

partly in passenger, but mainly in freight traffic. There was an increase of £20,000 in passenger traffic, and of £60,000 in freight traffic; and the freight increase was not from through business, but from local traffic, principally in Canada. I think we may all agree that we shall have no difficulty, with the connections which we have made, and those which we are making, and have in prospect, in accumulating to ourselves as much through traffic as we shall be able to carry; but one of our principal objects is to develop the local traffic of Canada. The increase from the Chicago and Grand Trunk was nearly £10,000, and 76,000 tons of traffic, exchanged with the Grand Trunk; and there was also a satisfactory increase, which I hope will be much larger in the future, on the traffic exchanged at the Niagara frontier with the New York lines.

Well, that amount having been earned in gross receipts, the next point to look at is the working expenses; and those were at the rate of 68·80 per cent. for the past half-year, against 68·08 for the corresponding half-year. Now, considering all those circumstances which I have detailed to you, of the disadvantages under which we were working, I think it reflects the greatest credit upon our officers that they have been able to keep the working expenses so low as they have done; and it encourages me very much for the future to hope that we shall be able to achieve—what I have always had in view—the reduction of our working expenses to 60 per cent. I say advisedly, seeing this result before us, that if we have only reasonable rates—and some day we shall get them—I have the hope, and the sanguine hope, that we shall ultimately be able to reduce our working expenses to 60 per cent. Deducting, then, the