

Transport Department's estimate of the annual traffic between the two centres is as follows :—

Service cars—					
Number of passengers, including intermediates	..				30,000
Revenue	..	..	..	..	£25,000
Air services—					
Passengers	..	..	..	..	3,400
Revenue	..	..	..	..	£6,500
Freight services—					
Revenue	..	..	..	..	£17,000 to £20,000

In addition, thousands of private motor-cars and tens of thousands of stock travel the road, but of this I have no information.

ESTIMATES AND CONSTRUCTION.

The estimated cost in 1931 to repair the section from Napier to Putorino, and to complete the construction to Gisborne, was £1,526,663, but this requires revision, as a certain amount of deterioration has taken place and the wage-scale has altered. The engineers of this Department have been instructed to revise their estimates of the length Putorino to Gisborne, and arrangements should be made for an inspection and estimate of the work necessary to recondition the length from Napier to Putorino under the control of the Railways Board.

New plant will have to be purchased, particularly for the tunnel-work between Waikokopu and Gisborne. One tunnel alone is 129 chains, and will take probably three years to construct. All the steel for the large viaduct over the Mohaka River is on the ground, and an early start should be made with the erection so that the line can be completed to Wairoa as early as possible, and so become revenue-producing.

I am firmly convinced after my inspection, and with the figures before me, that this line should be proceeded with as early as possible, as it will be an asset to the district and the Dominion, and the possibilities of future development are distinctly promising. It will, of course, be necessary to put through legislation as early as possible and provide funds to enable a commencement to be made.

Attached hereto is a copy of a report from the Lands and Survey Department, which gives a fair indication of the possibilities of the country in the vicinity, and there are many thousands of acres of such class of country along the length between Napier and Wairoa.

It is interesting to note that the interest charges to date on the line amount to over £1,260,000, and the annual interest charge is now over £160,000.

One point that requires attention immediately is the preparation of an estimate of putting in order the length under the control of the Railways Board from Napier to Putorino. The Board in its report mentioned a figure of £45,000, but this will now be probably exceeded, as I understand that no maintenance has been carried out since the earthquake. In May, 1932, authority was issued to my Department by Cabinet to put this length in order to carry goods and stock, but in the following month this authority was cancelled.

It is now necessary to have the estimate made, and I would ask that authority be issued accordingly. The Public Works Department's engineers are preparing estimates of the section from Putorino to Gisborne, and the estimate for the railway section should also be put in hand at once.

21st February, 1936.

(Sgd.) C. J. MCKENZIE.

Kakariki Station, Private Bag, Napier, N.Z., 5th January, 1936.

The Commissioner of Crown Lands, Napier.

Re EAST COAST RAILWAY: KAKARIKI SETTLEMENT.

DEAR SIR,—

In compliance with request contained in Head Office memo. dated 23rd December, 1935, I beg to submit herewith the following information :—

(1) At the time I was appointed manager of the property, the Department had already commenced developmental work, having spent approximately £7,500 on the cutting and clearing of 6,672 acres of scrub and £3,700 on the grassing of this area during the twelve months prior to March, 1933.