

It will be borne in mind, I trust, that, to earn an increased revenue by Freight traffic, involves a much larger outlay in expenses for handling, hauling, and repairs of rolling stock and track in proportion to the receipts, than if earned by transportation of Passengers.

The expenses chargeable to maintenance of permanent way, repairs of bridges, rolling stock, and operating the road in the year 1860 were.....\$260,466 56
The same account in 1859 was..... 197,199 91

Showing an increase in expenses of.....\$ 63,266 65
This is due, in part, to increase of traffic, to the condition of the track, and expenses inseparable from the restoration account, and to certain other expenses over which I have had no control.

The Lumber and Timber traffic offering unusually heavy in the early spring and summer, it was found absolutely necessary to provide largely for the repairs of trackway, bridges, and rolling stock, to enable the road to earn its revenue.

The contract for the restoration of works, although submitted early in March in the year 1860, was not then entered upon. Had the work of renewal commenced immediately thereafter, revenue would have been relieved from expenses in repairs, for which new capital had been provided, and the rolling stock would have been benefitted by an improved roadway and track.

The restoration of track under the contract, it is to be regretted, was not commenced until the beginning of October; new ties were then introduced, more or less upon every mile of the line, and the work having been performed late in the year, much of it during the autumnal rainy season, without new ballast, left the superstructure in a condition to be easily affected by the frost, the joints heaving and settling, thereby presenting an exceedingly uneven surface, which unavoidably increases the expense of operating, and repairs of rolling stock.

This condition of things must continue to exist, to a greater or less extent, until the full completion of the restoration of works and stock, and it should not be expected that expenses can be reduced to their minimum until that period arrives.

The Depot Grounds at the new location required tracks for both

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