

The number of sleepers laid amounts to 450,188, an increase of 39,446 over last year. Of imported hardwood there were laid 218,787, puriri 22,278, and other timbers 209,123.

The approximate cost of the sleepers used during the past year, irrespective of labour in laying, amounts to the very large sum of £92,000, and I am compelled to point out that a great saving would have been effected had more durable timbers been used in the first instance. I think I am not far wrong in putting this at £46,000 at least, or one-half the present expenditure. This large annual outlay for sleepers is likely to continue for many years, and the economy to be gained by using more durable materials cannot be too strongly urged.

I desire to draw attention to the pressing need for continuing the importation of hardwood sleepers. Not only is their use economical, but in view of the increased weight of engines and speed of trains they are, in my opinion, indispensable, especially for the curved portions of the line.

The strict adherence by Inspectors to the sleeper specification has resulted in a much better article being obtained on the West Coast (South Island), and, as far as I am aware, there is now but little complaint from the suppliers.

A creosoting plant at Invercargill has been purchased from Messrs. Campbell Bros., and is being repaired. Contracts for supplies of sleepers have been made, and creosoting will start early. The new plant for Woodville will soon be to hand, and arrangements are being made for its erection; and as soon as tenders for sleepers are accepted creosoting will be commenced in this Island as well.

A sum of £170,473 has been expended on renewals of track.

We have been again almost wholly free from slips and washouts by floods. With the exception of some damage which was caused at the end of March in the Christchurch and Dunedin districts, there is nothing of moment to report.

The slips on the Otago Central extension to Wedderburn have continued, blocking traffic from time to time.

A Gates stone-crushing plant has been imported from America and erected in the Mosgiel Quarry, in Dunedin district, for crushing metal for ballast. The plant has not yet been brought fully into work, but some trial runs gave good results.

*Bridges.*—Bridges have been maintained in safe condition, and all renewals have been carried out in hardwood. The total expenditure for repairs and renewals was £55,705, as against £54,020 for last year.

The construction of the Mangatera Viaduct, referred to in my previous report, has not yet been completed.

*Signals and Interlocking.*—Interlocking has been carried out at several stations, and the installations have worked in a most satisfactory manner.

The work of erecting fixed signals at officered stations has been continued.

Block-working on some sections in the Wanganui, Wellington, and Dunedin districts has been installed, with satisfactory results.

The Signal Engineer's report, which is attached hereto, gives detailed information on these subjects.

*Water-services.*—Several services have been added to and improved.

*Wharves.*—Ordinary repairs have been undertaken, but nothing has occurred calling for special remarks.

*Buildings.*—New station-buildings have been erected at Mercer, Wanganui, Masterton, Kaiwarra, Dunsandel, Springston, and Leeston, and are in hand at New Plymouth. New Stationmasters' houses have been built at Christchurch, Springston, Otautau, Greymouth, and Moana.

The work at the departmental offices, Wellington, has proceeded but slowly.

*Miscellaneous Works.*—A large number of works have been carried out and charged to working-expenses. They comprise additions and improvements to station and other buildings, water-services, sidings, roads, &c., additional cranes, and signals, &c. Total charges under this head for the year amounted to £10,142.

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

Additions to Station-buildings and Station-yards: Whangarei, Mercer, New Plymouth, Wanganui, Palmerston North, Tariki Road, Ormondville, Kaiwarra, Wellington, Masterton, Kaiapoi (site), Springston, Timaru, Leeston, Hornby, Oamaru, Dunedin (site for new station), Clinton, Stirling, Balclutha, Bushey, Lovell's Flat, Otautau, Lumsden, Kingston, and Invercargill (site for new station).

Additions to Sidings: Sentry Hill, Eltham, Okoia, Lower Hutt, Wellington, Lyttelton, Christchurch, Rolleston, Ashburton, Burnside, Dunedin, Dipton, Balfour, and Paroa.

Additions to Workshops: Eastown, Petone, Addington, and Hillside.

New Dwellings and Additions to Dwellings: Feilding, Woodville, Masterton, Greytown, Cross Creek, Christchurch, Moana, and Greymouth.

Fencing: Frankton to Mercer, north of Palmerston North, and on Westland Section.

Creosoting Plants: Woodville and Woodend.

Goods-sheds: Belfast and Lyttelton.

Bridges: Mangatera Viaduct.

Miscellaneous: Turntable at Southbridge; stone-crusher at Mosgiel; stock-yards at Dunback; additional water-openings on Forest Hill branch; protective works at Oтира; additions to water-services, Wanganui district; new departmental offices, Wellington; additions to district offices, Wanganui; signals and interlocking; increased telegraph and telephone facilities; block-working; additions to dwellings; relaying (proportion); bridge-strengthening (proportion); and respacing sleepers.

The total cost of works under this heading amounts to £176,339.