

3. It is not possible to establish any authoritative comparisons with periods anterior to the date of fusion, as the mileage of the North-Western line in traffic operation was then incomplete: from the records, however, of the two Companies it appears, that the earnings of the two lines in 1880 were in advance of those of 1879, \$202,514 25 (£41,612 10s. 5d. Stg.), or at the rate of 19.76 per cent.

Comparing the second half of 1880 with the like period in 1879 (the total mileage having been the same and both periods alike under the administration of this Committee), it will be found that the increased earnings in 1880 were as follows:—

In Through Freight increase.....	\$34,323 19	or	49.95 per cent.
“ Local Passengers “	13,404 97	“	07.22 “
“ “ Freight “	48,001 58	“	15.06 “
“ Mail & Express services, incr.	2,527 07	“	12.61 “
“ Wharfage & Storage, increase	3,089 01	“	34.81 “
“ All other sources, increase ...	708 98	“	46.11 “
Aggregate increase on half-year ending 31st Dec., 1880	\$102,054 80	or	16.91 per cent.

4. The working expenses for the year 1880 have been at the rate of 63.33 per cent. of the gross earnings, and for the whole period under revision have represented 61.34 per cent. of the gross earnings.

The “working expenses” of the Northern Company during the previous six years (1874 to 1879 inclusive) have ranged from 57.07 to 63.66 per cent. of gross earnings, giving an average of 60.05 per cent.

Although this rate of working expenses is, on a Canadian standard, very moderate, still the working of a system which involves a broken gauge is necessarily costly, and it is indisputable that the absence of uniformity between the two lines, and between the Northern and all outlying lines, has caused much increased and exceptional expenditure, and prevented economies which would have otherwise resulted from the fusion; and it is significant that whilst the items of outlay affected by the broken gauge have severally advanced, those not so affected (such as Terminal Services, General Supplies and Charges and Miscellaneous Expenses) have, since the fusion, been reduced to the extent of 6.11 per cent.

The experience of the Committee justifies the belief, that on the gauge being assimilated, the rate of working expenses should be brought within the range of 56 to 58 per cent.

5. The expenditure on works chargeable to capital account has necessarily been heavy, in bringing the two lines into common working. The details of this expenditure will be found in the appendices, and it will be seen that important additions have been made to the locomotive and rolling stock, and to the station