

On inquiry, we find that by continuing the line to Macdonald's Corner some good country will be tapped, which will provide a fair amount of traffic. The vote asked for this year is £3,000.

MIDLAND RAILWAY.

In the Public Works Statement of last year my predecessor announced that the Midland Railway Company had given notice of appeal to arbitration, and had appointed Sir B. L. Burnside as its arbitrator, and that the Government had appointed the Hon. Sir Charles Lilley as arbitrator on behalf of the Crown. These two gentlemen appointed the Hon. Edward Blake, Q.C., M.P., as umpire. Early in the proceedings a difference of opinion arose between the arbitrators, and they retired from the proceedings, leaving the umpire to carry on the reference alone. After a lengthy and exhaustive hearing Mr. Blake gave an award entirely in favour of the Crown, holding that the Government was justified in taking possession of the railway on either of the grounds advanced by the Crown—namely, that there had been unreasonable and inexcusable delay by the company in the prosecution of the works connected with the railway, and also that there was, on the part of the company, a wilful breach of the contract between the company and the Queen. The Government feels that its best thanks are due to Sir Charles Lilley, and also to Sir Robert Stout, who acted gratuitously as senior counsel, and to the Crown Solicitor, and to the other members of the legal profession who took part on behalf of the Crown in the proceedings before the Arbitration Court. Thanks are also due to the several departmental officers who loyally assisted in placing the case on behalf of the colony lucidly before the Umpire. The Government is now carrying on the construction of the railway at two points. At Belgrove, in the Nelson District, we have laid the rails on the section of line formed by the company between Belgrove Station and the south end of the tunnel through Spooner's Range, and we are proceeding with the formation of the line from the latter point to the Motueka River at the mouth of Norris's Gully. On the Otira Section, on the Springfield—Brunnerton portion of the line, we are continuing the company's works eastward from Jackson's to the marshalling-station near Goat Creek, where the Abt Incline line joins the flatter line leading to Greymouth. Accounts are being rendered against the company for the cost of these works, in accordance with section 123 of "The Railways Construction and Land Act, 1881." The first of such accounts was rendered to the company on the 5th June last, and formal notice of intention to retain the railway as Government property has been served upon the company in accordance with the law.

As stated by my predecessor in the Public Works Statement last year, the company had declined up to that date to hand over the plans of the uncompleted portions of its line, and without these plans a great part of the work could not be proceeded with. The Government has continued to apply for possession of these plans, and I am glad to be in a position to announce that the company, with the concurrence of Mr. G. B. Parker, the liquidator, has now agreed to furnish the Government with copies. On receipt of the plans some rather difficult portions of the Otira Section, which the Government has not hitherto put in hand for want of the plans, will be started, and, if the plans to be furnished should embrace the whole extent of the uncompleted portion of the line, work can be commenced at the Springfield end also. I understand that the works at this end of the line are of a particularly heavy character, but in the absence of the plans I cannot speak on this point with certainty. The vote taken for construction-works on the Midland Railway last year was £10,000, but only £5,868 was expended. This year we ask for a vote of £25,000, but, allowing credit for the amount which will probably be recovered from the company in payment of the accounts rendered and to be rendered to them under the Railways Construction and Land Act, as well as the profit accruing from the working of the opened portion of the railway, the net amount of the vote is reduced to £10,000.

The company has recently petitioned Parliament asking to be given a new contract, for the completion of the Brunnerton—Springfield Section of the railway only, on somewhat similar terms to those rejected by the House in 1894. The