

this remaining, as it has done, year after year, at such imminent risk, amounts almost to a criminality. To attempt to dispose of the timber before the line is extended would be a serious blunder, as speculators would buy it up on the prospect of the railway being constructed; but if the line were constructed first, and then the land upon which the timber stands were cut up into blocks of 300 or 400 acres, and the right to cut the timber thereon submitted to public competition, allowing those who lease the blocks or purchase the timber to make their own connections with the railway, I feel satisfied that from the sale of the timber alone the Crown would be reimbursed the entire cost of the line.

#### HELENSVILLE NORTHWARDS.

The works on the Makarau Section (3 miles 6 chains in length) of this railway have been steadily pushed on with, and the formation as far as the tunnel is practically finished. The tunnel is in hand, and a commencement has been made with the work beyond it. The Mount Rix Wharf has also been finished during the year, and the line surveyed for an additional distance of about  $6\frac{1}{2}$  miles, and a trial survey run to a little south of Wellsford.

After providing for liabilities, which amounted on the 31st March last to £21,384, the balance remaining on the allocation for this railway is £18,910.

The Government, however, does not think it would be advisable under existing circumstances to proceed further with the construction of this railway; and, in coming to this conclusion, we are acting on the advice of the Railway Commissioners, who are well able to judge in the matter. The vote proposed is for the purpose of covering the liabilities already existing and any minor contingencies that may arise.

#### GRAHAMSTOWN—TE AROHA.

Very little work was done on this line during last year, as may be judged from the smallness of the expenditure thereon, which amounted to £973 only.

There is a considerable sum of money standing to the credit of the line, however, under the allocation of funds as determined by the Loan Act of 1886; the unexpended balance on the 31st March last being £32,096. A sum of £63,000 has been expended on the work, the whole of which is lying perfectly useless and waste, and whilst in the near future there is not much hope of the full completion of the line it would still be well to construct the railway from Te Aroha to Paeroa, as by so doing some return upon the whole outlay would be received. The mines in the district referred to are now in a most prosperous condition, and the general outlook warrants the Government in giving special consideration to the construction of the line between the two places mentioned. The Government will, therefore, ask for an appropriation of £32,000 for this railway, which is practically the whole amount of the existing loan allocation for the work.

#### PUTARURU—ROTORUA.

On this line the Kaponga contract—which includes platelaying— $10\frac{1}{2}$  miles in length, and which brings the line to a point about  $13\frac{1}{2}$  miles from the Rotorua Township, is expected to be finished in about three months from now. Of the remaining  $13\frac{1}{2}$  miles between the end of this contract and Rotorua, 6 miles of earthwork, some culverts, and also some drainage-works at the Rotorua end of the line have already been done, having been undertaken by Maori labour about three years ago.

The completion of the Kaponga section will not, however, bring the line to a point where it will be of any utility for traffic. It has been suggested that a road might be made from the present road to the termination of the Kaponga contract, but the construction of this road, which would be 6 miles in length, would take a large sum of money, and when completed would not shorten the distance to Rotorua to any appreciable extent. Instead, therefore, of constructing the road the Government proposes, with the utmost despatch, to extend the line for another  $4\frac{1}{2}$  miles, at which point it would intersect the road from Cambridge to Rotorua.

The balance of £19,429 available on the existing loan allocation for this