

per cent. The lines in the North Island cost £3,194,000, and yielded a net revenue of £68,000, or £2 2s. 8d. per cent. Those in the Middle Island cost £6,249,000, and gave a return of £301,000, or £4 16s. 3d. per cent. The increases over the preceding year being for the North Island £18,000, and £37,000 for the Middle Island, which upon the total cost gives an average increase of ten shillings per cent. This great difference between the traffic carried on the lines in each Island points unmistakeably to the advisability of completing the connection between the separate portions of the railway system of the North Island. It must be borne in mind that the total expenditure of £10,974,000 covers not only the expenditure upon all works in progress to date and for plant on hand, but also upon extensive explorations and trial surveys, together with that on some harbour works and wharves in connection with the railways, the revenues derived from which are retained by the local bodies.

The lines generally have during the year been maintained in a thorough state of efficiency, and considerable additions have been made to the station accommodation and stock. In this latter direction much still remains to be done, particularly in the extreme North and South. Fresh orders for carriage and wagon stock are under execution for both Islands.

Notwithstanding that the railways commenced in 1871 have been more substantially carried out than was at that time proposed, we have still but a light system of railways, and stock designed for moderate speeds. In consequence of the growth of the traffic it became necessary to relay the lines in many places with heavier rails, and also to make the necessary additions to rolling-stock of a heavier and more expensive character than that originally provided. This line of action is being continuously followed.

ROADS.

Exclusive of the vote taken for "Roads to open up lands before sale," amounting to £50,000 for the year for both Islands, and for "Roads through lands recently purchased," amounting to £7,883 which was placed under the control of the Minister of Lands, there were votes taken last session for the construction of roads and road bridges in the North Island amounting to £116,815, and in the Middle Island to £88,539.

Of these sums the expenditure in the North Island was £69,871, and the liabilities on the 31st March last £32,103: total, £101,974.

In the Middle Island the expenditure was £28,896, and the liabilities £28,798: total, £57,694.

North Island.—For particulars of the works executed in both Islands I must refer honorable members to the reports of the Engineers in Charge. Here I will merely state generally that in the district north of Auckland considerable progress has been made in continuation of the works undertaken last year towards improving the communication through that part of the colony, which has hitherto been much in want of such facilities; and that in the Waikato the Waipa has been bridged in two places, and a third bridge is in course of construction at Alexandra, leading to the King country.

In the district lying between the Waikato and Rotorua, work has been done on improvements of the Cambridge to Taupo Road; and particular attention has been given to the Cambridge-Rotorua Road, which will be the future highway from the Waikato into the Rotorua country. Various contracts have been let, and 200 Armed Constabulary were transferred to the Rotorua Road after their services were no longer required at Parihaka, and are now actively engaged on that work. For the improvement of the road from Cambridge to Tauranga a subsidy has been given to the local body.

From Tauranga to Opotiki and thence to the East Cape and Gisborne, the roads are being steadily pushed on out of funds provided by Parliament. The first important work on this line is the Haerini Bridge over the Waimapu, which has been finished and opened by the County Council. The road from that point through the Te Puke Settlement to Maketu has been carried on mainly by the County Council under the supervision of the Lands Department, partly by the Armed Constabulary, and partly by Native labour. The line of road from Opotiki to Ormond, by way of the Motu Bridge, will shortly be open for stock-driving purposes. The line of road from Gisborne to Wairoa is being similarly improved,