

The following new services were inaugurated during the year : Hokitika–Grey-mouth ; Culverden–Westport via Lewis Pass.

During the year the Government set up a Tribunal to deal with the purchase of goods road services where such action was considered desirable, and this Tribunal has already made recommendations respecting a number of services, which have been approved by the Government. At the end of the financial year arrangements were well in hand for taking over these services by the Railways Department. The first was taken over in May, and the work in connection with the other services is now proceeding rapidly.

The revenue of the road passenger services, amounting to £276.527, was an increase of £77,776 over the earnings of last year, and the net revenue of £21,974 was obtained after making full provision for interest on capital, for depreciation, and substantial provision for the writing-off of goodwill. The financial result is in itself satisfactory, but more important still has been the improvement in service and convenience in operation obtained through the co-ordination of road and rail services in those localities where single ownership has been brought about.

MORE ROLLING-STOCK.

The greater use made of the railways for goods traffic has required a heavy rolling-stock-building programme, and the passenger traffic, which shows a gratifying expansion, also calls for additional and improved rolling-stock.

The present programme includes seven electric locomotives for the Wellington–Paekakariki electrification and two electric locomotives for the Arthurs Pass–Otira section. Forty-one K class locomotives are in course of construction. Up to the present this type of engine has been built and used only in the North Island, but a number are now needed for South Island traffic and 16 of the new K's will be constructed at the Hillside (Dunedin) Railway Workshops. Work is proceeding on the construction of two 10-ton cranes for the North Island, two 40-ton break-down cranes for the South Island, and it is intended to provide a 5-ton mobile crane for the Christchurch Goods Yard.

The construction of 92 passenger cars, 29 vans, 2,848 goods wagons of various types, and 40 ballast wagons is being carried out.

Arrangements have been made for the completion of the Standard rail cars at present under construction, as well as for the provision of 10 additional rail cars and 14 internal-combustion shunting units.

The greater locomotive power and the improved wagon supply which will be available when the present programme (now being pushed ahead as fast as possible) is completed will be appreciated by farmers, merchants, shipping companies, and the business community generally.

It will also give relief to the staff of the Department who, owing to the shortage of wagons, have experienced increasing difficulty in meeting the general increase of traffic. This condition was intensified by the virtual cessation of new rolling-stock construction during previous years, and by the more recent difficulty in obtaining supplies of materials from overseas.

IMPROVEMENTS TO EXISTING RAILWAYS.

Amongst the important works in hand for the improvement of existing railway-lines the following are mentioned to indicate the extensive nature of the railway-track improvements and duplication developments being carried through in accordance with the Government's policy :—

Duplication of the North Island Main Trunk line between Auckland and Frankton Junction, a distance of 87 miles, is in hand, and work is being pushed ahead at the present time as rapidly as possible on the single-line portion from Ngaruawahia to Papakura.

Important grade easements are being made on the line running north of Auckland upon three sections lying between New Lynn and Waitakere where steep grades (equal to 1 in 35) exist and sharp curves require easing. When this work is completed the steepest grade will not exceed 1 in 60.