

Further than this nothing has finally been determined; but I have lately received the most reliable information, that as far as the country is known—and a great deal of it is well known—there is, if non-professional opinions may be relied on, no engineering difficulty in the way of carrying the railway in a nearly direct line south from Alexandra behind Mount Egmont.

Following the order in which I took the railways last year, I next come to that from Napier to Waipukurau.

I regret to state that the contractors for the first portion of 18 miles of this line have not completed it within their contract time; the notices necessary to enforce the penalties incurred by them have been given, in case it may be thought advisable to do so. The contractors have had great difficulties to contend with in procuring sleepers and other timber, and the contract time will be exceeded on the first length by fully one year. A further length of this line, of 27 miles, is also under contract, and the works are progressing satisfactorily.

The works on the Waitara and New Plymouth line are in Messrs. Brogdens' hands; and although there is great difficulty in getting materials delivered there, I see no reason why their contract time should be exceeded.

It is to be regretted that on this line the Government have had to pay very considerably in excess of the Engineer's estimate for land; and indeed, had they had any idea that it was possible that claims for such rates would have been sustained by the Court, they would have delayed the commencement of the works until reasonable arrangements had been effected.

Nothing has been done towards the expenditure of the additional appropriation made by the House last year for continuing the line south. It was not thought prudent to do so until the road behind Mount Egmont had been cut through, and the feasibility of the route finally settled. This is now the case; a really good line has been found, and instructions have been given to complete a working survey from the present line southwards towards Hawera.

From Wanganui northwards we have found a very difficult line of country to traverse, instead of the favourable one we had been led to expect; and although every effort has been made to press on the survey, the progress made is not sufficient at present to warrant my fixing a date for the commencement of the formation of the line. It may be well to state that although on the first 30 miles of this line the works will be very heavy and the gradients severe, the remainder of the line through to New Plymouth will be of a more favourable nature.

On this line the bridge over the Wanganui River has been let for completion by March, 1876.

I now come to the Wanganui and Manawatu Railway. Two sections of this have been let, including the bridges over the Wangaehu and Turakina; and the surveys are well advanced for the remainder.

It will be remembered that by "The Railways Act, 1872," a further appropriation of £90,000 was taken to convert one-half of this line (which was at first proposed as a tramway) into a railway, still leaving the remaining portion from Rangitikei to Manawatu as a wooden tramway. As there is not now the slightest doubt that the traffic over the whole line will be far more than could be worked by tramway, and especially as the Feilding settlement is progressing so rapidly, the Government consider it necessary to take the earliest steps to obtain the assent of Parliament for the necessary appropriation for converting the portion from Rangitikei to Manawatu into a railway.

In connection with this line, the Government propose entering into a contract with Mr. Halcombe (the Corporation's agent) for the construction of 9 miles of railway, he having consented to waive the right the Company have, by their agreement with the Government, to demand employment for two hundred men at any time during the next three years,—a condition which in practice is found to be most embarrassing.

The last railway to be mentioned as in progress in the North Island is that from Wellington to Masterton. The first section of this line has been completed by Messrs. Brogden, and, after three months' maintenance, has been taken over from the contractors. Owing to the necessarily hurried manner in which the information was collected on which the estimates for this contract were based, the