

works have proceeded satisfactorily, the bulk of the formation being now completed. The total authorisation proposed for this year, namely, £15,000, will complete the formation of the line to the Gorge Road, a distance of 18 miles from its junction with the Invercargill-Bluff main line, so as to be ready for the platelaying next year £12,000 of this amount will be required for actual expenditure within the current financial year.

SUMMARY

The appropriations proposed for railway-works this year total to a sum of £399,755, against a total appropriation of £490,276, and an actual expenditure of £153,736 last year. A very much larger sum could doubtless be profitably expended in railway-construction were the funds available, and were it desirable to allow our public-works expenditure to reach a larger figure, but, in view of the fact that our ways and means are somewhat limited, and that the policy of the Government and the country is against a large loan expenditure, I think that the allocation of moneys amongst the several lines indicated above may be accepted as a fair and satisfactory one.

MIDLAND RAILWAY

The section of this railway between Brunnerton and Reefton is now open for traffic, and the Springfield Section (4 miles 54 chains in length) of the Springfield-Brunnerton portion of the line, and a distance of 10 miles 14 chains at the Brunnerton end of the same portion of the line, is now completed and ready for traffic, but neither of these latter sections is actually being worked at present. Several miles of the line, namely, from the end of the completed portion of the line from Brunnerton (towards Springfield) to Jackson's, at the crossing of the Teremakau River, are now in course of construction, but between Jackson's and the end of the Springfield Section practically nothing has yet been done, notwithstanding that more than seven and a half years of the total time of ten years allowed for the construction of the entire railway have elapsed. The works on the Belgrove Contract, 5½ miles in length, at the northern end of the Reefton to Belgrove Section of the railway, referred to in last year's Public Works Statement, are still proceeding, being now rather more than half done.

The Government very much regrets that it is now quite obvious that there is no prospect of even the Springfield to Brunnerton portion of this very important railway being completed within the contract time, and that there seems to be no likelihood of further work being undertaken between Reefton and the end of the Belgrove Section at present.

Proposals have been made by the company, under clause 4 of their contract, to substitute a steep incline line over Arthur's Pass for the tunnel line originally provided for. These proposals, being of a very important character, have received most careful consideration, and, with sundry modifications, have now, on the advice of Messrs. H. P. Higginson, M.Inst.C.E., and J. P. Maxwell, M.Inst.C.E.—the engineering experts specially selected to advise His Excellency the Governor in the matter—been agreed to. The company estimate that by this alteration not less than half a million of money will be saved in the total cost of the construction of the railway, including interest on cost during construction, so that the alteration is manifestly a most advantageous concession to them, but, at the same time, it would also seem to be an advantageous one to the colony.

The company has also lately made some very important proposals for an entirely new contract, substituting the system of direct State guarantee on capital invested for the land-grant principle provided for in the contract. These proposals being now under investigation by a Committee of the House, it would be improper for the Government to express any opinion with regard to them at present.

The company has further applied for a substantial extension of its contract-time, but no decision has yet been come to on this question, pending the report of the Public Accounts Committee on the new proposals.