the through line to Auckland is completed and open for traffic it may be worth while to consider the question of constructing the direct line Levin to Greatford, but not till then. The settlers between Bull's and Foxton, although labouring under the disadvantages already mentioned, are, as regards railway conveniences, much better off than some other important districts in the colony. I would advise the Government to defer taking any steps towards the construction of this line for the present and until there is a considerable increase of traffic.—James McKerrow." There is a letter I propose to put in from the Public Works Department dated the 17th June, 1895, in which it is stated that the Government would not give its consent to the line going in to a private company. An agreement was made at that time to sell the tramway for £6,000, and it would have been fixed up, as a syndicate was prepared to take it over and work it at that time, but the Government refused to give consent to the working. The letter is as follows: "17th June, 1895.—Gentlemen,—In further reference to your letter of the 4th instant proposing that, in the event of the company you represent arranging for the construction of a railway between Levin and Kakariki, the Government should enter into an agreement with them for working the same, I am directed by the Minister for Public Works to state that after giving the matter due consideration, the Government is unable to see its way to agree to the proposal.—I have, &c., H. J. H. Blow, Under-Secretary.—Messrs, J. P. Campbell and Alex. Jardine, Solicitors, Wellington." You are probably aware that the Manawatu district has gone ahead lately, particularly within the last five or six years, as is shown by the attached schedule.

I.
Proposed Levin-Greatford Railway, Manawatu County.

List of Electors.

Riding.		·	į	Number, 30th June, 1897.	Number, 30th June, 1904.
Sandon	 		 	106	147
Mount Stewart	 		 	58	145
Waitohi	 		 	49	80
Rongotea	 		 	108	125
Carnarvon	 		 	26	49
Kawakawa	 		 	33	71
Awahou	 		 	25	30
				405	647

Increase in seven years, 242 electors, meaning practically an increase of 242 families.

Increase, 60 per cent.

The increase in the number of electors is 60 per cent. since 1897. There is an increase of 242 electors, which represents practically 242 families, and that is mainly the reason of cutting up the various properties through which the tramway and railway will run, such as Oroua Downs, Carnarvon, Kaimatarau, Coupers, Rowes, Waitohi, and the Government Ohakea Estate. This has practically subdivided the whole of the larger holdings that were held along the proposed route. In 1895 the receipts of the tramway (as attached statement marked II. shows) were £849 3s. 2d., and in 1904 they had increased to £3,257 16s. 9d. That is representing an increase of 382 per cent. in ten years.

II.

Proposed Railway, Levin to Greatford.

Statement of Receipts and Expenditure on Manawatu County Councils' Tramway.

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$\begin{array}{c} { m Years} \\ { m ended} \ { m 31st} \end{array}$	Receipts.	Expenditure.	$\begin{array}{c} { m Years} \\ { m ended} \ { m 31st} \end{array}$	Receipts.	Expenditure.
March.	£ s. d.	£ s. d.	March.	£ s. d.	£ s. d.
1895	 849 3 2	1,057 5 0	1901 .	1 986 1 9	2,034 8 9
1896	 1,180 16 8	1,422 17 10	1902 .	. 2,397 8 3	2,141 5 10
1897	 1,440 16 10	1,258 18 1	1903	. 2,873 13 3	3,196 12 7
1898	 1,776 4 3	2,029 1 1	1904 .	3,257 16 9	3,690 0 0
1899	 $1,750 ext{ 4 } ext{ 5}$	1,809 0 0			
1900	 1,941 9 8	2,051 19 0		£19,453 14 5	£20,691 8 2

Note.—All buildings, renewals, and rolling-stock had to be provided for out of revenue. These items would average probably £400 per year. Last year £900 was expended out of revenue for these items.

Increase, 382 per cent.

Unfortunately, the expenditure has also increased at a little greater ratio, the expenditure in 1895 being £1,057 5s., and in 1904, £3,690. This does not disclose the position because the whole of our improvements to our line, such as buildings, rolling-stock, and renewals (and we have renewed entirely six miles of tramway) have all come out of revenue. We have no power to borrow for this purpose, and that is the reason why the expenditure is so large. For instance, in ten years we have worked out that the average on improvements and new work would be £400 per annum; it was £900 last year. If that had been debited to Capital Account it would have left the tramway a very handsome profit, and it is also a handsome profit in this way, that the line takes the traffic from the roads. It would cost £400 a year more to keep up the roads if traffic was diverted from the tramway on to the roads. I have also a return of the working of the tramways and the difference in the amount for goods and the amount for fares.