

The various Lines of Railway now incorporated in the Grand Trunk Railway of Canada, were originally separate Schemes; and Contracts, more or less complete, and more or less corresponding with those under which the works have been carried out, had been initiated by the separate Companies previously to the Amalgamation.

In settling the provisions of these Contracts, the lengths of Sidings and the amount of Rolling Stock were in some cases reduced by the intervention of the Canadian Legislature, some of whose Members actively cooperated in all the arrangements, and in the details of the Contracts. In other respects, limitations were made in the specific requirements of the Contracts, with the view of keeping down the cost, and in some particulars, a necessarily partial knowledge of what had to be done may have led to omissions, while the extremely limited extent of Railway operations in Canada gave no adequate precedents of the forms of construction best suited for a climate of extreme severity and vicissitudes.

These circumstances will help to explain alterations and additions which subsequent experience may have proved to be necessary, and at the same time to show the reason why the Directors have been unable to realise the assurance expressed in the Appendix to the Prospectus, that the whole Railway, fully equipped and complete in every respect, would be delivered free from any further charge whatever.

The various contracts, while aiming at a guaranteed amount, are nevertheless accompanied by specific provisions; and where these provisions have been exceeded, extra cost has of necessity arisen. In reference to these extras on the Montreal and Toronto Line, the report of Mr. A. M. Ross, the Engineer-in-chief, dated February 21st, 1855, gave full explanation, before the extra works themselves were constructed; and as it has been stated that no authority was given to him to carry them out, it is only due to him to state that I have not learned that any orders were given that the extras referred to should not be incurred, either at that time, or when the accounts for them began to come in.

Coincident with the progress of the bulk of the work, a great increase arose in the cost of labour, amounting to at least 50 per cent. above the price of labor in England. To this effect the carrying on of such an extent of Railway work at the same time, no doubt, largely contributed. It has been stated to me that out of a population of about one million and a quarter, in Upper Canada, there were at one time, in that portion of the Province, about 16,000 workmen on the lists of the Contractors, in daily employ on the actual works, in addition to quarrymen, "lumberers" and others, engaged in preparing materials.

At the same time, it must not be forgotten that the greater portion of the works under consideration has been carried out under circumstances of extraordinary financial difficulty, and that they have, notwithstanding, been conducted by the Contractors with energy, and in some cases with extraordinary rapidity. There cannot be a doubt but that to the perseverance thus exhibited must be ascribed the avoidance of the embarrassment, complication and loss which must have ensued from the abandonment of the work. The Company has thereby been enabled to fulfil its obligations to the Province and the public, to an extent and in a manner which, I venture to think, should command the fullest consideration from the country so greatly and permanently benefitted by these exertions.

With these circumstances prominently in view, you would doubtless feel that the Contractors merited at your hands such indulgence as might not be inconsistent with justice to your Shareholders.