

improvements in the order of their importance and as rapidly as economy will permit. They confidently believe that this policy will result, in a few years, in bringing the proportion of working expenses down to a point that will bear comparison with the most favourably situated railways in America; and they do not hesitate to record the opinion that the proportion of working expenses to gross earnings will be brought down to 55 per cent., and even less.

The Canada Central Railway, which now forms a part of your main line, was originally built with little expectation that it would become a section in a trunk line with a heavy through traffic. That part of it between Carleton Place and Callander, 195 miles, has now to carry the traffic of the main line and of the Sault Ste-Marie branch as well, and has become difficult as well as expensive to work owing to its numerous grades and curves. It is the intention of the Directors to reduce the gradients and straighten the line to such extent as will secure the greatest economy and efficiency, and it is believed that the entire expenditure necessary can be saved in the cost of two or three years working.

Among the other improvements contemplated for the present year are additional workshops and a terminal yard at Montreal; workshops at Toronto Junction and Fort William; additional wharves and terminal facilities at Owen Sound; the completion of the terminal facilities in Toronto; filling timber trestles on the Lake Superior section; replacing the timber bridges and trestles on the