

\$269,392.75. In 1878-79 the working expenses for the corresponding period were \$1,386,999.01, and the receipts \$890,395.21, showing a deficiency in the eight months of \$496,603.78; while for the same period in 1879-80, the working expenses were \$1,026,358.55, and the receipts, \$939,478., or a deficiency of only \$86,880.55. I desire now to call the attention of the Committee, although the vote is not before the House, to the adoption of a similar policy in Prince Edward Island. Hon. gentlemen know that, with reference to the Prince Edward Island Railway, we have the same difficulty of an enormous deficit every year. In 1877-78, the revenue from that road was \$135,899.60; in 1878-79 the revenue was \$125,855.91, showing a falling off in the traffic of \$10,043.69. This falling off was due, to a considerable extent, to the same causes which affected the Intercolonial Railway. The operating expenses were slightly increased. The working expenses for 1877-78 were \$221,599.49; for 1878-79, \$223,313.12, or an increase of \$1,713.63, making a total deficit of \$97,457.21. Hon. gentlemen, I think, will see that it became essentially necessary to make an effort at all events to reduce that annual deficit, and I am happy to say that the adoption of the principle of cutting down salaries to the lowest amount possible, compatible with proper performance of the services required, and dispensing with every office that could possibly be dispensed with without impairing the efficiency of the road, has had the result of effecting a very marked economy in the operation. I may draw attention to the fact that the renewal of sleepers exceeded by some 31,000 the number of the previous year, which will partially account for the increase in the operating expenses. A comparative statement of the operating expenses for the nine months ending 31st March, 1879-80 with former years, will also give a gratifying evidence of what has been effected by these economies in regard to the Prince Edward Island Railway. The working expenses for the nine months ending March 31, 1879, amounted to \$176,393.21, while the working expenses for the same period of this year was only \$120,740.58, or a reduction of expenditure of \$55,652.63. The working expenses per mile for the nine months of

1877-78 were \$85.49; for the same period 1878-79 they were \$79.96, and for the corresponding nine months of 1879-80 they were only \$53.65. I have the assurance of all the parties who are responsible to me for the maintenance of the road, that everything is being maintained in a thorough state of efficiency, and that the present condition of both the roadway and the rolling-stock will compare favourably with that at any previous period. The receipts for the nine months ending March 31st, 1879, were \$96,561.97, while for the same period down to 31st March last, they were \$84,252.71, or a decrease of \$12,309.26. Hon. gentleman will, therefore, see the indispensable necessity of reducing the expenses of the operation of the road. I believe that for years no such difficulties have been encountered in the operation of the road, as during the present winter, owing to the severity of the storms, and, of course, that could not occur without great interruption to the business of the road. The result of my efforts, in the direction of economy, I think, are gratifying. The figures I have submitted to the House speak for themselves, and all I can say to the Committee now is, that I have exhausted every means in my power to satisfy myself that neither the condition of the road nor of the rolling-stock has suffered. Assuming that to be the case, the Government, I think, may feel greatly gratified at being able to present to the House the state of things exhibited in this vote—asking for the operation of 126 miles more road, with \$647,496 less than was expended in 1878-9. I am very sanguine that, with the increased trade and business of the country, of which we have the most gratifying evidence in every direction, and all along the Intercolonial, we shall see the most profitable results from this road. While asking for a considerable amount for this service, I believe that, after the present year, we may fairly hope, with the experience of the past year, that we shall reduce the deficit on the Intercolonial and Prince Edward Island Railways to a comparatively insignificant sum. I believe we may confidently anticipate that in a year the country will be entirely relieved from any charge over and above the amount of money received from the operation of the roads. After