

Deviations.—Work on the Palmerston North deviation has been suspended.

Approximately 95 per cent. of the earthworks have been completed on the Scroggy Hill deviation and grade-easement works between New Lynn and Glen Eden. Good progress has been made on the easing of the steep grades between Turakina and Bonny Glen. Only 285 ft. of core excavation remains to be moved from the Sawyer's Bay Tunnel, and the concrete lining is being placed from both ends.

General.—The erection of the new rectifier substation at Otira to replace the existing steam plant is nearing completion. The local substation to supply the townships of Otira and Arthurs Pass has been completed.

A number of passenger and goods road transport service licenses, together with vehicles, plant, and buildings, were purchased during the year. Some of the more important of these services were the New Plymouth Daily Transport, Ltd., Hodgson's Wanganui–New Plymouth Service, Taafe's Awanui–Otiria Service, McGlashan's Greymouth–Blackball Service, the Napier–Wairoa–Gisborne Transport Service, the Rotorua Motor Transport Co.'s service, and the Rotorua Bus Co.'s service.

In addition to alterations and improvements to dwellings, twenty-two new houses were erected and five dwellings were purchased during the year.

The work of improving the railway-operating facilities was continued and larger turntables to accommodate heavier engines were installed. The car-shop at Otahuhu Workshops was extended and workshops plant renewed and improved.

The rearrangement of stations, sidings, and yards and alterations due to grade and curve easements and deviations have necessitated alterations in signalling and communication facilities.

Further additions and improvements were effected in the equipment for signalling and communications.

The following are the more important works shown under the subheadings of "Rearrangements of stations and sidings" and "Miscellaneous works":—

Auckland	..	..	Extensions to goods-shed.
Otahuhu and Westfield			Yard alterations.
Rotorua	..	..	Yard alterations.
Te Awamutu	..	..	Improved facilities.
Te Kuiti	..	..	Yard alterations.
Taumarunui	..	..	Alterations and additions to Locomotive Depot.
New Plymouth	..	..	Yard and goods-shed.
Feilding	..	..	Additional sidings.
Wellington Goods	..	..	Sealed tracks and roadway.
Napier	..	..	Yard and goods-shed.
Gisborne	..	..	Station and yard alterations.
Picton Section	..	..	Yard alterations.
Belfast	..	..	Yard rearrangement.

Additions and Improvements to Rolling-stock.—During the year 2 class E₂ electric and 10 class K_A steam locomotives were placed in service.

Ten new boilers were completed.

One new rail car (imported) was placed in service; 25 new carriages and 20 new brake-vans were built.

During the year, 1,236 wagons of various types were built. In addition to the rolling-stock completed during the year, work was in progress on 31st March, 1941, on the construction of a number of engines, cars, vans, and wagons.

ROAD-CONSTRUCTION.

New roading-works undertaken during the year consisted principally of relatively small sections of formation and metalling, together with bridging where necessary, in order to provide access to areas where production would be thereby improved. Apart from such works, construction operations were limited to those projects which were well in hand at the commencement of the year, such as the Awanui–Mangonui, Waiouru–Tokaanu, Taumarunui–Tokaanu, Okau–Tongaporutu, Main South Westland, and Makarora–Haast Roads. The construction of the last-mentioned road has now been suspended.