

120,000 bushels of grain with the requisite machinery for elevating it from vessels, and at Toronto of storage to a similar extent, together with the extension of the wharfage, so as to facilitate in every way the shipment of merchandise and produce of every description, has placed me in a position to transact an amount of business largely increased over that of last spring, with economy and despatch.

It is proper, however, to state, that a prudent foresight demands that your facilities should be continuously increased, in order to meet the growing demands of a business likely to augment *pro rata* with the growth of the Western States, and certain in another year only to be limited by your ability to transact it with satisfaction to the owners of the freight.

As much misconception in reference to your steamboat arrangements has gone abroad, it is necessary to offer a brief explanation of the considerations which induced me to recommend, and you to concur, in the expenditure necessary to the efficient connection of your road with the great channels of trade at either extremity.

It early became apparent to the promoters of the road, that, in order to develop the through traffic, it would become imperative on the Company to aid in the establishment of a steamboat service on the North Western lakes. The attention of the Company was also especially called to this subject in my last Annual Report, and it was readily admitted by all who examined the position of the road in connexion with the great lakes, and enquired into the extent of the probable local traffic on the Northern division, that unless such an arrangement could be effected, that portion of the road between Lakes Simcoe and Huron would not earn a sufficient revenue to maintain it in repair, and that its cost, together with the heavy outlay at Collingwood Harbour, would have remained an unproductive charge on the capital of the Company.