

of the easier parts being finished. A good deal of the work lies partly in the beds of the Teremakau and Otira Rivers, and it will be necessary to protect these portions of the line with heavy rockwork. Arrangements have now been made to lay the rails on the finished pieces of the line, and to send a locomotive up to the work, so that the depositing of the heavy stonework may be proceeded with more expeditiously. At the Belgrove end of the line the rails have been laid from Belgrove to the small station at Spooner's Range, and the formation completed from this point to near the foot of Norris' Gully. The erection of the first bridge over the Norris' Gully Creek has been commenced, and the timber for the lower crossing of the same creek is being procured. The rails for laying this section of the line are already on the ground, and an effort is being made to obtain the sleepers locally. The formation is also in hand between the foot of Norris' Gully and Motupiko, locally known as "Bromell's." It is proposed to have careful surveys made of the route up the Tadmor Valley, so as to ascertain definitely whether this route, as I have every reason to believe, possesses advantages over the Motupiko-Hope Saddle route for the extension of the line to the Buller Valley. If the results of the surveys bear out my views as to the advantages of the Tadmor Valley route, legislation will be proposed next session to authorise the deviation of the line.

There are now about 200 men employed on construction-works on this railway, and the cost of such works carried out by the Government up to the 31st August last amounted to £46,506. In addition to this sum, rails and fastenings have been procured for the line to the value of £3,660, making a total expenditure of £50,166. Of this sum the company has repaid £24,263, and has been given credit for £8,630, representing the profits on the working of the opened sections of the line, and an amount of £13,613 is now due by the company, the account for which was rendered on the 22nd October last. The account for the £3,660 worth of permanent-way materials has not yet been sent in. We ask this year for a vote of £25,000, after allowing £15,000 for recoveries.

Some further correspondence has taken place with the company in reference to a new contract for the construction of this railway since the last papers on the subject were published. A letter as to the position of the company's debenture-holders was also addressed by the Receiver to the Premier during the latter's recent visit to England. Copies of this correspondence will be laid on the table immediately.

Formal notice has also been received from three debenture-holders that, failing the purchase of the line within three months by the Government, they will apply, under section 14 of "The East and West Coast (Middle Island) and Nelson Railway and Railways Construction Act, 1884," to a Judge of the Supreme Court for relief under the said Act, and particularly for an order that such part of the company's property as is liable under the provisions of the said Act for payment of the principal-money secured by the debentures shall be absolutely sold, and for the appointment of a Receiver of the rents, income, and profits of such property.

Strong representations have been made to the Government in favour of a commencement being made with construction-works at the Springfield and Reefton ends of the line. The Government feels that the time has arrived for more vigorous steps being taken towards constructing this railway, but no detailed survey has yet been made of the line beyond Reefton, and the plans which have been handed to the Government of the line beyond Springfield show the works to be of so heavy a character that I do not feel justified in assuming, without further inquiry, that the location of the line cannot be improved upon. We therefore propose to have survey-work undertaken immediately to definitely settle this question.

#### TOTAL APPROPRIATIONS FOR RAILWAYS.

The total appropriations proposed for railway-construction works, including surveys, permanent-way materials, &c., is £214,000, and £150,000 for additions to open lines. Last year the amount for construction-works was £204,423, and £60,000 for additions to open lines.