

Permanent rail-laying has been done to 19 miles 50 chains. Additional rails and sleepers are now arriving, and it is anticipated the track will be laid to Okaihau early this summer.

The service road between Kaikohe and Okaihau has been completely metalled.

Okoro Section (24 miles 45 chains to 34 miles 18 chains = 9 miles 53 chains).—Owing to shortage of labour practically nothing has been done during the last four months between 24 miles 45 chains and 27 miles, and very little during the previous quarter. From 24 miles 45 chains to 24 miles 79 chains the formation is completed, and from there to 27 miles is about one-third completed. Twelve cuttings are ready between 25 and 27 miles, but only sufficient labour is available to man two of these. Two oil-driven crushing plants are in use for providing metal for roads and concrete culverts. Three and three-quarter miles of fencing has been done, and the Okaihau–Rangiahua road-deviation, 63 chains long, was formed and metalled. The very wet weather of the last three months has further delayed progress. The number of men employed on the whole line at present is 107.

Waiotira Northwards.

Kirikopuni Section (107 miles 28 chains to 121 miles 40 chains = 14 miles 12 chains).—The Tokatoka and Omana Tunnels, at 108 miles 29 chains and 115 miles 46 chains respectively, are the most important works on this section.

A commencement was made in the bottom drive of the Tokatoka Tunnel, but the work had to be abandoned owing to want of good tunnel-men. The drive has been carried $3\frac{1}{2}$ chains only. The ground appears to be better than in the tunnels farther south. Formation between Waiotira Station and Tokatoka Tunnel (about a mile) is one-third completed. A steam-shovel was brought into use on this section in February last, and it will be used for all the formation up to the tunnel. Beyond this (Tokatoka) tunnel a start was made with formation, but work had to be abandoned for want of men. A service road has been constructed from Waiotira Junction Station to 111 miles 40 chains.

No work has been done at the Omana Tunnel, but a tramway, $2\frac{1}{2}$ miles in length, is being constructed to transport materials from Pukehina Wharf (on the Wairoa River) to the works. Nineteen workmen's huts have been erected.

Twenty-two men are at present employed. Should it be found that these men can be more profitably employed in order to hasten the closing of the gap between Waiotira and Ranganui, they will be transferred, but this should in no way lengthen the period required for the completion to Kirikopuni, as these concentrated forces will be replaced north of Waiotira as soon as the southward connection is completed.

Waiotira Southwards.

Waikiekie Section (96 miles 45 chains to 107 miles 28 chains = 9 miles 55 chains).—Work has proceeded over this section, but the serious shortage of men has hampered progress. Formation between Mareretu and Waikiekie Tunnels is well in hand, being about half completed. From the north end of Waiotira Tunnel to Waiotira Junction Station the formation is completed, with the exception of two banks. A steam-shovel is employed on the section.

As in the case of the Kirikopuni Section, the two tunnels on this section are by far the most important features of the construction, but work at both tunnels has been seriously hampered for lack of experienced workmen—in fact, operations at the Mareretu Tunnel had to be entirely suspended and all available men concentrated at Waikiekie. The nature of the ground at the latter place has proved to be very treacherous. 18 in. invert concrete lining had to be adopted, and indications point to 2 ft. lining being required in some of the remaining length. Only 8 chains remain to be completed, but, owing to the nature of the country and the scarcity of men, I do not anticipate its completion for at least another ten months.

A gravitation water-supply has been provided for Waiotira Station, and four platelayers' cottages have been erected. A sawmill has been erected near Mareretu Tunnel to cut timber for construction-works and workmen's huts.

Sixty single men's huts and sixteen married men's quarters have been erected, and at Waikiekie Tunnel a dining-room and bathhouses have been built for the additional comfort of the workmen.

The employees at present engaged on this section number 145.