

finished under contract. One large contract has been let for platelaying and ballasting over the whole eight miles to Mills Station, the work to be completed by February next.

It is intended to put formation-work in hand beyond Mills during the current year.

No formation-work beyond Parnassus (the terminus of the southern end of the line) was undertaken during the year, nor is any provision made therefor on this year's Railway estimates. A very substantial sum, however, is provided on the Roads estimates for bridging, grading, and metalling the main road between Parnassus and Kaikoura.

The expenditure during the financial year (mostly to meet liabilities previously incurred) was £7,801 at the north end and £3,145 at the south end. For the current year a vote of £26,000 is proposed for the north end.

CULVERDEN—WAI AU.

The route for this extension has been laid out, and two small contracts let for easy formation-work, which will carry the line over five miles from Culverden. These contracts are expected to be completed during the summer, and it is proposed to extend operations covering formation-work over practically the whole route to Wai au.

The expenditure on this line during the past financial year was £605 for survey-work, and for the current year a vote of £25,000 is proposed.

WAIMATE BRANCH EXTENSION.

The survey of the authorized extension beyond Waihao Downs was taken in hand during the year, a trial line run for about five miles, and two miles permanently located. Construction was commenced early in July.

It is proposed to take a vote of £15,000 on the current year's estimates.

MIDLAND.

At the Glenhope end formation-work has been suspended since April, 1913, but it is intended to resume the construction of the Kawatiri Section during the current year.

The section between Cronadun and Inangahua Junction, thirteen miles in length, was completed and opened for traffic on 4th June last.

On the Canterbury side the line from Cass to Arthur's Pass Station, a fifteen-mile section, was completed and opened for traffic on 1st July. The long tunnel is now the only remaining obstacle to through communication by rail between Canterbury and Westland.

The driving of the tunnel has continued steadily during the year under the direct supervision of the Department's Engineers. At the Otira end very wet ground has been met with and progress has consequently been retarded. The work at this end is being done by day labour, but at the Bealey end the co-operative system is in force. A steam plant has been installed at Otira to augment the electric power during periods of low-water flow at its source. During the twelve months ended June last the bottom heading was driven a total distance of 34·29 chains. There still remains to be driven 2 miles 23·83 chains between the Otira and Bealey headings, and the enlarged tunnels at either end are still 2 miles 61·5 chains apart. The year has been one of slow progress owing to wet and unstable country being encountered, requiring heavy timbering, which rendered it undesirable to open out the tunnel very far ahead of the lining-work. It is hoped that the worst of this class of country has now been passed and that the current year will show a better record of progress.