

Say £113,000, or about £7,800 per mile. The remainder of the line, from the Tokomairiro River to the Township of Kaitangata, a distance of $15\frac{3}{4}$ miles—cost of construction, including bridge at the mouth of the Tokomairiro River, permanent way, ballast, fencing, &c., £79,800; or a sum total from the Taieri River to the Township of Kaitangata of £192,800. If to this be added £75,000 (including permanent way, land, rolling-stock, &c.) for the line from Green Island Branch to Taieri River *via* Kuri Bush, it will make a grand total of £267,800 required to construct and equip the loop from the Green Island Branch to Kaitangata, a distance of $45\frac{3}{4}$ miles. I find, by taking Dunedin Station as a starting point, and Stirling Station as the terminating one, that the loop line is about $5\frac{1}{4}$ miles longer than the main line.

Before concluding this report I deem it my duty to express an opinion with reference to the prospect there is of this line paying. I have now made myself thoroughly acquainted with the country along the coast from Green Island to Kaitangata, and also that portion lying between the coast and the main line. With the exception of a narrow slip of agricultural land, averaging not more than 40 or 50 chains in width, along the coast, I can truly say the country between this and the Taieri and Tokomairiro Plains is very broken and nearly unfit for agricultural settlement. Certainly, here and there small farms are to be found, but as a whole the land is only suitable for pastoral purposes. I am not aware of any Crown lands of value that would be opened up, nor any large tracts of timber country. Coal, doubtless, may be found along the route of the proposed line, but this, together with the probable grain traffic, would not, in my opinion, justify the construction of the railway for many years to come.

2.—*Outram to Clarendon.*

This line, you will perceive from the enclosed tracing, leaves the Outram Branch at "Shand's," and follows on direct till the main road is reached. From here to the Township of Berwick the line generally follows the road, with the exception of one or two places where detours are necessary. From Berwick to Clarendon the line follows pretty generally the shores of Lakes Waipori and Waiholā, with the exception of that portion opposite the Township of Waiholā, where it is a mile inland. The remaining portion along the lakes does not average more than 20 or 30 chains from the shore. The total length of the line, from Shand's to the junction at Clarendon on the main line, is 18 miles, and no engineering difficulties whatever are met with. The grades throughout will be particularly good. I may say that, with the exception of a few places between Berwick and Clarendon, the country is comparatively level. I do not think it advisable to bring the line round by the Township of Outram, as by so doing a very unnecessary detour would have to be made, thereby lengthening the line and materially increasing its cost, on account of the country in this portion of the district being more difficult than that where the line is shown.

The country between Outram and Berwick is one of the best farming districts in Otago, but that from Berwick to Clarendon is much broken, and, with the exception of the portion just adjoining the lakes, the land is much more suitable for grazing purposes than agricultural. By reference to the tracing you will observe that the proposed line does not in any place exceed a distance of $3\frac{1}{4}$ miles from the main line, and in many places it is within 2 miles; in fact, I may say the line throughout does not average this latter distance from the main line, the whole of the country between them, with the exception of that about the Waiholā Lake, being a plain.

My approximate estimate for forming, fencing, laying permanent way, rolling-stock, &c., is, in round numbers, £95,000, or, say, £5,260 per mile.

I do not think the prospect of an adequate return is sufficient to justify at present the expenditure of so large a sum of money as is required in the construction of this railway.

I have, &c.,

E. R. USSHER,
District Engineer.

The Engineer in Charge, Middle Island.

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