

to start the work shortly. The expenditure on this line last year amounted to £3,452, but it would have amounted to much more than this if the Makarau contract had been completed within the year as expected, in proof of which I may say that the expenditure on the line since the close of the financial year has amounted to nearly £4,000. It was not deemed advisable to proceed with further works on this railway until the large claims for extras made by the contractors for the Makarau contract, amounting to over £5,000, were decided one way or the other. I am now advised that the contractors have no legal claim, but they are petitioning Parliament for a consideration of their case on equitable grounds. I was therefore unable to see my way to put any further work in hand pending the meeting of Parliament. The importance of continuing the line to the Kaipara Flats has been urged upon the Government by settlers in the district. As funds permit, this should be done. A vote for £6,000 will be submitted for your approval.

GRAHAMSTOWN—TE AROHA.

The principal works undertaken on this railway during last year were the raising of the formation, building the bridges, and the partial laying of the rails on the section between Paeroa and Puriri. The rail-laying has now reached Omaha, at which point a branch line is being made into the extensive stone deposit which was acquired for a ballast-pit several years ago. It was impossible to do any ballasting on this section until the rails had reached this point, but ballasting will now be commenced as soon as the pit has been connected with the main line, and proceeded with vigorously, with the view of opening the line to Puriri at the earliest possible date, and extending it through to Grahamstown as quickly as possible thereafter. Many honourable members may not be aware of the fact that during the years 1879 to 1890 an amount of £63,000 was spent on formation, bridging, &c., on the section of this railway between Grahamstown and Paeroa, the work being left unfinished, and consequently unproductive. Of this amount £57,492 had been expended prior to the 31st March, 1888—the annual amount then gradually diminishing to less than £1,000 in 1890–91. Some of the bridges, built of kauri, now require rebuilding, and the whole of the formation requires to be brought up to the proper level again. The work in hand at present is the section between Paeroa and Puriri; and the necessary materials for the work between Puriri and Kopu have been ordered. An endeavour should be made to complete the line through to the Thames at as early a date as possible. The development of the mining industry will insure a greater rate of interest being earned than will have to be paid for the money required to complete the work. A vote of £12,000 is asked for, over £7,000 of which has been expended under the authority of last year's vote since the commencement of the current year.

COROMANDEL—KUAOTUNU.

As promised last session, a reconnaissance survey has been made for a light narrow-gauge railway between Coromandel and Kuaotunu. The construction of a large part of this line would be easy, but the great difficulty is the presence of an unbroken range of mountains immediately at the back of Coromandel, the lowest saddles over which are about 1,100 feet above sea-level. The Engineer at first tried a route running southwards, and climbing up the west slope of the range to cross over the top somewhere about the Castle Rock, and to then run down the ridges sloping to Whangapoua on the other side, but was ultimately compelled to abandon it. He then examined a line in a northerly direction, but this also proved unsatisfactory, and he finally selected a route up the valley along which the road is constructed, running almost due east from Coromandel. This is the most practicable, and probably the best route, but it necessitates a tunnel over a mile long through the range, and grades of 1 in 40 on either side to approach it. On the flats many of the banks would have to be kept up to a fair height, and would require to be protected with stone pitching, as they would be exposed to the wash of the tides. The line would be from 19 to 20 miles in length, and would probably cost £100,000, inclusive of rolling-stock, which would have to be specially constructed for the narrow gauge. The Government considers that the time is not yet ripe for the construction of this railway.