You must, however, understand that I have not yet decided on it. I should require first to know that it would be agreeable to Mr. Andrew. I do not yet know that it would be agreeable to Mr. Ottywell. I mention it to you now, both because you will see that the suggestion has been made by Sir W. Power, and because, in case I make the change, and telegraph it to you, you will be able to understand its nature, and that it will not have been made without full regard to the feelings and wishes of those concerned in the present agency and Scotch business. I have had difficulty in coming to a conclusion concerning some of the outside agencies. I find that the total cost of Mr. and Mrs. Burton's services, and the expenses connected therewith, amount to £733 14s. 10d. for 1876. I am inclined to think that this might, without disadvantage, be saved; and I have telegraphed to you, asking if I should dispense with their services (copy enclosed). I send you papers which will show you the extent of their work. It is due to them to say that I believe they are very zealous. Mr. Cochrane's agency cost £647 16s. 9d. for the past year. I enclose papers to show you the extent of his work. As it is a resident agency, and the only one existent in Ireland, I do not propose to abolish it unless you instruct me to do so. Mr. Holloway's agency cost during 1876, £312 7s. Considering that Mr. Holloway has a personal knowledge of New Zealand, and that it will probably be convenient to use his services in a few months again, I have proposed to him, instead of dispensing with him altogether, that he take leave of absence at 35s. a week, until I hear from the colony that emigration operations are to be resumed.

The changes I have made, or propose making, may be thus epitomized (I omit any reference to the Scotch agency), saving in expenditure, namely,—