

has been completed, and formation-works are in hand over most of the same length, and the survey has been extended to Kawatiri.

At the Reefton end of the line the section between Cronadun and the Inangahua Landing was finished early in the year, but still remains in the hands of the Public Works Department. On the next section of five miles to the Inangahua Junction formation-work is approaching completion, only the platelaying and ballasting remaining to be done. It is proposed to complete the line to a temporary station on the west side of the Inangahua, pending consideration of the best point for a junction with the railways that will eventually connect with Westport and Nelson.

The most important feature on the unfinished portion of the Westland-Canterbury line is the Arthur's Pass Tunnel, a contract for the construction of which was let in August, 1907. The time fixed for the completion of the work expired on the 1st August last, by which time the contractors had driven the bottom heading for a total length of 2 miles 20 chains, and completed excavation for 1 mile 63 chains. There remained 3 miles 5 chains between the headings, and a distance of 3 miles 42 chains between the two ends of the fully excavated tunnel. On the expiry of the contract time the contractors informed the Government that their financial resources were exhausted, and that they were consequently unable to carry the work to completion. They have applied to be relieved of the contract, and their petition is still under consideration by a special Committee of Parliament.

On the Canterbury side steady progress is being made with the formation between the terminus of the opened line at Cass and the Bealey, where the tunnel contract commences. The works are of a very heavy nature, including rock-cuttings, shingle-banks along the Waimakariri and Bealey River beds, and bridges over several snow-fed streams. Stone protective works are necessary in many places. Formation is complete to within about three miles of Bealey, and is well in hand over the remaining length. Three bridges have yet to be built, but it is probable that under favourable conditions the line to the Bealey Valley will be completed during the coming summer. The Bealey Valley Station will be the terminus until the completion of the Arthur's Pass Tunnel.

The expenditure on the different sections of the Midland Railway during last financial year was as follows:—

	£					
Nelson end.. .. .	..	..	..	..	..	19,869
Reefton end .. .. .	..	..	..	..	..	14,051
Otira-Bealey .. .. .	..	..	..	..	..	56,914
Bealey-Cass .. .. .	..	..	..	..	..	42,290

For the current year the following appropriations are proposed:—

	£					
Nelson end .. .. .	..	..	..	..	..	30,000
Reefton end .. .. .	..	..	..	..	..	17,000
Otira-Bealey .. .. .	..	..	..	..	..	70,000
Bealey-Cass .. .. .	..	..	..	..	..	50,000
Total .. .. .	..	..	..	..	..	£167,000

WAIMATE BRANCH EXTENSION.

Last year's authorizations included an extension of the Waimate Branch line from Waihao Downs to Waihaorunga, about four miles through good grain-growing country, and a vote of £5,000 was provided on the estimates to make a commencement with the work. The route has never been properly surveyed, and during the year the services of a competent Engineer could not be spared to locate the line; consequently no construction-work was undertaken, and there was no expenditure out of the allocation. Last year's vote of £5,000 is repeated on the estimates.

CATLIN'S-WAIMAHAKA.

This railway is complete to Puketiro Station, 7 miles 22 chains beyond the terminus of the open line at Houipapa, but the new section is still retained in the hands of the Public Works Department to permit of the convenient haulage of ballast and stone from the quarry at Houipapa for the length ahead. The rails have also been laid on the next section as far as Caberfeidh Station and the line