

The next line is the Dunedin and Clutha. Sufficient progress is being made with the contract of Messrs. Brogden and Sons to enable them to complete the line within the contract time. The Government have intimated to them that they will be prepared to pay a bonus per month on every month saved on the opening of this line for traffic, with a view of expediting its completion. Several slips have occurred on cuttings on this line, but none of a more serious nature than might be expected in the country traversed; they have been provided for in the appropriation taken for construction. The cheapening of works on lines of this sort is always subject to risks of this kind, and there is no reason to complain so far of what has occurred.

The Tokomairiro and Lawrence line has been put under contract, as was promised by my predecessor, and will in all probability be completed concurrently with the line to Dunedin.

The Invercargill and Mataura line is reported by the Engineer as not progressing as fast as it should. Messrs. Brogden and Sons will have to use much more energy to get it completed by their contract date, 1st September, 1874.

The first section of the Winton and Kingston line has been let, and it is proposed to let another section towards the end of this year.

Of the Coal Fields Railways, the only one at present put in hand is the Brunner and Greymouth line. The amount of protective works required at Greymouth has hardly been ascertained, nor will it be till the trade likely to be done there in shipment of coal is ascertained.

It will be remembered that, in the Railways Act of last year, the Government were authorized to purchase the Dunedin and Port Chalmers Railway, the Provincial authorities being consenting parties to the terms of purchase. As soon as Parliament rose, negotiations were opened with the then owners of this line, which were continued till the end of March, when a decision was arrived at, and terms of purchase agreed upon between the several parties concerned. The deed of sale is upon the table of the House, and speaks for itself. It shows that the Government have paid the sum of £175,000 for the line; that a further sum has been paid for extra rolling stock over and above that which the owners undertook, in their agreement with the Provincial Government, to place upon the line, and for materials provided by the contractors for the extension of railway wharfage accommodation at Port Chalmers. The whole cost of this line, with the improvements now contemplated, is £210,000, and this sum the House will be asked to vote. The line was handed over to the Province at the date of the purchase, and is leased by it from the General Government, under terms of the Act, from year to year, the Province being charged with the interest on the cost of the line. It was considered, after most anxious deliberation, and taking into account the engagements made by the Province with the owners of this line, that no other course was open to the Government than the one they took, that any delay in the purchase would have very largely added to the value of the property, and that sooner or later it would have to be bought by the Government, as it is the key to the railway system of Otago. If the purchase had not been concluded when it was, the Government would have had to pay a much larger price for it. Immediately on the line being purchased, the Government had a substantial offer to lease it for a period of years, at a rate which would have given $7\frac{1}{2}$ per cent. on the outlay. The additional works which are now in hand will, it is estimated, make the line capable of doing all the traffic which will offer for some time to come.

On the Canterbury Branch Railways considerable progress has been made. Contracts have been entered into for the whole of the sleepers required to complete the Malvern, White Cliffs, the Oxford and the Racecourse and South-bridge Lines, and the rails are advised to arrive in due time. It is not calculated that the whole will be completed before the end of the year 1874.

Briefly to summarize the above, it is estimated that in addition to the 31 miles of railway now open in Canterbury, and 8 miles at Port Chalmers, there will be opened during this financial year an additional length of 125 miles, making in all 164 miles open and in full working order; and, in addition to that, there is every probability of 42 miles more being opened in the months of May and June, although