

public traffic in October, 1905, and the rails are now being laid on the further section of two miles and a half to Tauhoa, and I am expecting to have this available for the Christmas-holiday traffic. It would have been ready before but for some rather heavy slips that took place during the late winter. The next section to Waby is well in hand. The heading of the Hoteo tunnel, 565 yards long, which is the principal work on the section, was pierced early this month. A good part of the tunnel has already been enlarged to full size, and it is expected to be finished, including lining, by January next. A contract has been let for the three bridges over the Hoteo River, and all are due for completion on the 5th March next. Although the contract has already been let for nearly six months, I regret to state that nothing has, so far, been done on the ground, but the contractor assures me that the timber will be delivered on the sites at a very early date, and the work thereafter proceeded with vigorously. If these bridges are finished by the expiry of the contract time, the railway to Waby should be available for traffic about June next. The section between Waby and Wellsford is also in hand, and the work progressing satisfactorily.

The permanent survey of this railway ends at Wellsford at present, but, as it is time that it was extended further northwards, I have given directions for a suitable officer for the work to be selected, and for the survey to be pushed on with at least as far as Maungaturoto.

Last year the expenditure on this railway amounted to £24,318, and during the current year a larger expenditure is proposed. I am, therefore, asking for a vote of £50,000 for the work.

#### PAEROA—WAIHI.

This railway was completed and opened for traffic on the 9th November last. In addition to using up the balance of £8,862 remaining to the credit of the special account established for this line, a sum of £7,326 was expended out of the vote for railway construction. A few small items still remained to be dealt with at the close of the financial year, and a vote of £2,000 is provided to cover these.

#### GISBORNE—ROTORUA.

A good deal of work has been done on this line. The formation is now complete to the east end of the tunnel beyond Karaka. The heading of this tunnel, which is 283 yards long, was pierced last month, and the enlarging to full size and the lining will be completed by Christmas. The formation beyond the tunnel is in hand to five miles and a half from Karaka, and tenders for the large bridge over the Waikohu River, near the proposed Waihuka Station, will shortly be invited.

The permanent survey of the line is finished for another two miles and a half, or as far as the twenty-sixth mile-peg, and the trial survey has been carried right through to the Opotiki Flats; but the country on the Bay of Plenty side of the range proves to be very steep and difficult. I fear, therefore, the construction of the railway beyond Motu will be very costly, but a practicable grade can be got, though the curves would be sharper than usually allowed on the New Zealand Railways. The distance from Gisborne to Opotiki by the railway survey would be about eighty-five miles, the summit of the line being 1,964 ft. above sea-level. It is intended to undertake further exploration-surveys to see if it is possible to procure a more favourable route.

Last year's expenditure on this railway amounted to £16,711, being a little in excess of the expenditure of the previous year. For the current year a vote of £20,000 is proposed.

#### MAMAKU—TE PUKE.

I mentioned in my last year's Statement that a rough exploration of a projected railway-route between the above points had been made, and that a very favourable route for constructing a line at a comparatively small cost seemed to be available, and that it was proposed during the year to have a trial survey