

to have it removed, and consequently a large amount was brought to the city by the Yonge Street road—the limited storage at the stations referred to, being quite insufficient to hold the quantity in excess of that which your stock was capable of removing.

In the absence of the requisite storage, the large amount of grain brought forward, especially at the above named stations, during sleighing, would tax the stock of the best equipped roads to keep it clear, and inasmuch as only box cars can be used for its conveyance, it is very desirable that by increasing the capacity of your storehouses you facilitate the distribution of that description of traffic over a greater length of time, and thus prevent much of it from being diverted from your road.

The traffic expenses of the past year, as in comparison with the revenue, have somewhat exceeded my expectations. This excess is due chiefly to the opening of the Northern division of the road, when but comparatively little traffic could be obtained, as above-mentioned. The destruction of a large quantity of fuel, by fires in the woods contiguous to the road, also contributed to this excess; and it was further enhanced by the repairs of the machinery, due to the previous year, having been performed during the period covered by the present return—by the incompleteness of the repair-shops and machinery, during several months of the year—and by very expensive repairs on two freight locomotives, consequent to the collision at Richmond Hill.

The cost of freight labour has also been greatly increased by the incompleteness of the premises at this depot, and the insufficiency of side track here and at all the other stations, and the consequent difficulty of assorting the cars, and making up of trains.

These sources of increased expense have been, or are, in