

The subscription of stock made by the Government, under the authority of the late Act, to the amount of £. 50,000, leaves but £. 57,000 to be taken up, provided purchasers can be formed for the £. 10,000 forfeited.

The operations of the next season must be very speedily commenced; the payments in the stock held by the Government will enable the Company for several months to prosecute the work with vigour; but in the present depressed state of the commerce in this part of the world, an uncertainty very perplexing to the Company remains as to the residue of the stock, without which a suspension of operations must take place, disadvantageous to the Undertaking, and embarrassing to the Contractors.

His Excellency is aware that the stock held by the Government is accepted under the Act, upon the condition, that in consideration of its being paid up in full as rapidly as it may be required, the Company is to pay to the Government interest at six per cent upon the whole amount, £. 50,000, until the expiration of one year after the Canal is completed from the Grand River to Lake Ontario.

It becomes, therefore, the more urgent upon the Company to hasten as much as possible the consummation of the work; and they are confident his Excellency feels deeply of how much importance its completion is to the western sections of Upper Canada. There seems in this advanced stage of the Undertaking no reason to doubt that the hopes hitherto entertained of completing the whole Canal for about £. 230,000 will be realized. There has been already expended upon it about £. 90,000, including the £. 25,000 lent by the Government. The remaining instalments upon the stock now held by individuals will produce £. 25,000; and this sum, with the £. 50,000 now subscribed by the Government, and the aid very generously intended to be contributed by the Imperial Government, if it can be obtained during the present season, will enable the President and Directors to expend a sum not less than £. 93,000 during the present season, and as soon as the contractors may require it.

Thus his Excellency will perceive, that there has been already expended on the Welland Canal £. 90,000, and that the Directors can apply, during the approaching season, the sum of £. 93,000, which leaves not more than £. 50,000, to enable the Company to proceed without interruption.

The Company trust that they may, without impropriety, allude to a communication which on a former occasion was made to the Legislature, that His Majesty's Government would, on certain conditions, and in furtherance of objects of public benefit to the Colony, advance sums of money upon the same rate of interest as must be paid by His Majesty's Government, and on terms that would admit of the debt being very gradually extinguished.

Assuming that £. 50,000, would suffice in addition to the present means of the Company to complete both sections of the Canal, it has suggested itself to the Directors, that if His Majesty's Government would consider the actual expenditure of £. 170,000, as sufficient security to render it prudent to afford the accommodation alluded to, and would raise, by loan in England, for the Company, the funds still wanting, say £. 50,000, sterling, the Directors, relieved from the uncertainty of stock being subscribed by individuals, might safely proceed to put the western section of the Canal, from the Welland to the Grand River, at once under contract, and the certainty would be afforded of the navigation being completed with the least possible delay; it need scarcely be mentioned, that if the remaining £. 57,000, stock should be subscribed in America, it would of course enable the Company immediately to redeem the loan.

The Directors consider it so desirable to arrive at once at the assurance of sufficient funds, that they would deem the accommodation suggested very important, if it were even accompanied with the condition that His Majesty's Government should withhold the proposed aid offered by Lord Bathurst's dispatch of 30 September last, and apply it to the payment of the accruing interest on the loan.

I have, &c. &c.

(signed) *John H. Dunn,*

President Welland Canal Company.