

workings, and in localities where gold is known to exist, and where the land would be wanted for *bona fide* mining. The proclamation of these reserves is proceeding as rapidly as possible; two blocks have been already proclaimed, and the Company has not demurred to the fairness of the selections made. A further proclamation will be issued as rapidly as the plans can be prepared.

When these reserves are made the present regulations as to the disposal of lands for settlement can doubtless be modified. At the present time it takes several months before any land can be acquired. This is owing to the caution necessary to prevent auriferous lands being acquired by those who are ever on the watch for such an opportunity. For this the Company is in no way to blame. Persons who make the applications to them have selected land which is either auriferous or wanted for mining purposes, and they apply to the Company to purchase. When, however, reserves are made, the same caution will not be necessary, and land-selectors should be able to obtain land—at all events when the selections are advertised—within, at the most, three months from the date of selection.

KAIHU VALLEY RAILWAY.

This railway, which was constructed by the Kaihu Valley Railway Company under the provisions of the District Railways Acts, and mortgaged to the Government as security for a guarantee by the Crown of debentures issued by the Company to the amount of £47,000, was taken possession of on the 27th May, 1890, in consequence of non-payment by the Company of interest due on the guaranteed debentures referred to. With the view of affording the Company every opportunity of disposing of the railway on favourable terms, the Government refrained from exercising its powers of sale under the mortgage-deed until the 25th June last, on which date the line was offered for sale by public auction in Auckland, after notice of the proposed sale had been advertised in the chief cities of both New Zealand and Australia for a period of three months. As no eligible offer was received at that sale, the property was then directed to be sold under the conduct of the Registrar of the Supreme Court, in terms of the Property Law Consolidation Act, and was duly purchased on behalf of the Government at such sale (which was held on the 27th July last) for the sum of £1,000.

Since being taken over the line has been worked by the Public Works Department, and the receipts have covered the working-expenses. It is intended to submit to the House a Bill giving power to the Government to vest this railway in the Railway Commissioners, or to permit the Public Works Department to go on working it, pending arrangements being made as to its further extension.

It has been represented to the Government that if the line was extended another five miles or so it would open up a very large tract of good timber country, together with some very fair land suitable for settlement, and that with this extension the working of the line would become profitable. I am at the present time making further inquiries into this matter, and will apprise Parliament of the result of that inquiry before the session closes if possible.

HARBOURS.

For some time prior to the accession of the present Government to office the important harbour works at Westport and Greymouth were carried out nominally by Boards of local government officials at those places, but really under the direction of the Public Works or Marine Departments, the local Boards being mere dummy Boards appointed for the purpose of fulfilling the Westport and Greymouth Harbour Board Acts in the letter, while utterly violating them in the spirit. The Government decided that this state of affairs could not be allowed to continue, and the Boards were accordingly reconstituted and made independent of any Government control, except that specially provided for in the Harbour Acts.

During the year the Government has lost the services of the late Marine Engineer, Mr. C. Y. O'Connor having resigned that office in order to accept a