It will thus be seen that while the *Revenue* exceeds that of the corresponding previous year, a much greater increase is shewn in the *Expenses.*

The *Revenue* increase has been in :—

Passengers,..................................	3,395 21	or	5·05	per cent.
Freight,.......................................	11,699 23	or	15·3	per cent.
Both,...	$15,094 44	or	10·5	per cent.

—LESS DECREASE IN—

Mails and Sundries,..........................	2,706 08	or	25	per cent.
Gross increase,...............................	$12,388 36	or	8·02	per cent

The increase in the *Expenses* appears in:—

Locomotive power,............................	2,918 19	or	7·98	per cent.
Merchandise and Passenger Cars,.............	2,827 52	or	12·37	per cent.
Maintenance of Way and Buildings,...........	9,368 94	or	27·04	per cent.
General Charges,.............................	2,274 64	or	11·22	per cent.
Total,...........	$17,389 29	or	15·21	per cent.

The corresponding decrease in the net Revenue is therefore $5.000 93 or 14·25 per cent.

The increase in Locomotive Expenses is due exclusively to the Anagance accident (for which $1,134 00 were charged to this account) and the additional cost of Fuel, occasioned in part by the short supply of the previous year, (which caused high rates to prevail during the winter) and to the fact that former deficiencies were only ascertained and charged off the past year.

The Locomotive consumption of Wood during 1866–7, was 464,818 cubic feet against 473,174 in 1867–68. The charges, therefore, being in the former year $13,945 72 (or 3 cts. per foot) and in the latter $17,165 04 (or 3·62 cts.)

It is now clearly evident that the average charge, made during the previous few years, was not sufficient to cover the contingencies of the Wood Account.

The increased Car Expenses is, for the most part, due to the additional repairs to the Stock.

Whilst the cause of the increased cost of maintenance is apparent in the larger renewals of Rails and Sleepers, in the additional repairs to Buildings and renewals of Platforms and Fences, I may state that $3,456 09 was expended in thoroughly repainting, during the year, several of the Iron and Wooden Bridges.