with permanent work, much remains to be done this year and next.

The estimate in the last annual report, that the improvements made in roadway and bridges had resulted in a saving in working expenses equal to about 20 per cent. per annum on their cost, will hold good in regard to the improvements of the past year, and the improvements yet to be made will doubtless result in a proportionate saving. Your Directors, therefore, desire to proceed with and complete the work remaining to be done as soon as possible.

The completion of these works will, it is believed, place your Railway well in advance of any of the other transcontinental lines in point of economical working and general efficiency, and will go far towards reducing the cost of working to the point which your Directors fully believe will soon be reached, viz., 55 per cent of the gross earnings.

Aside from the completion and improvement of the permanent way, large additions must be made to the rolling stock to keep pace with the increasing traffic, but just when and to what extent these additions should be made must depend upon the development of business during the season.

An additional grain elevator of 1,500,000 bushels capacity should be built at Fort William during the present year, and another of 800,000 bushels at Winnipeg. Large additions to the Company's wharves at Vancouver, and to the terminal facilities at Montreal, Toronto and other points must be made. The Company's telegraph system should be extended to a number of important points not yet reached. Additional sidings for working purposes are needed at many points, and sidings for new industries are in constant demand.