

SURVEYS.

The country between the Napier and Takapau Railway and the Manawatu Gorge has been thoroughly explored, and trial lines run. The Gorge itself has still to be surveyed before any estimate of the cost of connecting Napier and Wellington by rail can be made; and I recommend that this be undertaken during the present year.

In the South Island explorations have been continued between Canterbury and Nelson and Blenheim. I attach Mr. Foy's reports, from which it will be seen that a fairly good line has been found between Canterbury and Blenheim, by way of the coast. I do not think it is yet quite beyond doubt that a better cannot be got by way of the Waipara Plains, and recommend that Mr. Foy be instructed to explore farther in this direction.

The line by way of the Rai Valley, between Nelson and Picton, seems to be quite impracticable for a railway.

I would strongly recommend that surveys be put in hand between the East and West Coast of the South Island, over both the Amuri and Hurunui Passes. This country is so difficult that three or four years will be required to survey it, and a great loss will be incurred if work should be undertaken before proper surveys have been made.

LINES OPEN FOR TRAFFIC.

The results of the workings for the year are fairly satisfactory.

The Auckland and Mercer Railway has paid 1 per cent., in spite of the low rates which were adopted. These were too low, and have now been raised.

The Napier-Manawatu line has paid $2\frac{1}{2}$ per cent. The rates also here were too low, and have been raised.

The Waitara and New Plymouth, and the Kaipara Railways have been worked at a small loss; but this was always expected. If the termini of the latter line were improved, I think the traffic would increase, and that a small profit would be earned.

The Wellington and Masterton line has paid 3·4 per cent., and when completed to Featherston will certainly pay the full interest on its cost.

The Nelson and Foxhill, and the Picton and Blenheim Railways have both earned a small profit, which, considering that they have not been long opened, is as much as could reasonably have been expected.

In Canterbury and Otago the lines are worked by the Provincial Governments, but not being under the control of the Public Works Department, I cannot state the profits.

NORTH ISLAND.

KAWAKAWA RAILWAY.

The railway constructed by the Coal Company has been purchased, and contracts let for changing the gauge to the standard 3 feet 6 inches, and doing other work necessary on this length.

KAIPARA TO PUNIU RAILWAY.

Kaipara to Riverhead.—The section from Kaipara to Riverhead was opened for traffic on the 29th October, 1875. In my last report I suggested that new terminal stations would be required, and I think they should now be undertaken, as the existing ones are very inconvenient and insufficient. I would recommend the expenditure of £15,000 for this purpose.

Riverhead to Auckland.—Work has not been commenced on this section. Inquiries have been made of landowners to ascertain the probable price of land, which appears to be so high that it would be well to defer the commencement of the works until a survey can be made through cheaper land, with the view of lessening the first cost of this line, which will otherwise be one of the most expensive in the colony, while the traffic it will get will be scarcely sufficient to pay working expenses, if it will do so much.

Auckland to Mercer.—This section was opened for public traffic before my last annual report. Serious floods occurred in December, which did some damage to the works, traffic being stopped for seven days. It will be necessary to raise the banks in a few places.

Mercer to Newcastle.—The formation of this section is nearly completed, and tenders have been called for ballasting and plate-laying of the whole length. The bridge over the Waikato is nearly finished.

Newcastle to Ohaupo.—The formation is nearly finished, but plate-laying cannot be gone on with until the Newcastle Section is completed.

NAPIER TO MANAWATU RAILWAY.

Napier to Te Aute.—This length is now open for traffic. Heavy floods occurred during January, which injured the line so that traffic was stopped for four days. One of the bridges over the Ngara-roro River was slightly injured, and the foundations scoured away for several feet. The damage has been made good, and rockwork placed in the bed of the river, which will protect the bridge in future floods. The same has been done at the Waitangi Bridge, where considerable scour had also taken place.

Te Aute to Takapau.—The plate-laying and ballasting of this section is now in progress. The contractor for the first part of the work having failed to carry on the works with sufficient energy, they have been taken out of his hands, and are being carried on at his cost by the Government.

This line will be completed during the ensuing year.

WAITARA TO PATEA RAILWAY.

Waitara to New Plymouth.—Was opened for public traffic in October. No injury to any of the works has occurred.

Sentry Hill to Inglewood.—The formation is under contract, and will be ready for plate-laying during the coming year.