

losses, and honourable members approved the scheme by passing a vote of £10,000 from the Consolidated Fund as the first yearly contribution to the fund. This amount, together with a subsequent contribution of £10,000, has been invested with the Public Trustee.

RAILWAY-CONSTRUCTION.

When the Government took office in July, 1912, new construction-work on main and branch railways was in progress at twenty-one different points, and provision was made on last year's public-works estimates for continuing work on practically all these lines.

The total expenditure on new construction, apart from additions to open lines, amounted during the year to £684,196.

In August last Messrs. McLean and Sons, contractors for the Arthur's Pass Tunnel, between Bealey and Otira, on the Midland Railway, approached Parliament by petition, praying to be relieved of their contract, on the ground that they had exhausted their resources and were unable to carry the work to completion. The petition was considered by a special Committee, which recommended that the contractors should be relieved of the contract, and that the tunnel should be carried to completion under a fresh contract or by labour employed directly under the Government's own Engineers. In pursuance of this recommendation the contract was formally determined on the 23rd December, 1912, and the work has since then been continued by the Public Works Department. It is proposed, however, to invite tenders at an early date for the completion of the tunnel.

In the Public Works Statement of last year it was suggested that wherever branch lines of railway were deemed to be necessary a lighter and cheaper form of construction should be adopted. In pursuance of this view several new branch lines were authorized during last session. As it is impossible for the Dominion to borrow in any one year a sum sufficient to provide for all these branch lines as well as for the construction of the main lines, it is the intention of the Government to permit private enterprise to undertake such work, subject to conditions which will carefully safeguard the public interest. Legislation giving effect to this proposal will be introduced this session.

ROADS AND BRIDGES.

The total expenditure under this heading for the last financial year, including the national-endowment and land-for-settlements roads, amounted to £429,253.

DEVELOPMENT OF WATER-POWER.

Satisfactory progress is being made with the tunnel (which is now being carried out directly by the Public Works Department) and with the other works connected with the Lake Coleridge hydro-electric power scheme. Large consignments of plant and material for the generating-station, transmission-line, &c., are also coming to hand, and it is still anticipated that the Government will be in a position to supply electric current to the City of Christchurch by the 1st May, 1914. An agreement has been entered into with the Christchurch City Council for the sale of current to that body for distribution to consumers within the municipality, and negotiations are now proceeding for the supply of electricity to other towns in Canterbury.

IRRIGATION IN CENTRAL OTAGO.

In pursuance of the programme outlined in last year's Budget, it was decided to proceed with the irrigation of a part of Ida Valley. The construction of the necessary works has been put in hand, but progress has been very much hampered through delays in receiving certain articles of plant and fittings required, owing to strikes in England and difficulty in obtaining shipping-accommodation. In view of this delay, it is unlikely that the works will be completed in time for the current year's irrigation season; but they should certainly be available for the season of 1914.

Full information has been obtained by survey and investigation with regard to the works required for irrigating land in the Manuherikia Valley, and between Clyde and Alexandra South,