

The stock of stores on hand has been considerably reduced, as compared with the previous year. The following is a comparative statement:—

	1878.	1879.
Ordinary stores.....	\$135,561 35	\$106,000 76
Old rails.....	173,227 82	100,041 34
Old material .....	36,633 36	37,716 00
	345,422 53	243,758 10

The weather during the year was in general favourable to the working of the railway. Last winter was mild, like that of the previous year, and the trains ran regularly without any serious interruption from snow.

It gives me pleasure to state that the officers and employés of all ranks performed their duties faithfully and well during the year.

In the last few months of the fiscal year ending 30th June, 1879, certain changes in the staff of officers and employés, and in the management, were commenced, the object in view being the lessening of the expenses without impairing the efficiency of the service.

It was necessary to make these changes cautiously, and only after full enquiry; therefore, although they were commenced in the year ending 30th June, 1879, yet their effect in reducing the expenditure did not appear until the current year.

All parts of the service are being dealt with, and a very large annual saving will be effected.

The accounts for the first three months of the current year have been prepared, and they show a very satisfactory result indeed. The deficiency of receipts, as compared with working expenses, being less than half what it was for the same period last year.

I have the honour to be, Sir,

Your obedient servant,

D. POTTINGER,

*Chief Superintendent.*