

A large amount of new works and other improvements were made at a cost of \$214,908. The closing of the so-called "renewals suspense account" made an apparent increase in cost for the year, it having been customary the past few years to carry forward in suspense each year a considerable expenditure for the renewals of fencing, bridging, &c., but this year the account having been closed, it all entered into the working expenses, and therefore assisted to swell them.

The working expenses of the year were.....	\$2,010,183 22
Against the previous year.....	1,811,273 56
Increase .....	198,909 66

The rolling stock is in good running condition, and has been well maintained. Three new engines were built in the railway shops at Moncton during the year, and charged to the working expenses, but as it was found they cost very much more than the amount paid manufacturers for similar machines, it has been determined to procure the three engines required during the current year to maintain the stock by tender and contract.

Each year as the engines become older the repairs are likely to increase. Several of the engines during the last year received very extensive repairs at considerable cost.

A number of cars of various descriptions have been rebuilt during the year to maintain the stock in an efficient condition, and considerable alterations have been made in passenger, postal, baggage and express cars, to better adapt them for the service.

The following is a comparative statement of mileage of engines, trains and cars:—

Mileage.	1877-78.	1878-79.	Increase.	Decrease.
Engine mileage.....	2,499,088	2,531,791	32,703	.....
Train do .....	2,160,080	2,111,426	.....	48,666
Car do .....	22,164,816	21,855,441	.....	309,375

The total cost of running the train per mile per train was 95.20 cents, against 83.85 cents the year previous.

The English mail service has been conducted as heretofore, both *via* Halifax in winter and Rimouski in summer.

The purchase of stores during the last two years compares as follows:

1877-78.....	\$485,049 69
1878-79.....	415,985 87
Decrease.....	69,063 82

The stock of stores compares as follows:

	1877-78	1878-79
General stores, including fuel....	\$135,561 35	\$106,000 76
Steel and iron rails.....	173,227 82	100,041 34
Old materials.....	36,633 36	37,716 00
Total.....	345,422 53	243,758 10

In the early part of February, an investigation into the working of the railway was ordered, with the object of ascertaining if it was practicable to work the railway as efficiently in the future as in the past at a reduced cost. A thorough and careful examination was made into the operations of each department of the railway, and the opinion founded was, that the force employed was largely in excess of the actual requirements of the service, and it was recommended that a thorough reorganization of the road should be made upon a more economical and equally efficient basis, it being represented that by the exercise of close supervision, and with frugal management, a large annual saving in the working expenses would result.