

Collingwood) have been efficiently served by a first-class line of four propellers, and with the exception of the opening months of the season, the through traffic has been successfully worked, and the credit of the route maintained and strengthened. During those months, in consequence of the scarcity of vessels on Lake Ontario, due to the larger profits of long voyages, the arrangements originally made on the lower waters failed, and most serious embarrassments resulted in the delay and accumulation of freight arriving from the westward, and the consequent liability of the Company for damages, as illustrated in the account under that heading. These difficulties were subsequently removed by the provision of two propellers in the line, which, during the remainder of the season, prevented further accumulations by the shipment of the freight at the rates adjusted in the previous winter when the Upper Lake line was organized. The Directors have, by a committee, investigated the terms upon which the Lake Ontario freight was thus carried, and in a report upon the subject they have already expressed their unanimous opinion that the rates paid were below those current in the general trade, and that the service of the boats in question was necessary and advantageous to the interests of the Company, which without them would have suffered incalculable injury. The Directors have further submitted the whole question to the examination and judgment of the Company's Auditors, who, in their report, now appended, state that the rates paid to the propellers referred to were universally lower than those current on Lake Ontario, and in some cases very considerably so, thus justifying and endorsing the opinions formed by the Directors on their own personal examination of the facts.

#### 5TH—GENERAL.

The Directors have to congratulate the Proprietary on the position now attained by the Company in relation to the Relief Act of 1859.

The provisions of that Act have now been fully and faithfully complied with. The liabilities of the Company have been adjusted and paid off; the works of the line have been restored to a high standard of permanent efficiency, and without any additional impost upon the public by advance in tariff charges, the trade and revenues