

Although this reduction is probably due to the condition of the markets and other analagous causes, the Directors are disposed to recognise some inequalities in the existing tariff, which may have exercised a depressive influence. That tariff is accordingly now under revision, with a view to such relief of the milling interest as the circumstances may seem to warrant.

2. The ordinary Working Expenses of the year have amounted to \$332,861.20, (£68,396 2s. 9d. stg.), as against \$309,083.87, (£63,510 7s. 8d. stg.), in 1866, giving a rate on the gross Traffic Receipts of 59.29 per cent. in 1867, as in comparison with 60.26 per cent. in 1866, or a decrease of .97, or nearly 1 per cent. in favor of the year now reported on.

The embarrassment of a Traffic too active for the equipment of the Line is adverse to economy, for the Rolling Stock is over-worked, and the Repair Account proportionately augmented. Having regard to the fact that the Line is chiefly dependent on Freight for its earnings, and Freight too of a low class, the percentage of Working Expenses (59.29) is not high, but it might be sensibly diminished if the Rolling Stock and other equipment of the road were extended from time to time in due proportion to the increase of the business and of the work to be done.

3. The Directors have exerted every effort so to extend the equipment and facilities of the Line as to meet the demands of the Traffic offering, and they are glad to know that no branch of Trade has yet suffered from positive inadequacy of carrying power, although unavoidable delays have sometimes occurred. Thus, by reference to Account No. 1 and to Appendices K., L., M., and O., it will be seen that very important additions have been made to the Rolling Stock, and to those works in wharves, freight-houses and the like, essential to the working of the Traffic. The additions to the Rolling Stock comprize 3 Post-office, Smoking and Baggage cars, 33 Box-grain cars, and 36 Platform cars, being a total addition of 72 cars to the Stock, representing an outlay of \$32,385.62, of which the sum of \$18,915.60 has been charged against 1867, and \$13,470.20 carried forward on suspense account to 1868—see Appendix O.