

NORTH ISLAND.

KAWAKAWA RAILWAY.

The railway purchased from the Coal Company has during the year been renewed, changed in gauge, and provided with proper rolling stock. It is unfortunately liable to heavy floods, which rose last year 10 feet above rail level. The cost of raising the rails above the reach of floods would be too great, and the inconvenience caused by stopping traffic for a few days is less than that of discharging coal from the great height to which the rails would have to be raised.

In order to reduce the expense of renewing the ballast after every flood, about 15 chains of open bridge work is required, at a cost of £2,500.

KAIPARA-PUNIŪ RAILWAY.

Kaipara to Riverhead Section.—Contracts have been let for a new terminal station at the Kaipara River, which will reduce the cost of landing goods from the shipping to the trucks and *vice versa*. The contract time for the completion of the work is February, 1878.

Riverhead to Auckland Section.—Ten miles from Auckland have just been commenced; the remaining 11 miles are to be let as soon as the surveys are completed. Great delay has taken place in beginning this work, principally owing to the wish of the residents to have the route of the railway altered from that originally proposed. Owing to this delay, and to the transfer to other lines of rolling stock and rails, the expenditure for the year on the whole line has fallen short of the appropriation by £110,500.

Auckland to Mercer Section.—It is proposed during the present year to generally enlarge and improve the station and workshops at Auckland.

Mercer to Newcastle Section.—The contract time for completion of the works of this section is the end of August, and the line will probably be opened by that date. The Contractor has carried on his work in a vigorous and workmanlike manner throughout.

The Waikato Bridge, consisting of 3 spans of 120 feet each, is completed. The deflection, when loaded, was less than half an inch.

Newcastle to Ohaupo Section.—The formation is finished, and, as soon as the line is completed to Newcastle, plate-laying will be commenced.

Ohaupo to Te Awamutu Section.—The surveys are completed, and it is intended to call for tenders without delay.

NAPIER-MANAWATU RAILWAY.

Thirty miles were opened during the year, bringing the line to Takapau. Thence to Kopua, a distance of 5 miles 65 chains, is under contract, and is expected to be opened by October.

South of Kopua the line crosses several very large ravines, the bridges of which will be expensive. It is proposed to go on with the erection of these, but no part of the line can be completed before next June. Immigrant labour is being employed on this section.

WELLINGTON-MASTERTON RAILWAY.

A contract for plate-laying $4\frac{1}{2}$ miles from the Upper Hutt is in progress. When finished, bricks and other materials for lining the tunnel at 24 miles 30 chains may be carried up by rail, and the tunnel completed, when a further section of plate-laying may be begun.

The country is so rough and inaccessible that materials can be carried only by railway. Unfortunately all attempts at brick making have failed, and it is found that the whole of the tunnels will require lining. This has caused further delay. By using all possible expedition, the line to Featherston may be completed during the financial year, and it is proposed to go on with the formation towards Masterton, so that it may be ready by the time rails can be brought to Featherston over the line.

WAITARA-PATEA RAILWAY.

The rails are being laid from Sentry Hill to Inglewood, and formation is in progress to Mangamawhete, a distance of $13\frac{1}{2}$ miles southwards from the Sentry Hill Station of the Waitara and New Plymouth Section. It is proposed during the year to complete this section, and to continue the formation southwards for a few miles; immigrant labour being principally employed.

PATEA-MANAWATU RAILWAY.

Kai Iwi-Wanganui River Section.—The formation of this section is finished, and it is proposed to lay the rails and open the line during the financial year. It is also proposed to go on steadily with the works northwards.

Wanganui Bridge, consisting of five spans of 120 feet each, is finished. The deflection when loaded was less than half an inch. As in the case of the Waikato Bridge, the workmanship of this bridge is all that could be desired.

Wanganui Town Branch.—It is proposed to construct a branch line from the bridge to the town of Wanganui, and eventually to reclaim sufficient land from the river for a permanent station ground. In the meantime a temporary station will be made in Churton Street. A contract for the branch has been entered into.

Wanganui River to Foxton.—The whole of the work on this section will be completed during the financial year, and uninterrupted railway communication between Wanganui and Foxton established.