

It was inseparable from a change over from the old workshops to the new ones that the work of passing the locomotives through the shops should become somewhat disorganized and fall into arrear. Joined with this fact was the circumstance of a peak pressure of traffic. We had during the concluding portion of the year a record tonnage, and our locomotives were kept continuously employed, considerably restricting the opportunities for running repairs and general overhaul. This conjunction of circumstances is, however, a passing phase, and definite arrangements have now been made for the overhaul of locomotives to be rigorously pursued so that the standard of efficiency of our engines will be fully up to requirements for the next ensuing busy season.

A further aspect of the question that has engaged my attention is that of the cleaning of locomotives. The necessity for rigid economy has prevented the same standard of polish being given to engines as was the case in past years. I desire to make it clear, however, that economy in this direction will be confined only to such parts of the cleaning process as do not affect the efficiency of the engines. All moving parts will require to be thoroughly cleaned, and my policy will be to see that there is no sacrifice of efficiency to economy in this connection.

While so laying down the policy, however, I would mention that in the matter of the cleaning of the essential parts of the engines we are pursuing investigations with a view to enabling the work to be done more cheaply than has been the case in the past. This will generally take the line of adopting other methods than hand-cleaning of the engines, and a practical commencement has already been made by the installation at Dunedin of a process of cleaning by means of a steam jet. The results will be carefully watched, and if proved satisfactory and economical the system will be further extended.

UTILIZATION OF NEW ZEALAND COAL.

The figures supplied in the General Manager's report under the heading of "Coal Supplies" indicate the pleasing fact that the quantity of New Zealand coal utilized during the past year amounted to the unprecedented figure of 356,724 tons representing 84·25 per cent. of the total coal consumed.

It will also be noted that whereas in 1925 the total importations from overseas amounted to 313,107 tons, which represented a percentage of 76·84 of the total consumption, this figure dropped in the year under review to 66,675 tons, or a percentage of 15·75.

It is very gratifying to be able to record that the Department has been able to utilize the local product in an increasing ratio, thus assisting in the maintenance of one of our great national industries.

RENEWAL FUND PROVISION.

I desire to record the fact that prior to 1925 the railway accounts did not include a Renewal Fund for the replacement of items of plant which had become obsolete or worn out. A Renewal Fund was established in that year with a contribution from the Revenue Account of £553,891. Up to the end of the financial year 1928-29 a total contribution of £2,397,988 had been made out of revenue. During the same period the fund had been called upon to the extent of £1,069,968 for the purpose for which it was established, leaving a credit of £1,328,020 as at 31st March last.

It is necessary to point out that the making of adequate provision for renewals in a system as vast as that of the railways, and one in which such a large amount of capital has been invested in assets, which rightly must be regarded as of a wasting nature, is a matter on which opinions might differ as to what is or is not adequate provision. It is admittedly difficult when any business is conducted at a loss to keep contributions of this nature up to a correct standard. At the same time it is obvious and needs no demonstration that unless that standard of contribution is maintained the ultimate strain upon the revenue of the Department for renewals and replacements must be in an increasing ratio as the years pass.