

The material now in hand will enable us to continue relaying in the early periods of the ensuing year, which we have been unable to do in the past for lack of either rails or sleepers.

The most serious interruption of traffic by floods occurred on the Foxton Branch, where washouts due to overflow of the Manawatu River blocked the line for some ten days.

Slips on the Otago Central extension continued more or less during the year, but with little interference to the traffic.

The Gates stone-crushing plant erected in the Dunedin District has been fairly well employed, and the quantity of broken metal put through has been most satisfactory. In all districts during the year about 260,000 cubic yards of ballast have been laid, at a cost of £13,815.

*Bridges.*—The bridges have been maintained in safe condition, and several of the larger structures have been strengthened to carry heavier engines. A new bridge has been built over the Hutt River, at Silverstream, and the Mangatera steel viaduct has been completed. The total expenditure for repairs and renewals amounted to £63,728, as against £55,705 in the previous year.

*Signals, Interlocking, and Block-working.*—Signal Engineer's report, which is attached, gives details of interlocking and block-working which have been carried out during the year. The working-results have been very satisfactory.

*Water-services.*—These services have been maintained in efficient order.

*Wharves.*—These structures have been kept in good repair. The facilities at Foxton have been improved by dredging, and considerable expenditure is being incurred for improvements at George Street Pier, Port Chalmers, by the removal of the central filling and renewal in timber-work.

*Buildings.*—New station-buildings have been erected at New Plymouth and Tariki, and are in hand at Dannevirke, Kaiapoi, Dunedin, Bluff, and Fairfax.

Considerable additions to meet the traffic requirements have been made at many other stations.

The departmental offices in Wellington are not yet completed, and I anticipate the building will not be ready for occupation for four or five months.

*Miscellaneous Works.*—A large number of additions and improvements to works have been made during the current year, amounting to £15,057, which has been charged to working-expenses.

*Additions to Open Lines.*—The principal works in hand were as follows:—

Additions to Station-buildings and Station-yards: Mair, Auckland, Ellerslie, Mercer (completion), Frankton, Wharepoa Road, New Plymouth (completion), Tariki (completion), Stratford, Eltham, Hawera, Eastown, Foxton, Summit, Dannevirke, Christchurch, Timaru (completion), Kaiapoi, Methven, Oamaru (land), Ravensbourne, Dunedin (foundations, &c.), Balclutha, Invercargill (land), Bluff, Mandeville, Fairfax, and Wairoa.

Additions to Sidings: Auckland, Onehunga, Ruakura, Morrinsville, four crossing sidings in Auckland District, Hawera, Huntville, Addington, Timaru, Goodwood, Purakanui, Burke's, Cattle-yards, Barewood, Pukerau, Invercargill, Bluff, West Plains, Oporo, Thornbury, and between Waicola and Woodlaw.

Creosoting Plants: Woodville (completion) and Kew (Invercargill).

Bridges: Mangatera Viaduct (completion), Riverton, and Teremakau (footway).

Fencing: North of Palmerston North (completion), near Inchbonnie, and near Poerua (completion).

Additions to Water-services: Wanganui District (completion), Ashburton, and Timaru.

Additions to Workshops: Eastown (locomotive and maintenance), Petone, Hillside, and Invercargill (site, &c.).

Additions to Goods-sheds: Auckland (office), and Westport.

New Dwellings and Additions to Dwellings: Frankton, Wanganui, Wellington, Ngapara, Gore, Greymouth, and Moana.

Engine Turntables: Ngapara, Kurow, and Tokarahi.

Purchase of Land: Petone, Christchurch, and Dunedin.

Purchase of Buildings on Leaseholds: Waterloo Quay, Wellington; and No. 2 shed and plant, Lyttelton.

Miscellaneous: Stockyards at Inglewood; new departmental offices at Wellington; crossing near Shag Point; George Street Pier, Port Chalmers; crane for Port Chalmers; lightening rock slopes on Otago Central Railway; furnaces for heating foot-warmers in Dunedin and Invercargill Districts; building six portable huts in Invercargill District; protective works at Otira; filling in mud-flat at Nelson; signals and interlocking; increased telegraph and telephone facilities; block-working; strengthening track and bridges (proportion); and additional sleepers.

The total cost of works under this heading charged to capital account amounts to £157,877.

*Expenditure.*—The maintenance expenditure charged to revenue amounts to £457,757, or £202 per mile, as against £433,997, or £195 per mile, in previous year. The increase is due mainly to increases under renewals of track, and repairs and strengthening of bridges. As has been frequently remarked, our expenditure per mile is high compared with that of the other colonial railways, and an examination of the various returns shows that there is an increase under almost all heads, but more especially for renewals of track and bridges.

Comparing our expenditure last year with that of the four principal Australian railways, I find that, on a mileage basis, we spent and charged to revenue for materials for renewals of track some £70,000, and on bridge structures and roads £45,000, more than the average for those railways.

*Mileage.*—The total mileage open for traffic on 31st March, 1903, was 2,290 miles 64 chains, being an addition of about 56 miles opened during the year.

*Private Sidings.*—The number of private-siding rights at 31st March last was 273, with a total annual rental of £4,522. Fifteen new grants were issued during the year.