

1862, although credited at par, were subject (on a very large sum) to discounts on the American Currency received in the Through Trade, fluctuating during the season from 22 to 58 per cent., and amounting in the aggregate to a practical reduction of about \$22,000 from the earnings of that year. Thus there has been an actual (although not apparent) increase in the earnings of the past year to that extent, whilst of course the comparison of working expenses (in which the item of discounts is included) to revenue receipts in 1862 & '63 is favourably affected in the present returns to a like amount.

On examination of Appendix N, it will appear that although there has been but slight variation in the revenue earnings of the past three years, (1861, 62, and 63) yet there has been considerable change in the sources whence they have been derived; a change very favourable to the Local Traffic, always the most stable and remunerative of Railway operations.

Thus, 1863 shows an advance in Local Traffic Receipts, as compared with 1862, of \$72,439 50 (£14,884 16s. 7d. stg.), or equivalent to 22 $\frac{3}{4}$ per cent., exclusive of the avoidance of discounts already mentioned, and therefore more than compensating by such increase for a diminution in the earnings from Through Trade to nearly a like amount.

The Local Passenger Traffic continues to increase steadily, the year 1863 showing an advance of \$7,469 52 over 1862, and of \$3,074 70 over 1861. The loss in 1863 of the Traffic arising out of the Provincial Exhibition, held in Toronto in 1862, has in some degree been compensated by an extended Excursion Traffic; but apart from these exceptional sources, it is very satisfactory to note a steady growth in the regular business travel.

In the Traffic Department the Returns (see Appendices 1 to 10) show the operations of the year, and comparison with 1862, as follows:—

Passenger Traffic.	1863.	1862.	Increase.	Decrease.
Local Passengers paying.....	103,962	95,403	8,559	
Free, and Company's Service..	3,870	4,551		681
Foreign	nil.	1,575		1,575
Total.....	107,832	101,529	6,303	