

## MIDLAND.

The long-standing disputes with the New Zealand Midland Railway Company and their debenture-holders were brought to a satisfactory conclusion before Her Majesty's Privy Council, in London, in February last, a unanimous verdict entirely upholding the contentions of the Crown having been obtained. Both the company and the debenture-holders have since presented petitions to Parliament appealing for consideration. These petitions are now under investigation by the Public Accounts Committee. The successful result of the protracted litigation that has taken place over this matter affords me an opportunity of congratulating Parliament and the colony upon the manner in which the action of the Government throughout has been sustained. I also desire to express my appreciation of the action of the different Government counsel, the Crown Solicitors, and the officers of the department who have taken a prominent part in the matter, and who have so clearly set forth and upheld the Government's view.

Construction-works at the Greymouth end of the line, between Jackson's and Otira, have been practically completed for some months, and goods trains have been run since December last. There has been no inducement to open the line for passenger traffic during the winter. It is, however, proposed to hand the section over to the Railway Department for regular working next month.

Between Paterson's Creek and Staircase Gully, a distance of a little over four miles, at the Springfield end of the line, work has been proceeded with vigorously throughout the year. Plans for the Paterson's Creek Viaduct have been completed, and plans for the Staircase Gully Viaduct are in hand.

For a long time past the Government has felt very dissatisfied with the company's plans for the section of the line between Otira and the Bealey, involving as they do the construction of over eight miles and a half of line on the three-rail system, on various steep gradients ranging up to 1 in 15. Our experience with the Rimutaka Incline has been such as to lead us to look upon the construction of a much longer section of similar railway with great disfavour. During the late recess a committee of engineers was accordingly appointed to inquire into this matter and to report whether it was not possible to obtain a reasonably flat-grade line at a moderate cost. The engineers—Mr. C. Napier Bell and Messrs. W. H. Hales (Engineer-in-Chief), J. Coom (Chief Engineer, Railway Department), and P. S. Hay (Superintending Engineer, Public Works Department)—have recently sent in their report, in which they advise the construction of a line on a ruling gradient of 1 in 37. Such a line would involve a tunnel 6 miles 10 chains long under the main range, but notwithstanding this the cost of the line between Otira and the Bealey, taking into consideration the annual cost of working, is estimated to be actually less than the cost of the steep grade incline-line, while the tunnel-line would shorten the distance by over a mile and a half, and would reduce the running-time by at least an hour. The great advantages of a 1 in 37 over a 1 in 15 grade line are too obvious for it to be necessary for me to dwell upon them, and the Government have therefore decided to act upon the advice of their engineers. The report of the engineers will be found attached to this Statement.

The desirability of constructing an extension of the Belgrove—Motupiko Section, at the Nelson end of this railway, as far as a convenient station-site in the Tadmor Valley, has been strongly impressed upon the Government for some time past, but in the then existing position of the Midland Railway dispute it was not considered desirable to take any further steps in the matter beyond the making of the requisite surveys. It is now proposed to take the work in hand, and the necessary Bill to authorise the extension will be introduced.

An extension from Reefton to Inangahua Junction has likewise been repeatedly asked for, but for similar reasons could not be entertained hitherto. It is, however, now proposed to include this work also in the Authorisation Bill, and to have a full detailed survey of the line made.