

Of the major works, the diversion of the Rangitaiki River and the excavation of the Te Rahu—Mangaroa outfall have been completed; the straightening of the Tarawera River and the dredging of the Awaiti and Omeheu Streams are well on to completion; and the dredging of the Kopepeo outfall has been commenced, leaving the construction of the Awakaponga outlet only yet untouched. This I hope to have in hand within the next few months, when the Awaiti and Omeheu works will be complete.

Of the minor works, some sixty-odd miles of main outlet drains are now in operation, though a considerable mileage of this will still require deepening, leaving a balance of approximately nine miles still to be constructed to complete the scheme.

The area is consequently prospering, and already adding its quota to the products of the Dominion. Land-values are advancing rapidly, and, despite the present war-conditions, there is a keen demand for the land, of which there is very little offering. The settlers are generally a prosperous community, and abreast of our works with their subdivisional drainage and improvements. There are, however, a few cases where a good deal more progress could profitably be made than is the case at the present time, due, I presume, partly to overcautiousness and financing difficulties, and chiefly to the land being held in such large areas.

As yet the bulk of the area is in surface-sown grasses only, and it will necessarily be years before it is all turned over and laid down in permanent pasture and crops. Such being the case, and considering the present ruling prices for fat stock, it naturally follows that cattle-fattening is the principal industry, and it is surprising the fattening properties of this rough pasture. Country that one would naturally term store-cattle country is here turning off finished beef, while at the same time undergoing the "crushing" process. During this year it is estimated that five thousand head of fat bullocks have been taken off, and I have not the slightest doubt but that this will be doubled during this coming year. This being so, and Auckland being the nearest market, it is only natural that freezing-works are being vigorously discussed by the settlers. There is not only great expense in landing the stock in the Auckland markets, but also the great wastage that necessarily follows the four to six days the stock are on the roads. This area alone, independent of the surrounding country, is now producing sufficient to put freezing-works on a payable basis, and I feel sure that the near future will see these works an assured fact. Milking is, as yet, not being resorted to to any great extent, and will not be until the country is more closely settled. The cheese-factory at Te Teko is well established, and is drawing its supplies entirely from within the area, and the butter-factories at Whakatane and Matata are also drawing considerable supplies from the district. The land is, as stated above, yet held in large areas by prosperous settlers who have no occasion to resort to milking with its ties and present labour difficulties; and with adjacent harbour-improvements under way, the construction of the East Coast Railway approaching, and altogether such a promising future ahead of the district, settlers are not inclined to subdivide their properties, holding on for maximum values. Until these large holdings are subdivided into small areas and closely settled the district must, to a very great extent, be held back.

At the present time the drainage is much in advance of the roading, and consequently the want of roads is now becoming a serious factor; but now that a definite roading policy has been decided upon and financed, the work will be pushed on vigorously during the coming year.

#### DREDGERS.

Throughout the past year the three dredgers have been busily engaged in completing the major works, which, as stated above, are now well advanced. During the summer months double shifts have been worked on both the Priestman dredgers, and this, though slightly increasing the price per yard of material shifted, is much more than compensated for by the time so saved in bringing in the country and rendering it productive.

During the year a total of 268,760 cubic yards of spoil was excavated, at a total cost of £3,901 10s. 6d., or an average cost of 3'48d. per yard. This includes all charges, wages, supplies, repairs, &c.

A great deal of this dredging, with the exception of the Tarawera River, was difficult work, necessitating the blasting and removing of a considerable amount of submerged timber, and dealing with an exceptional quantity of fine sandy deposit, difficult of handling with this class of plant. However, difficult and varied as the dredging has been, the costs speak volumes for the all-round efficiency of the Priestman dredgers and their suitability for this class of work.

#### RANGITAIKI RIVER DIVERSION.

As mentioned in my last report, we took these works over from the contractors in March, 1913, and, realizing the importance of the undertaking—the key to the successful drainage of the whole area—pushed the work on with all expedition, and completed it in May, 1914. Despite the many contrary opinions expressed as to the feasibility of the work, the result has been most successful, and quite up to expectations. Flood-level at the intake has been reduced by between 9 ft. and 10 ft., and lowest summer level by 4 ft., and the old channel between the intake and Matata is practically dry.

The river is still scouring, and consequently lowering, and it will be several years before the maximum benefit of the work is attained. At the intake, a mile and a quarter from the open coast, the rise and fall of the average tide is yet only 6 in., and this is water backed up only, no salt water entering the river whatever; so that, seeing there is an average tide rise and fall on the coast of 4 ft. 6 in., it is evident there is yet a considerable lowering to be attained.