

In fuel, (see Appendix H,) although the engine mileage has been increased by 12,325 miles, the consumption of fuel wood has been diminished by 3,520 cords, representing a saving of \$8,006 06. This saving although in part due to an improved system in the purchase and issue, is largely attributable to a new Locomotive Fire-grate, invented by Mr. Lister the Company's Locomotive Superintendent, and which, although not yet applied to all the engines, has enabled that officer to report an average cost for wood of 04.72 cents per engine-mile run, being the equivalent of 46 miles to each cord (of 128 cubic feet) of wood consumed.

In oil and waste the economy of the past year has been still more apparent, the reduction amounting to \$5,000 50, in the face of a rising market on the latter article. The introduction of mixed and crude earth oils, more careful use, and reduced issues, have contributed to this favourable result.

In the repair service of Locomotives and Rolling Stock the Directors anticipate further reductions during the current year consequent on the improved condition of the stock. The working of this department under the superintendence of Mr. Lister, has merited the approval of the Directors as safe, efficient, and economical.

The Directors availed of the closing of the capital account, and of the completion of all contract works, at the commencement of the present year, to re-organize the Company's staff; and by a redistribution of its duties, and a revision of the charges connected with them to effect very considerable reductions. Thus, the fusion of the offices of Secretary and Accountant, the abolition of the Engineering and Through Freight Departments, the closing of the New York, Boston, and Travelling agencies, and other minor changes, represent an annual reduction, in these general items of working expenses of upwards of \$12,000.

Due to the economies thus promoted throughout all the Departments, the working expenses have been reduced to $53\frac{3}{4}$ per cent., being very considerably lower than was reached during any previous years (see Appendix P) whilst the Contract Works were still in progress, and the restoration of the Line still imperfect; yet—as has already been shown—not lower than the permanent estimate upon which the recent operations of the Company have been based.