

WORKSHOPS REORGANIZATION.

This scheme, covering the four main centres, is now practically completed.

The original estimates in connection with it have been considerably exceeded, and it is doubtful whether the annual savings contemplated will be effected.

It may be appropriate to furnish the following figures, which will indicate the position when I assumed control of the Department.

On the 11th April, 1925, the Acting Chief Mechanical Engineer recommended the construction of—

	£
(1) Loco workshops at Auckland	540,088
(2) Car and wagon shops at Lower Hutt	442,134
(3) Car and wagon shops at Addington	269,571
(4) Locomotive shops, Hillside	391,060
	<hr/>
	£1,642,853
	<hr/>

This estimate was afterwards increased to £1,696,000, at which figure the scheme was approved.

The final capital cost is now estimated at £2,297,865, or £601,865 in excess of the original estimate.

This will increase the strain upon the Department's finances and will necessitate economy in the conduct of operations in the Shops.

In his original estimate the Acting Chief Mechanical Engineer intimated that an annual saving of £270,000 would result from the new scheme; but it has yet to be proved whether this measure of economy will accrue as a set-off against the heavy capital expenditure.

COAL-SUPPLIES.

It is pleasing to note that, of the 476,251 tons purchased during the year, 355,214 tons, or 74.59 per cent. of the total, comprised New Zealand coal.

An interesting comparison of the purchases of coal appear in a table of figures embodied in the General Manager's report. From this schedule it is satisfactory to note the large increase in the use of New Zealand coal since 1924-25.

As a result of important tests which have been carried out for some time past, there appears to be a very encouraging prospect of our being able to utilize a still greater proportion of New Zealand coal.

The whole fuel position was very complicated during the year owing to the flooding of the Hikurangi Mine and to the difficulties that arose as a result of the stoppage of supplies to the open market from Newcastle. This latter feature affected the Department more indirectly than directly by throwing several large gas-producing concerns (which previously used a large proportion of Newcastle coal) almost entirely on to the New Zealand market.

The Department had considerable difficulty during the year in maintaining its supplies, and although it is regrettable that inferior qualities of coal had to be used, with the consequent increase in departmental costs, it is gratifying to know that it was found possible to maintain the services.

It is also to be noted to the Department's credit that it was able to render very timely assistance to some of the gas-producing concerns by allowing them to draw on the Department's stock of coal.

GARRATT LOCOMOTIVES.

The three locomotives of the Garratt type which were imported from Great Britain are now in commission. Their working has, however, not yet proved satisfactory. Certain adjustments have been found necessary in order to fit the engines to our conditions. Some progress has been made with tests and improvements on these locomotives, and it is hoped that they will prove effective. There is no doubt