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The continuations of all main highways through boroughs of a population of under six thousand inhabitants were declared to be main highways on the 23rd February, 1928.

Early in the year 1928 all District Highways Councils were asked to make recommendations for the declaration of an additional length of main highways equivalent to approximately 50 per cent. of the existing system. In response to this request District Highways Councils recommended a total of 4,342 m. of road, of which 2,809 m. were declared to be main highways on the 2nd April, 1928, while a further 747 m. were declared on the 2nd July, 1928, making a total of 3,556 m. of additional main highways. Thus at the time of writing this report the total mileage of main highways in the Dominion exceeds 10,000 m. In deciding upon the new declarations the main object kept in view was to afford relief to the local authorities towards the cost of maintenance rather than to extend the advantages of the Board's construction subsidy.

With regard to the construction of high-class pavements adjacent to the larger centres of population, the Board has taken the initiative and has prepared paving schemes covering the ensuing five years in the areas adjacent to all centres of population of over six thousand inhabitants. In framing these schemes the Board in most cases has consulted with the District Highways Councils and the local Automobile Associations. The additional finance provided by the petrol-tax will enable the Board to increase its construction subsidy on practically all such schemes to £3 for £1. At the end of the financial year initial steps had already been taken for the commencement of paving-work in several localities.

A comprehensive review of the Board's finance, taking into full consideration the proceeds of the petrol-tax, together with the fact that a number of local authorities are carrying too great a share of the cost of maintenance of the highway system, has induced the Board to recommend to the Government legislative provision for an increase in the maintenance subsidy of £1 10s. for £1 to £2 for £1, and that such increased rate of subsidy be made retrospective to the 1st April, 1928. In addition, the Board has often been impressed with the difficulties experienced by many local authorities in financing the reconstruction of bridges. It has therefore recommended that power be given to enable its subsidy towards the cost of construction or reconstruction of bridges to be increased to £2 for £1 on bridges not exceeding £10,000 in cost, instead of the present subsidy of £1 for £1 up to this figure. In the case of bridges costing more than £10,000 it is proposed that the Board be given discretion to pay such a rate of subsidy as it may consider justified in the circumstances.

In connection with the additional 3,556 m. of new main highway referred to above, it was not intended to allocate funds for construction purposes, but, as the Public Works Department on many of the roads in question was providing subsidies for construction purposes before their declaration as main highways, the Board has decided to continue to subsidize such work as would in the ordinary course of events be subsidized by the Department.

While the Board's desire is to have all its funds expended on road works as expeditiously as it can, it is more than possible that there will be a considerable accumulation of funds at the close of the financial year ending 31st March, 1929. This will be due to the fact that the large paving schemes and other construction work rendered possible by the petrol-tax could not commence contemporaneously with the collection of such tax. The schemes had to be formulated, submitted to the District Councils, and thereafter to the local bodies. These negotiations all take time, and, after settlement of conditions, plans and specifications have to be prepared and approved, and the local bodies in many cases have to take polls and raise loans for their contributions.

Though the Board is expediting the consummation of the schemes as fast as possible, it is clear that some will not be in full swing before the end of the year. But in the years following it is anticipated that the accumulation will be rapidly eliminated. Moreover, the estimates are for a five-years programme, but if it is found that funds permit, the Board will be in a position, as the schemes are in order to proceed, to speed up the operations according to the state of its finances. It is clear that, as the whole of the Board's estimates are based on receipts over a period of years, and include any temporary accumulations, these accumulations cannot be devoted to any other purpose without upsetting entirely the programme laid down by the Board and disorganizing the whole system.

PURCHASE OF PLANT.

The policy of purchasing and hiring plant on the hire-purchase system to local authorities has been continued. The total value of plant on hire-purchase at 31st March, 1928, amounted to £75,707. The following statement shows the plant ordered and hired to local authorities from the 31st March, 1927, to the 31st March, 1928, the amount involved being £24,502: Power graders, 12; ordinary road-graders, 6; motor-lorries, 3; trailer, 1; crushers, 7; elevators, 3; tractors, 10; granulator, 1; oil-engine, 1; bitumen-sprayer, 1; preheater, 1; rotary screens, 2; electric motors, 2; drag-line excavator, 1; &c.

In addition to the above, the Board purchased the following plant for its own use at a total cost of £8,080: Power graders, 4; ordinary road-graders, 4; road-rollers, 2; motor-lorries, 2; crusher, 1; elevator, 1; excavator, 1; scarifier, 1; tractors, 2; and trailers, 4.

ELIMINATION OF LEVEL CROSSINGS.

The elimination of the following crossing was completed:—

Auckland-Wellington via Taranaki Main Highway: Crossing at Turakina.

The following eliminations were almost completed at the end of the financial year:—

Wellington-Napier via Wairarapa: Crossing at Matahiwi Hill.

Christchurch-Blenheim via Parnassus: Crossing at Weka Pass.

The following eliminations are under way:-

Wellington-Napier via Wairarapa: Črossing at Piripiri. Auckland-Wellington via Taranaki: Crossing at Hawera.

Dunedin-Christchurch: Crossing at Tumai.