

The cost, which has been charged to capital, amounts to £88,795.

*Doubling and Improvement of Lines.*—A commencement has been made with the doubling of the Auckland-Penrose and Dunedin-Mosgiel lines, and surveys are practically completed for the doubling of the Addington-Rolleston line.

*Hutt Road and Railway Improvement:* The line has now been opened between Lower Hutt and Rocky Point, a distance of about three miles. A contract has been entered into for quarrying and delivering stone from Pencarrow, but there has been considerable delay on the part of the contractor in supplying the material, whereby the progress of the work has been much hindered.

*Railway Deviations, Wanganui and New Plymouth:* A short deviation of the Wanganui-Aramoho Branch for a distance of about three-quarters of a mile was completed. This has considerably improved the approach to the station by the flattening of a very sharp curve and reducing a grade. Surveys to determine the proper location of the New Plymouth new approach-line have been put in hand.

*Expenditure.*—The expenditure on maintenance amounts to £543,039, equal to £227 per mile; of the increase nearly 50 per cent. is due to the increase in wages and extra allowances for the staff, the balance to additional lines and higher charges for materials.

*Mileage.*—The mileage open for traffic at the 31st March was 2,405 miles 74 chains, the length opened during the year being 31 miles 57 chains.

*Private Sidings.*—On the 31st March there were 307 private sidings, at an annual rental of £5,237. Fourteen new rights were issued during the year.

*Leases.*—2,506 leases were current on the 31st March, at an annual rental of £17,814. 365 new leases were issued.

*Staff.*—The working staff consisted of 3,105 men; office staff, 107: total, 3,212.

I attach the usual returns.

#### SIGNAL AND ELECTRICAL.

*Fixed Signals.*—During the past year four stations have been fitted with fixed signals—viz., Paeroa, Taihape, Hunterville, and Oporo.

The expenditure for the year on new work was £236 3s. 6d., and for maintenance £1,273 3s. 3d.

*Interlocking of Points and Signals.*—The signalling and interlocking at stations has worked with the most satisfactory results.

The following stations have been fully equipped with signalling and interlocking, and brought into operation during the year: Woodville, Lower Hutt, Petone, Petone Junction, Longburn, Te Aro, Heathcote, Christchurch (south end), Lincoln Road tram-crossing, Riccarton Road tram-crossing, and Rocky Point.

The work has also been commenced at Christchurch (north end), Lyttelton, Dunedin, and Upper Hutt.

The expenditure for the year on new work was £14,269 16s., and for maintenance £1,150 16s. 9d.

*Block-working.*—The electric train-tablet system of block-working has worked with every satisfaction.

During the year ninety-two tablet instruments and ninety miles of line have been fitted up and brought into operation, embracing the following sections: Hawera to New Plymouth, Awapuni to Racecourse, Mercer to Frankton, Frankton to Morrinsville. Tablet instruments have been installed at Kaiwarra, Pitheathly's, Silverstream, and Trentham Stations.

The equipment of the sections from Waitati to Oamaru and Invercargill to Bluff is in progress.

*Telegraph and Telephone Facilities.*—During the year 252 miles of wire have been erected and brought into use, also various alterations and additions have been made to improve existing lines.

The construction of new telephone-lines between Te Awamutu and Otorohanga, Waitati and Oamaru, and Invercargill and Bluff is in progress; eighty-seven telephones have been fixed and brought into operation; also eight additional connections have been made with the public telephone exchanges, and six portable telephones brought into use.

Eight old-pattern telephones have been replaced by new and modern ones.

Greater facilities are still needed in some of the districts to suit the more pressing requirements.

The expenditure on the electric block working, telegraph and telephone facilities, for the year was: New work, £10,097 16s. 1d.; maintenance, £7,661 3s. 8d.; public telephone exchange connections, £1,696.

*Electric Light.*—The electric light at Wellington, Bluff, and Port Chalmers Stations is giving every satisfaction.

The Hawera Station has been fitted up with electric light, and the fitting-up of Dunedin New Station and Inglewood Station is in progress.

#### LOCOMOTIVE.

Mr. A. L. Beattie, Chief Mechanical Engineer, reports as follows:—

The engines, rolling-stock, machinery, plant, and appliances have been maintained in good and efficient working-order.

*Locomotives.*—The number of engines in service on the 1st April, 1905, was 389, and the number on the 31st March, 1906, was 395. Two small tank engines were sold and 8 new engines were built, 5 of these being built in Government Railway Workshops and 3 by Messrs. A. and G. Price, of Thames. The engines sold are being replaced with 2 larger engines.