

Kartigi Contract.—The time for the completion of this contract expired on the 5th January, but the works are not yet finished. As already stated, the $12\frac{3}{4}$ miles between Moeraki Junction and Palmerston were opened on the 22nd May, and the remaining 5 miles are expected to be finished during August, but the final completion of the contract works will take a month or two longer. Although pressed hard by the department, the contractors for this section have not pushed on the works as fast as might have been done.

Waikouaiti Section.—This section, which is $9\frac{1}{2}$ miles in length, was originally reserved from contract with the view of providing labour for the “unemployed” in Dunedin, and, with the exception of the bridges, all the works have been carried out on this basis. The section is now practically complete: the $5\frac{1}{2}$ miles from its commencement to Waikouaiti were opened on the 7th May, and the remainder will be opened, along with that of the Kartigi contract, in a few weeks. With the exception of a few mechanics, and other men at odd jobs that could not be measured, the whole of the Waikouaiti Section was done by piece-work. Great pressure was brought to bear on the department by a number of the “unemployed” to pay “by the day,” and they offered to work for less wages than the other method was calculated to bring them, but we were satisfied that day-work would never pay the Government, so declined to agree to it. The result has quite borne out our anticipations, and the experiment has been otherwise a success. The section has been constructed cheaper than any in Otago that has paid the contractor; the men who were willing and able to work got employment at fair wages, and an effectual answer was given to those who clamoured loudly for work which they did not wish to get.

A careful account has been kept of the expenditure on the Waikouaiti Section. The exact cost of some of the minor works cannot be determined till the accounts are finally squared up; but the following, which are the prices paid for the principal items, will show that the works have been done very cheaply: Fencing, 33s. per chain; earthwork, including plant, 1s. 1d. per cubic yard; masonry, 31s. per cubic yard; plate-laying, 1s. 6d. per lineal yard; ballasting, 3s. per cubic yard.

Maori Kaika at Waikouaiti to Glendernid.—This, which is the heaviest section of the Main Trunk Railway through the Island, was let in four contracts. Most of them were considerably behind time, but this is the only fault we had to find with the contractors; the works throughout have been executed in a very satisfactory manner. The most important work on this section is the Deborah Bay Tunnel, nearly seven-eighths of a mile in length, four-fifths of it being lined with masonry and brickwork in cement mortar. It was at one time supposed that the whole tunnel would require lining, but, the unlined portion having now stood for about three years, we may reasonably conclude that there is little chance of its giving way at least for some years to come.

Port Chalmers to Clutha, with Branches.—With the exception of buildings connected with the workshops at Dunedin and minor station-buildings on other parts of the lines, there have been no constructive works of importance done during the year.

The principal works required for the proper completion of this section are increased station accommodation at Port Chalmers and Dunedin. It was proposed to erect a new station and extend the Bowen Pier at Port Chalmers two years ago, but neither of these works has yet been done. It will be necessary to increase the station and wharfage room at once, otherwise there will be a complete block in the traffic in the busy season. The Dunedin Station, as it stands, was expected to meet the requirements of the place for many years to come, but the traffic has increased so rapidly that even now it is scarcely large enough, and when the lines are connected and in full working order, north and south, it will be altogether too small. As the new station will take about two years to complete, it is advisable to make a commencement without delay.

Clutha to Mataura.—The Clutha Bridge and the Balclutha contract, extending from the river to the Balclutha Township, were opened for traffic in January. The bridge, which is the largest structure of its kind in the Island, has seven main spans of 120 feet each, with a stone arch of 30-feet span over a district road at the north end. The piers are of iron cylinders 7 feet in diameter, and the superstructure is a timber and iron truss-girder, of the usual type. The whole of the work connected with the Clutha Bridge has been carried out in a very satisfactory manner. The Balclutha contract consisted of $1\frac{1}{2}$ miles of formation with station works at Balclutha.

The Toiro Section, extending 4 miles southwards from Balclutha, was reserved for the “unemployed” of Dunedin, and has been done almost entirely by piece-work, the result being as satisfactory as on the Waikouaiti Section. The works are fast approaching completion, and the first three miles, to Waitepeka, will probably be opened next month.

The Clinton contract, extending from the end of the Toiro section to Clinton, $16\frac{1}{2}$ miles, did not at first progress so rapidly as it should have done, but latterly the works have been pushed on as vigorously as the weather would permit. The formation is finished for about 10 miles, and the laying of the rails on that portion is well advanced. I trust to see the whole contract finished in October.

Beyond the completion of the plate-laying from Clinton to Waipahi, which was finished in November, there was no constructive work of importance done on the section from Clinton to Bluff during the past year. The only thing wanted to complete this railway is increased station accommodation at Invercargill. As the lines centring there approach completion, the present deficiency becomes every day more apparent.

WINTON-KINGSTON RAILWAY, WITH BRANCHES.

Main Line.—With the exception of the last nine miles, which will be open in a few days, this railway is finished to the Township of Kingston. It is however necessary to connect it with a pier on Lake Wakatipu, which work is in progress. The completion of this, and the erection of small station buildings at Kingston, are the principal works to be done next year.

Western Branch Lines.—Plate-laying is in progress on that portion of the lines between Wallace-town Junction and Riverton, and a contract is in preparation for the completion of the Otautau branch. The former section should have been opened by this time, but it is still far from being complete; probably it will take three or four months yet. The delay is attributed to the scarcity of labour