

The land now occupied by the Signal and Electrical workshops and stationery store at Wellington will form part of the new Wellington yard. Portions of the land at Newmarket, Penrose, and Petone have been reserved for railway or roading purposes.

It is proposed to apply the rentals derived from these properties to writing off that portion of the capital cost of demolished or scrapped buildings and plant not covered by depreciation funds.

BUILDINGS AND LAYOUT.

Original Estimate.	Final Estimate.	Under-expenditure.
£	£	£
1,193,300	1,175,967	17,333

As a result of the low tenders received for the erection of the buildings the final estimated cost is within the original estimate, notwithstanding a number of additions made to the original layout to accommodate extensions of the original plan.

MACHINERY AND EQUIPMENT.

Original Estimate.	Final Estimate.	Increase.
£	£	£
583,800	849,225	265,425

ELECTRIFICATION.

Original Estimate.	Final Estimate.	Increase.
£	£	£
60,000	171,041	111,041

The original proposals provided for a partial electrification of the new shops, and the sum of £60,000 previously allocated for electrification of the old shops was considered to be sufficient for the purpose.

With the twofold object of taking full advantage of the greater economy of electrical energy and of eliminating the smoke nuisance in residential areas, it was finally decided to purchase hydro-electric power in bulk at all centres, and to make the installation completely electrical.

This decision made it possible to install a number of additional appliances designed to make use of the night load. As the scheme progressed it was also considered advisable to include new and improved machines and processes which will make it possible to undertake in the Dominion not only the whole of the rolling-stock construction, but also the fabrication of all classes of metal-work, much of which has hitherto been imported from abroad.

While the initial capital costs were materially increased, the great savings to be effected in the cost of the output will, it is expected, more than compensate for the annual charges for interest, maintenance, and depreciation.

The principal factors contributing to the increased machinery costs are—	£
Additional machinery and appliances, including cost of raising loans ..	204,813
Pipe-line reticulation within buildings charged against machinery and equipment but included in building estimates	20,000
Unforeseen expenditure	40,612
Total	<u>£265,425</u>

The unforeseen expenditure was due to the following: (1) An increase of 1½d. per hour in the average rate of wages of workshops staff, £4,855; (2) the reassessment under the new accounting system of overhead charges on capital works and on workshops and Stores Branch operations, £32,000. The altered overhead rates had not been determined when the estimates were framed.

The increase of £111,041 in the electrical costs is due partly to the decision to completely electrify the shops (approximately £81,000) and partly to the additional appliances added to the original scheme (£30,000). The reassessment of overhead charges is also a factor that is difficult to estimate, but it would probably account for £10,000 of the total.

In determining the size and capacity of the shops the following factors have been taken into consideration. During the last ten years a considerable proportion of the new rolling-stock has been imported or purchased, as shown in the following table:—

	Built by Depart-ment.	Purchased.	Total.	Average per Year.
Locomotives (steam)	45	111	156	15·6
Locomotives (electric)	..	6	6	0·6
Cars and vans	227	..	227	22·7
Rail-cars	..	3	3	0·3
Wagons	2,378	2,500	4,878	487·8

With regard to the future, a survey has been made of the whole of the locomotives and rolling-stock. As a result of this survey it was found that a large number of worn-out or obsolete types of engines had reached the stage when scrapping was necessary in the interests of economy and efficiency, and the position in regard to cars and wagons is similar to the locomotives.