

carry a railway. No work has yet been done, but plans for an iron bridge are now in the draftsman's hands, and will be completed by the end of July.

#### SURVEYS.

A survey has been in progress all the summer of the lines connecting Amberley with Greymouth and with Picton, but the plans are not yet plotted, and nothing definite can yet be stated as to the feasibility at reasonable cost of the lines.

A party was despatched to survey a line from the Thames to the Waikato, but, owing to floods and rain, have not yet been able to send in any information.

I hope to be able to report fully on both these surveys within two or three months.

An examination of the Clutha River has been made, to ascertain whether it could be made navigable for steamers. I append a copy of Mr. Blair's report on the subject, from which it appears that the proposal to render the river navigable is not feasible.

I also enclose a copy of Mr. Blair's report on the several lines proposed for a railway into the interior of Otago.

#### OPENED LINES.

As the length of lines opened for traffic is continually increasing, owing to the completion of new sections, it is very difficult to estimate the probable revenue for next year.

In 1875-76 the gross revenue was	...	...	...	£406,001
In 1876-77	"	"	"	£489,455
The increase of miles opened during the year being 248.				
In 1877-78 the gross revenue is estimated at	...	...	...	£600,450
The estimated increase of miles to be opened being 278.				
In 1875-76 the net revenue was	...	£110,641*		
In 1876-77	"	"	"	£141,428* Increase ... £30,787
In 1877-78	"	"	is estimated at £171,700.	Estimated increase, £30,272

The cost of the railways opened for traffic, including the valuation of the provincial lines, and taking a proportionate part of the cost of lines opened during a part only of the year, is £4,350,000. The net revenue for last year is equal to 2·64 per cent on the cost, and if the estimates for next year are verified the profit will equal 2½ per cent.; but it must be remembered that this does not include any provision for a renewal fund.

#### NORTH ISLAND.

*Kaipara to Riverhead.*—The clay and sand ballast in use on this line makes the maintenance very difficult, and will have to be replaced with scoria as soon as the line from Riverhead to Auckland is finished. Some material is found on the line which, although not forming good ballast, is better than the clay, and has been used over a mile or two of the permanent way with good results. The traffic is very small, and there is no prospect of the line paying its working expenses during the present year.

*Auckland to Mercer.*—The traffic on this line is very dull, being somewhat less than in 1875-76. The working expenses are, however, lower, and the net profit higher. The section from Mercer to Newcastle will be opened in September, when a much larger traffic may be looked for.

*Napier to Manawatu.*—This line continues to show a good business, the increase of revenue during last year being over 72 per cent., and the increase of net revenue being over 80 per cent. The extension to Kopua will give a large trade in timber.

*Wellington to Masterton.*—The traffic has increased 57 per cent. during the year, but this is due to the extension of the line to the Upper Hutt, as there is a slight falling off in the returns for the last six months as compared with the corresponding period of 1876. The extension to Kaitoki will have a good effect, as the traffic with the Wairarapa will then all be done by rail.

*Foxton to Manawatu.*—A small profit has been made on the year's traffic (about £1,000), which is as much as was expected. Through communication with Wanganui will be effected this year, when the receipts will increase.

*Wanganui to Manawatu.*—This line was only opened in May, and the traffic is very small. Until the line is extended to Foxton, it cannot pay working expenses.

*Waitara to Patea.*—The working expenses are higher than the receipts, and will probably continue to be so even when the line is extended to Inglewood.

#### SOUTH ISLAND.

*Picton to Blenheim.*—A small profit has been earned, but the traffic is light, and shows no signs of improvement.

*Nelson to Foxhill* is in much the same state, as far as traffic is concerned, as the Picton line. It pays a small profit, but the traffic is not increasing very rapidly.

*Westport to Ngakawau.*—This line will depend almost entirely on the carriage of coal, and only one mine has yet begun work, so that there has been almost no traffic. Four trains a week only have been run, besides the construction trains necessary for bringing stone to Westport for the river protection works. Besides developing a useful industry, this line will eventually pay a good profit on its cost.

\* The revenue of the several provincially worked railways is obtained from the printed reports published by the Provincial Governments. The provincial financial year ended on the 31st March, and the net revenue of the railways worked by the provinces is that for the year ending on that date, while the revenue of the lines worked by the Colonial Government is that earned in the year ending 30th June. This would not, however, materially affect the result.