

At the south end of the line the section between Taihape and Mataroa—six miles in length—was handed over to the Railway Department for regular working in June last. The section between Mataroa and Waiouru—18½ miles—is nearing completion. The ballast-train has been running on it for some time, and it will be ready to hand over to the Railway Department by Christmas. The section from Waiouru to Rangataua—14 miles—has been used for goods traffic since May last, and the rails now extend to Ohakune, 3 miles further, and (by a temporary line) as far as the Hapuawhenua Viaduct—another 2 miles—making altogether an advance in the position of the rail-head at the south end of the line during the year of 26 miles. The first three miles beyond Waiouru, however, is on a temporary line. The permanent line along this section embraces some very heavy earthworks. It is well in hand, and is expected to be ready for platelaying in the course of a few months. When the rails are laid on this section, and the ballasting completed, the whole line to Ohakune will be handed over for regular traffic.

The ballast-trains between Taumarunui and Raurimu and between Mataroa and Rangataua have been carrying passengers for some time, and the running at the southern end has now been extended to Ohakune. It is also proposed to shortly commence the issue of through tickets between Auckland and Wellington. The gap between the rail-heads is now only twenty-four miles, and over this length a coach service has been established on a good metalled road constructed by the Department in conjunction with the railway-works. By Christmas I expect to be able to arrange to carry passengers at the north end as far as Waimarino, which will reduce the coach service to eighteen miles, and by March, 1908, to Makatote, which will further reduce the gap to eleven miles. The last link in the chain will still take some little time to complete, as the eleven-mile section embraces three viaducts, four large bridges, and one tunnel, besides other heavy works. Two of these viaducts are being carried out by the Department's own workmen. That over the Toanui is nearing completion; and the Hapuawhenua (which is the longest viaduct on the line) is well in hand, but at present is only in the foundation stage, though much of the steelwork is already manufactured at the Department's workshops at Mangaonoho, and a start with its erection will probably be made during the present month.

All the work is progressing satisfactorily, and, with favourable weather-conditions, I confidently expect that the rails will be connected between Auckland and Wellington not later than Christmas, 1908, as previously predicted.

The expenditure on the railway last year, exclusive of permanent-way materials, was £362,101, and for the current year an appropriation of £330,000 is proposed.

#### BLenheim—WAIpARA.

The work at the northern end of this line has been proceeded with throughout the year, and fair progress made. At the southern end the section between Ethelton and Tormore was opened for traffic in November, 1906, and the further section to Domett in March last. As considerable difference of opinion exists as to the location of the line beyond Domett, it is inadvisable to proceed with further construction-work at present. A survey party is now employed in closely investigating the different routes that have been suggested, but the results will not be available for some little time.

With the cessation of construction-work at the southern end an increase has been made in the number of men employed at the northern end, and I hope to shortly have a further section at that end ready for rail-laying.

The expenditure on the line last year amounted to £46,076, and for the current year an appropriation of £40,000 is proposed.

#### MIDLAND.

The formation-works on the portion of the Manu Section as far as Kiwi Station are approaching completion, and rail-laying will shortly be started.