

DISTRIBUTION OF THE PATEA LOAN.

2. Substantially they knew it in November, when I was at Patea.

3. The intention of the House was not to grant compensation, but simply to make advances on security to parties willing to settle. I asked for information as to losses, as a guarantee that the parties were of the class intended to be benefited, viz., expelled settlers, and not as a measure of compensation, which the House positively refused to give. To have fixed a *pro rata* scale based on actual losses would have been to treat the case as one of compensation, and would have given an amount to some much larger than necessary to enable them to resume occupation (the real end in view), and to others so small as to be of no use. The recommendations were made by Major Noake to a certain extent on local knowledge, and with the idea of meeting the circumstances of each case, with a view to the wants and capacity of the party for the future, and not to his losses or sufferings in the past.

4. Immediately after Major Noake's Report (which no one can say was unduly delayed), I communicated with the Treasury, had the awards further assessed with great care by Mr. Woodward, whose elaborate memo. is among the papers, and I gave immediate instructions to the Attorney-General to prepare the mortgages. This was on the 8th February. The subsequent delay has been owing solely to the extraordinarily defective state of the titles in a very large majority of cases, which were so utterly valueless as to render it impossible that any security could be given over the land held under them. It became absolutely necessary to supplement and in many cases altogether to supply new titles, an operation which could only be done by the intervention of lawyers, and after numerous researches in the Registry Offices, particularly of Taranaki and Wellington. There was no possibility of "slobbering" over the transaction. The defects of title were of such a sort as to render any security founded on them utterly and altogether valueless. Now the resolution of the House expressly states that the Government is to take security by way of mortgage over the land; and the Colonial Treasurer has recommended that the mortgages should be such as might be transferred to some money-lending company. Unless the titles are marketable, it is certain that neither the object of the resolution nor of the Colonial Treasurer can be attained. The difficulty of investigating these titles has been very great, and I cannot charge the Attorney-General or Assistant Law Officer with any slackness. A single glance at the file of papers referred to them as evidence of title, and the complicated state of the titles as reported in the memo. of the Assistant Law Officer, show that the task imposed on that officer has been a most onerous and troublesome one. It only remains to state how the matter stands now. Upwards of twenty of the claimants whose titles were defective appear to have placed them in the hands of Messrs. Brandon and Quick, who expect to be able in a few days to report their completion and the execution of the mortgages. In these cases nothing further can be done to expedite the matter. Of the remainder (say twenty-five more), many appear to have taken no step towards procuring better titles,—many have exhibited none; and it seems impossible that the Government can do anything in such cases. Nothing will, I think, be gained by sending up any person specially to the district. But Mr. Pharazyn, who will be there, may be instructed to send a circular to any who have entirely neglected to take action as above, warning them of the consequence of neglect.

5. There seems no reason for reopening the awards of Major Noake, except to admit about half a dozen claimants who did not apply in time. As it seems certain that some of the applicants will be rejected for want of security, and one or two have withdrawn their claims, it would seem that these omitted ones may take their place. They should, however, be inquired into to the same extent as the others were.

6. I am not aware that the Government has circulated a list of properties which are encumbered. If it be so, I should be glad to know by whom and by whose authority it has been done.

7. I think, if the Colonial Treasurer has no objection, this might be done.

WILLIAM FOX.