

loss of the *Morrison*, and the reduced quantity of merchandise, and other freights, owing to the financial difficulties existing throughout the country. I would recommend the sale or charter of the boat interest on Lake Simcoe, as in such an event, the Road would receive the full benefits of the Lake traffic, and the trade be better served, and made more remunerative by having those pecuniarily interested in the management of the boats.

The receipts for the year, owing to the fact of no lake connections being had, were derived from local traffic only; this in connection with the reduction of the lumber tariff, and the general depression and falling off of all kinds of business, will account for seeming deficiency as compared with last year, but when the expenses of working the line and maintaining, in its present efficiency, the machinery and rolling stock is taken into account, the results, I trust, will not be found unsatisfactory.

I have been furnished with a full report from Mr. James Tillinghast, Superintendent of motive power, relative to the condition of machinery, locomotives and rolling stock generally—together with an account of stock, and details connected with his department, which is very satisfactory.

The passenger and baggage cars are generally in good running order.

The box and platform cars have been put in good order, and, with the exception of wheels, will require but little expense for ordinary repairs the coming season.

The locomotives have been improved materially during the last 12 months—twelve are in first-rate condition and three in good order, except tires for one of which we have tires on hand, the other two are in the shop for slight repairs. The machinery in the shop is as good as at date of last report. The stock of small tools is materially increased.

We have erected, during the year, in the machine shop, a force pump for supplying our engines and shops with water, which is now being done at a trifling expense.