

present representing an aggregate sum of about £4,000,000 sterling, of the Company's bonds, &c., and after considerable discussion and several meetings, the following resolution was unanimously adopted, viz. :—

“That it be recommended that powers be applied for in the ensuing Session of the Canadian Parliament to convert the Postal and Military Bonds (say) £1,200,000 into Equipment Mortgage Bonds, bearing a fixed rate of interest of (say) six per cent., and to raise a further sum of £480,000 Equipment Funds for the purposes of the Company; the whole issue of these Equipment Mortgage Bonds, then being £1,700,000, payable 1st, out of the Postal and Military Revenue; and 2nd, if need be, out of the general net income.

“That the Act be subject to the consent of the Postal and Military Bondholders, and to a vote of three-fifths of the Bond and Stockholders present at a special meeting.

“Also, that powers be applied to change the name of the Company to the ‘Canadian Railway Company.’”

The above resolution was afterwards made the subject of a special report by the Board to the adjourned meeting on the 30th May, 1867, when a large number of holders of all classes of securities being present, a resolution, almost identical with that passed by the Committee which I have just read, was adopted, with only nine dissentients.

The Board then proceeded to draw the Bill to carry out the arrangements agreed upon, and amongst other things included clauses, as recommended in their report in April, 1867, for the re-arrangement of the capital account of the Company. The Bill was then referred to in the next report, that for the half-year ending 30th June last, which was laid before a general meeting of the Board and shareholders, on the 30th October last. At that meeting it appeared that a considerable number present objected to the clauses relating to changes in the capital account of the Company, contending that the arrangement come to in 1862, was a compact which ought not to be disturbed until the ten years for which it was made had at any rate run its course. After considerable discussion a deputation was appointed by the meeting to confer with the Directors, and endeavour to arrive at a decision which should be satisfactory to all parties interested. The deputation then met the Board on the 5th November, and after a full discussion arrived at the conclusion which is recorded in the minute I hold in my hand, but which it is not necessary for me to detain the Committee by reading at length. The Bill now before the Committee is unanimously agreed to and I am instructed to urge its speedy passage.

All the reports I have referred to were printed, and on the face of each a copy of the notice convening the general meetings was printed. A copy of each report and notice was posted to every bond and shareholder according to his registered address, so that the fullest notice has been given to every person interested.

I find I omitted to notice a matter which was referred to in the debate on the second reading, and which has very frequently been made the subject of remark in the press. I refer to the question of the comparative charges made for through and local freight. I see it was stated by one member that one cause of the embarrassments of the Company was that it carried through freight at rates which did not pay for the cost of carriage.

I am very glad indeed to have this opportunity of showing the entire mistake under which those statements are made, being as they are entirely opposed to the actual facts. For the last two years, at any rate, this Company has given in every way preference to the carriage of local freight as against through, although in doing so, in many cases, the through freight pays the best, both as regards the actual rates received and the long distances over which the through freight is carried. But the fact is, that through freight is only carried when sufficient local business does not exist to fully employ the Company's rolling stock, as happens to be the case at the present time.

And now I will quote some figures to shew what the relative rates are for through and local freight. Of course in summer when the local trade is very small, and there is no demand for our cars, we carry at lower rates from Sarnia than during the busy seasons of fall and spring. But during last month, when freights were heavy all over the continent, our rate on a barrel of American flour, from Sarnia to Portland, was \$1.50 a barrel or \$15 a ton. The distance is 795 miles which makes the rate very nearly two cents per ton per