

first place I wish to call your special attention to the large reduction in the train mileage, which could only have been secured by the most careful and untiring efforts of the general manager and his executive officers. The gross receipts, as I have mentioned, have increased by about £15,000, while there has been a diminution of no less than 594,073 in the train miles run, a reduction of upwards of $6\frac{1}{2}$ per cent., which has had the effect of raising the earnings per train mile from 49·95*d.* in the June, 1896, half-year to 49·66*d.* in the past half-year, an increase of 3·7*d.* per train mile, or 8 per cent. This reduction in the train mileage has been accomplished partly by the larger average number of cars hauled in each freight train, partly by the reduction of unprofitable passenger service, and there has been also a marked decrease in the shunting mileage, resulting altogether in large savings more particularly in the locomotive, car and traffic departments, to which I will presently refer. I should say that the increase in the average number of freight cars hauled per train during the past half-year has been from 21·2 to 23·3, and gentlemen who are conversant with railway matters will see the importance of these figures. In the last complete return—viz., for July, the average number of freight cars hauled in each train is 25·8 as compared with 23·1 in July, 1896, and the shunting mileage was 298,986, against 353,416 in July, 1896. It will be observed that the maintenance and renewal of way charged to revenue in the past half-year amounted to £156,164, being £14,196 in excess of the corresponding half-year's figures, caused chiefly by a larger quantity of steel rails being put into the track, and also by a larger expenditure for the maintenance and renewal of bridges and culverts; from my own observation, and what I heard during my recent visit to Canada, no diminution under this head can reasonably be expected for some time to come, as it will be absolutely necessary to continue the work of renewing and strengthening