

have hitherto been embarrassed. The Toronto elevator and store-house have been reconstructed and enlarged, giving a receiving and shipping power of 4,000 bushels per hour, with additional storage capacity for 46,000 bushels of grain; the full capacity being already engaged under contract for use in the local grain traffic of the current winter. A new flour shed for Montreal consignments, capable of storing 6,000 barrels, has also been erected; and the whole establishment is now upon a standard which will secure the economical, safe, and rapid handling of the traffic of the line, whether "local" or "through."

Of these and minor wants of a special character, the particulars will be found in the Engineer's Report and its appendices. The Directors refer to them here, as illustrating the ruling policy of the Company in the promotion of the local traffic, and in the provision, from time to time, of such facilities as may assist to strengthen and extend it.

#### 4TH—OPERATION OF THE LINE.

For the details of this service the Directors refer to the Report of the Superintendent and the statements appended thereto.

It will be there seen that although the tonnage of freight carried shows an increase upon 1861, the mileage of trains has been sensibly reduced, and although this economy is unaccompanied by a reduction in the gross per centage of expenditure to earnings, it goes to prove that such expenditure is due to the external causes already cited, viz.: the advanced prices of materials, the unprecedented burden of exchange consequent upon a depreciated currency, and a fluctuation during the season in the price of gold, (and therefore in conversion to a Canadian Standard) ranging from par to 60½ premium. Against such conditions it was impossible to maintain a normal per centage of expenditure; and in the face of such difficulties, it is satisfactory and creditable to find that the proportionate expenditure has been 2½ per cent. lower in 1862 than it was in 1860, when no such disturbing influences existed.

The line has been worked with the same regularity and safety as have marked the operations of previous years.

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