

because the Government business increased owing to the growth of public expenditure, but they were fairly earned and according to scale. In 1903 came the revival of the policy of the assisted emigration and the steady demand from the colony for population. It was necessary, if we were to compete with other colonies for emigrants, that we should pay a bonus to agents as other colonies did, and do. In the old days of free emigration we used to pay so much per head for the securing and despatching of emigrants. In 1903 we had conferences with the shipping companies to arrange for the payment of a general bonus per head for the assisted passengers. At first it was proposed by the late Sir Edwyn Dawes, I think, that the Government should pay £1 and the shipping companies another £1 per head per adult. Ultimately we were able to make a much more economical arrangement. It was decided that only £1 per head should be paid on third-class passengers, and that of this the Government should only pay 4s., the remaining 16s. being found by the shipping companies. For second-class passengers the Government were to pay 7s., but the number of second-class passengers was, if I remember rightly, always relatively very small. I assert that this arrangement was not only fair but highly advantageous to the Government. It resulted in this, that we got our emigration-agency work done for less than what it cost the agents.

When I made this arrangement I fancied that most of these bonuses would be earned by country agents. In the event it turned out that they were chiefly earned by E. M. Kennaway. So far as I can ascertain, however, this came about in a perfectly fair and natural way, and not through any kind of trickery or collusion. Intending immigrants generally preferred to make their inquiries in London by letter or personal application. For the three years 1906-7 and 8 there was a sort of boom in emigration, which put a good deal of money into the pockets of the agents, Kennaway, of course, profited much the most, though not out of us; but he did work for his money, and worked very hard indeed. He dealt with masses of inquiries, only a small proportion of which resulted in passages being booked. Unless passages were booked he got nothing. He asserts, and I see no reason to doubt him, that very often not more than 10 per cent. of a large batch of inquirers would ultimately go to New Zealand. For this 10 per cent. he was paid by us 4s. a head. I have cross-examined him, and believe him when he says that the Government money he got in this way did not pay the expenses of getting it. During the three busy years above referred to he received in emigration bonuses from us something under £500 a year on the average. I consider that that was an extremely cheap rate for us to pay for the work he did for us. It would indeed have been ridiculously small had he not been making a very large profit out of the shipping companies' contribution.

His receipts for shipping and emigration work may be classed under three heads—(1) The commission for ordinary shipping work; (2) the 4s. a head bonuses which we paid him on emigrants; (3) the 16s. a head which he got from the shipping companies. The first two items were Government money: the third was not. The first two were not large enough taken together to pay his office expenses. The third enabled him to make a good profit, but not at the cost of the Government. As regards the commission receipts for ordinary shipping work, probably very little exception has been taken to that. As for the emigration bonuses paid by us, I have just shown that on the average they were less than £500 a year. Add the two classes of receipts together, and during the three years the total was on an average somewhat over £400 a year. That was all he got from us. And that did not pay, or anything like pay, his office expenses. The High Commissioner reckons these last as about £2,000 a year.

It may be said that, even after allowing an average of nearly £2,000 a year for office expenses, his net profit during the three busy years was very considerable. That was so, but (1) the profit was not made out of us, but out of the shipping companies; (2) it was made out of an uncertain and very fluctuating business which might at any moment be severely restricted, and which from the last months of 1908 began to be very much cut down. It is certainly the case that as far as the payment of public money to Kennaway is concerned we got a great quantity of work done very efficiently as well as cheaply.

As regards his receipts from the companies they were not public money. We were not legally, officially, or morally accountable for them. I was not officially or morally under any duty to grudge them to any agent who earned them. Suppose we had desired to cut down Kennaway's receipts, what then? We could not withhold our 4s. a head—that would have been a breach of faith with the shipping companies. I could not have seized any part of their 16s. bonus on its way to him—that would have been simply theft. There was then only one way in which we could have intercepted the bonuses which came to him from the companies. This way would have been to become agents ourselves and earn a profit out of the shipping companies. There was no question of saving any wasteful or extravagant outgoing of public money. There was none such. The sole question would have been, should we go into business and try and make money out of the companies? That, in other words, is that I should have carried out a year or two earlier the change that has been made since. On that I have this to say: It was never suggested to me by the Government or any one else that I should make such a change, and I never seriously thought of it. I regarded the rush of business as a temporary affair and a passing episode. I expected that the assisted emigration in particular would be abandoned, or at least greatly reduced sooner than it was. I tried faithfully to make it a success, devoting a great deal of time and much personal thought to insuring the selection of a good class of immigrant. My discussions with Sir Walter Kennaway about this were very numerous, and by arrangement all doubtful applicants were referred personally to me. I never believed, however, that the assisted emigration would continue on a large scale, and though it lasted longer than I thought, it has for eighteen months past been severely restricted. Moreover, what would a change have meant? It would have meant setting up a new and expensive subdepartment to do work, much of which might vanish with a sudden change of policy. You know how strong the prejudice is about setting up new subdepartments, especially here. Certainly I should have hesitated very much to do it.