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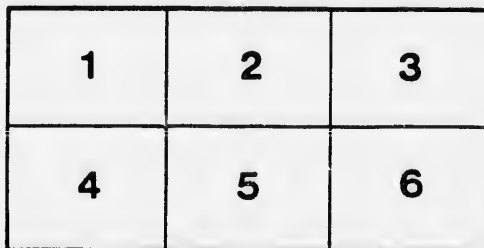
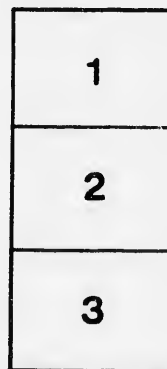
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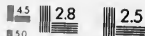
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GLOBE

Toronto, Grey and Bruce Railway

PROPOSALS OF THE COMPANY

IN REFERENCE TO

THE CONTEMPLATED
CHANGE OF THE GAUGE,

—AND—

THE GENERAL IMPROVEMENT OF THE RAILWAY.

*With Financial Statements, and Letters and
Resolutions relating thereto.*

TORONTO:

GLOBE PRINTING COMPANY, PRINTERS AND ENGRAVERS,

1880.

TO THE

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GENTLEMEN,

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TO THE RATEPAYERS OF THE MUNICIPALITIES
ALONG THE LINE OF THE
Toronto, Grey and Bruce Railway.

GENTLEMEN,

1. The Directors of the Toronto, Grey and Bruce Railway Company beg herewith to lay before you, in as concise a form as possible, the proposals of the Company, having reference to the contemplated change of the gauge and the general improvement of the railway; also the financial statements relating thereto, and letters and resolutions which bear upon the subject. In doing this they would draw attention to the fact that in consequence of the Government of Ontario having last session decided to render no assistance to railways, the statements of estimates now submitted differ in some particulars from those which were laid before the ratepayers some time ago, when it was thought the Company would certainly obtain Government assistance.

2. The changes which have been made, and which the loss of the Government money necessitate, will be found by comparing the schedules. The principal item of difference consists in the addition to the amount payable by the bondholders. The changes made do not embrace any increase in the amount of the bonuses to be asked from the municipalities, which still remains at a total of \$400,000. These have been made no larger under the new scheme than they were under the old one. Neither are the slight alterations which it has been found necessary to make in the schedules of expenditure of such a nature as will in any way lessen the efficiency of the railway, which, under the new arrangement as under the former one, it is contemplated to make as perfect as possible, and provide facilities of transport and communication with all the railways of Canada and the United States.

3. The deficiency in the Company's finances, caused by the withholding of the Government money, has, in the scheme now submitted to you, been made up by placing a sum of about \$146,000, the amount found to be short, as a charge upon the future revenues of the Company, spreading that charge over a term of years. This is virtually placing that sum as an additional burden upon the bondholders, who, during the years in which the revenue is being so appropriated to the liquidation of charges on capital account, must accept a rate of interest lower than the five per cent., which had been previously agreed upon.

4. The Canadian bondholders, at a meeting held in Toronto in March last, agreed to recommend the English Bondholders to join with them and bear the additional burden cast upon them by the Directors

under this new arrangement, provided the municipalities carry out that portion of the proposal which has been allotted to them. The resolutions on the subject adopted by the Canadian bondholders are appended hereto.

5. During the recent session of the Legislature of Ontario, the Company applied for and obtained the sanction of Parliament to the appointment of a Commissioner, who, in case the municipalities grant the necessary bonus and the scheme is carried out, is to be nominated by the Lieut.-Governor in Council, and without his permission the bondholders cannot receive a higher rate of interest than three per cent. for the next three years after the present year, or higher than four per cent. thereafter; and before he can give such permission he is to satisfy himself, both by examination of the railway and inspection of the books of the Company, that the physical condition of the railway is in every particular sufficient for the safe and effective service of the public, and if not, he may refuse to allow any further interest to be paid until the necessary work is done out of the funds which would otherwise be employed in paying interest to the bondholders; thus standing, as it were, as a protection to the public that their interests shall be looked after, and that no future prospect of the municipalities being ever hereafter applied to for additional bonus shall arise.

6. As a further guarantee that the interests of the municipalities shall be fully protected, the Company has provided in the Act before referred to, that in addition to the Municipal Directors already sitting at the Board for the City of Toronto and the County of Grey, two others shall be elected by the Reeves of the municipalities granting bonuses: the one for that portion of the railway situate between Toronto and Amaranth, including Orangeville, the other for that portion between Orangeville and Teeswater.

7. The accompanying reports of Col. Gzowski and Mr. Walter Shanly show what, in the opinion of these gentlemen, would be the result, both to the country and to the Company, were the line to remain longer hampered with its present narrow gauge. The advice of Messrs. Gzowski and Shanly was asked professionally by the Directors, as both these gentlemen are well known to everyone to be thoroughly well qualified to express an opinion on such a subject, and to verify the estimates of the Company's own engineer. The opinion of Mr. Hickson, the General Manager of the Grand Trunk Railway Company, was also sought, and his letter on the subject is appended.

8. Mr. Hickson's letter of 9th inst., addressed to the General Manager, has just been received, and as it bears upon the subject, I have appended it.

9. Your careful consideration of the statements, copies of resolutions, and letters accompanying this is requested. It is believed that what is now proposed is in the best interests of the various municipalities concerned.

I am, Gentlemen, your obed't servant,

WILLIAM RAMSAY,

Vice-President.

TORONTO, April, 1880.

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PROPOSAL FOR
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Three copies of the present physical and financial statements follows:

First. Total Debt of the City of Toronto and the County of Grey, and the bondholders' Road.

Second. Traffic for a year, and a year, and a year, approaching the rails are unfit for traffic, which is unsatisfactory, and has been allowed.

Third. The two lines of the Great Western for traffic in the City of Toronto.

The London and Western of Ontario, and the City of Huron.

The Hamilton and Northern Railway, the neighborhood of Orangeville and Flesherton.

The Northern Railway, the northern portion of the U.S. West.

When the traffic of the U.S. West there was no R.

TORONTO, GREY AND BRUCE RAILWAY.

PROPOSAL FOR CHANGING THE GAUGE OF THE RAILWAY, RECONSTRUCTING IT UPON A GAUGE OF FOUR FEET EIGHT AND ONE-HALF INCHES, AND RE-ARRANGING THE DEBT OF THE COMPANY.

Three combined circumstances render it necessary and desirable at the present time that a radical change shall be made in reference to the physical and financial affairs of this Railway. These may be stated as follows:

First. THE FINANCIAL CONDITION.—The interest upon the Bonded Debt of the Company has not been paid since the 1st of January, 1878, and the bondholders can therefore at any time take possession of the Road.

Second. THE PHYSICAL CONDITION.—The Railway has been open for traffic for a period, varying according to its locality, of from nine to six years, and as a consequence, the timber structures are now rapidly approaching decay; a large proportion of the original light 40 lb. iron rails are unfit for further traffic; and that portion of the Rolling Stock which is unsuitable for use upon a Railway of 4 feet 8½ inch gauge has been allowed to deteriorate.

Third. COMPETITIVE RAILWAYS in the District served by the Railway.—The two lines of *The Wellington, Grey and Bruce Railway* (branches of the Great Western of Canada) compete strongly with this Company for traffic in the district west of Orangeville.

The London, Huron and Bruce Railway (also a branch of the Great Western of Canada) aids the former in their competition, in the Counties of Huron and Bruce.

The Hamilton and North-Western Railway, now amalgamated with the Northern Railway of Canada, competes with this Company in the neighborhood of the Townships of Albion and Caledon, at Bolton, Mono Road and Charleston Stations of this Company; and again to the north of Orangeville it is also in competition with the Shelburne, Dundalk and Flesherton Stations of the Toronto, Grey and Bruce Railway.

The Northern Railway of Canada competes with this Company in the northern portion of the County of Grey, and also very strongly in the traffic of the Upper Lakes, and traffic for Manitoba and the Great North-West.

When the Toronto, Grey and Bruce Railway was first projected there was no Railway at all in the district lying between the Northern

Railway of Canada (which at that time had its terminus at Collingwood but which has since been extended into the territory as far as Menford) on the east; the Buffalo and Goderich Branch of the Grand Trunk Railway on the west; and the main line of the Grand Trunk Railway on the south.

The two branches of the Wellington, Grey and Bruce Railway were however constructed at the same time as this Railway; the London, Huron and Bruce Railway was opened for traffic in 1876; The Hamilton and North-Western was opened in January, 1878; and at the present time the following additional Railways are also under construction:—

The Credit Valley Railway, which runs from Toronto, and will compete with this Railway at the following stations:—Charleston, Alton, Orangeville (at the two latter places it will have stations), Amaranth, Waldemar and Arthur. The rails on this Railway are now laid to Alton, will reach Orangeville this year, and are also already laid to Hillsburg, a point which will compete with Amaranth and Waldemar. This Railway will most likely be in active operation next June or July.

The Georgian Bay and Wellington Railway is under construction between Palmerston (a station on the Wellington, Grey and Bruce Railway), Mount Forest and Durham; it is being surveyed at the present time from Durham to Owen Sound also.

The Stratford and Lake Huron Railway is also under construction between Listowel, Harriston (where it crosses this Railway), and Winton, situated on the Georgian Bay, 20 miles to the north of Owen Sound.

These competitive and intersecting Railways are all of the present standard gauge of the country, 4 feet 8½ inches, excepting the Northern Railway of Canada, which still retains the former standard gauge of 5 feet 6 inches, while the Toronto, Grey and Bruce Railway has the exceptional gauge of 3 feet 6 inches, which, while it does not allow it to compete upon equal terms with its rivals, shuts it out also from any benefit which might be otherwise derived from some of the intersecting Railways by an exchange of traffic, were it also of the standard gauge of 4 feet 8½ inches, in which event a free interchange of cars with other Railways would result, and opportunities would be afforded of obtaining large numbers of cars at short notice from them.

THE TIME THEREFORE HAS ARRIVED, and should be no longer delayed, if life is to be retained in the Toronto, Grey and Bruce Railway, for a vigorous effort to be made by those who are interested in its welfare to put it in such a condition as will at least enable it to compete upon equal terms with its rivals, and draw from them any advantage which may be forthcoming from an interchange of traffic with any of them.

The parties who have such interest in the Railway are three in number, viz: The Government of Ontario; the various municipalities served by the Railway; and the holders of the Bonds of the Company. The original Stockholders may be omitted altogether from the calculation, as their money may be considered lost for ever.

The proposal by the carrying out of which new life and vigor can be infused into the concern, and its finances placed in such a condition as to bid fair for its prosperity in the future, may be shortly stated as follows:—

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one to that of 1 foot 8½ inches, the standard gauge of the country, and in so doing to reconstruct in a considerable measure the Railway, taking up the present iron rails between Toronto and Owen Sound, and laying in their stead steel rails of 56 lbs. weight; to do away with the present objectionable location across the Humber Valley, substituting in the place of sharp curves, severe gradients, and a timber bridge over the river, a straight line, at a higher level, with comparatively easy gradients, and an Iron Bridge over the Humber; to cut down all steep gradients rising towards Toronto (the direction in which the heavy loads have to be carried), so that for the first sixty miles from Toronto the ruling gradients will be reduced from 1 in 60 or 88 feet per mile to 1 in 89 or 58 feet per mile, thus enabling a locomotive engine of the same power to take a load of at least four additional cars; to do away with all trestlework and timber bridges which have not got at least five years' life still left in them, substituting instead masonry and earthwork.

To make a connection with the Grand Trunk, Great Western, Hamilton and North-Western, and Stratford and Lake Huron, and other Railways for interchange of traffic.

To provide proper terminal facilities at Toronto and Owen Sound to permit of the carrying of through traffic.

To generally improve the stations, erect new ones, and lay new sidings where the development of the traffic renders it necessary.

To thoroughly fence the Railway, and erect snow fences where necessary.

To provide additional machinery for the Repair Shops at Toronto, and to purchase the property and shops which are now held under lease.

To alter such of the existing Locomotive Engines and Cars as are available for the purpose, and to provide such additional ones as will be requisite to properly conduct the business of the Railway.

2. In order to effect the improvements enumerated above, it is estimated that a sum of \$950,000 will be needed, but after making an allowance for the value of the old rails and useless Rolling Stock, the net amount which will be required to be raised will be \$800,000.

This amount, it is proposed, shall be provided by the three interests above named, and in the proportions and number hereafter set forth.

3. *The Government of Ontario.* The new works contemplated are of such manifest advantage to the public, that the Government of Ontario are asked to contribute from the funds at their disposal an amount of \$200,000.

4. The total amount which it is proposed to ask the various Municipalities which the Railway serves to contribute as their share of the work is represented by a sum of \$450,000. There is no doubt that they, more than any other interest, have derived a large benefit from the construction of the Railway; they readily admit this to be the fact, and the assessed value of the land in each municipality before the construction of the Railway and its present value, proves incontestably the very great benefit which they have derived from this work in the past. Meetings have been held with the representatives of nearly every municipality, and considerable encouragement has been given to the Company at these interviews, the only question between them and the Company being in many instances one of amount.

5. *The Bonded Debt of the Company.*—This amounts at the present time to \$2,000,000, bearing interest at the rate of six per cent. per annum, out of which has unfortunately only been able to be paid for two years since the issue was authorized by the bondholders, viz.: from the 1st of January, 1876, to the 1st January, 1878. The bondholders have therefore already been sufferers to the extent of two years' interest on their investment, amounting in the gross to \$240,000. They are asked in the present proposal to forego any claim for this loss, and to sacrifice their interest for one year more. The total sacrifice therefore, which is asked of the bondholders will be \$360,000.

An informal meeting of the larger bondholders resident in Canada was held in Toronto in the month of October, at which a representation was present amounting to about \$700,000 worth of the bonds, or say one-third of the total issue, at which, after they had carefully examined the affairs of the Company and its future prospects, they passed a resolution which provides that the bonds, when they mature, shall be given up with the last six coupons in exchange for perpetual FIVE per cent. Debenture Stock, which shall occupy the same ground now occupied by the First Mortgage Bond, and shall, like them, be a first charge and mortgage upon everything upon which the present bonds are a first charge. It is further provided that during three years no more than *three* per cent. shall be paid unless a Commissioner, to be appointed by the Ontario Government, shall first certify that the Railway has been efficiently maintained, and that enough has been fairly earned to pay more. The same safeguard for duly maintaining and paying no more than has been fairly earned by the Railway, is provided for in the years succeeding the first three years, by preventing the Company from paying more than *four* per cent., unless the Commissioner shall in like manner certify as before that there is fairly a *five* per cent. earned.

The resolution further provides that an issue of six per cent. Bonds maturing in twenty years, and secured by the Postal Revenue of the Railway, shall be authorized by the bondholders to an extent not exceeding \$200,000, and this becomes a claim prior to the first mortgage bonds, and to be paid off out of revenue prior to the payment of any interest to the bondholders; and that a sum of \$5,000 shall be set aside annually from the other earnings of the Railway to provide for the redemption of the Postal Bonds by annual drawings. The present Revenue from the Postal Service amounts annually to \$12,000.

6. *Corroborative Testimony.*—In order that the best advice the country affords should be brought to bear on the proposal for changing the gauge and re-constructing the Railway, Col. Gzowski, C.E., and Walter Shanly, Esq., C. E., than whom there are no more eminent engineers in Canada, were invited by the Company to inspect the Railway, its equipment, and everything necessary to enable them to arrive at a thorough understanding of the whole case, and the circumstances connected therewith. The result of their inspection has been embodied by them in a Report which is appended, and should be read with all the care that the opinion of such eminent engineers undoubtedly will command.

Mr. Hickson, the General Manager of the Grand Trunk Railway, has

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also looked into the matter, and a copy of his letter on the subject is also attached.

A table has also been prepared which shows the earnings per mile of Railway, upon the Northern Railway of Canada, the Wellington, Grey and Bruce Railway, and the London, Huron and Bruce Railway wide or standard gauge Railways, in comparison with what has been earned upon the narrow gauge Toronto, Grey and Bruce Railway during the past year, 1878. These Railways, as has already been pointed out, to a great extent serve the same territory, and it may be considered a fair evidence of the increased value of the traffic to be expected when the gauge of the Toronto, Grey and Bruce Railway is assimilated to that of the leading Lines of the country.

EDMUND WRAGGE,

Chief Engineer and General Manager.

TORONTO, 21st November, 1879.

REPORT OF COL. GZOWSKI, C. E., AND WALTER
SHANLY, Esq., C. E.

TORONTO, 13th November, 1879.

To the President and Directors

Toronto, Grey and Bruce Railway,

Toronto.

GENTLEMEN,—In the following memorandum we give you our views of the contemplated changes and improvements in the character of your railway, and on its financial prospects under its improved condition, as the result of our recent inspection of the line and examination of the Chief Engineer's (Mr. Wragge's) estimate of the cost of effecting the proposed improvements.

Your line occupies an undoubtedly good territorial position, covering a length of nearly two hundred miles as follows:

From Toronto to Orangeville Junction.....	52 miles.
“ Junction north-westwardly to Owen Sound.....	70 “
“ Junction westwardly to Teeswater.....	70 “

Total..... 192 miles.

Showing its geographical outline somewhat in the form of the letter Y—the stem 52 miles, and each arm, or prong, 70 miles long; the points of the latter, Owen Sound and Teeswater respectively, being about 45 miles apart. The road is thus well placed to command, and, were all other conditions equally favorable, certainly would command the chief local business of a wide area of highly productive and rapidly growing country; while its connection with lake navigation at Owen Sound enables it to bid for “through” traffic from without.

Your railway, however, is not in *undisputed* possession of the territory from which mainly its revenues are drawn, but is intersected, once

south and twice north-west and west of Orangeville, by the under-mentioned lines :

"Hamilton and North-Western."

"Port Dover, Stratford and Huron."

"Wellington, Grey and Bruce" (branch of the "Great Western"), while the

"London, Huron and Bruce" (also a "Great Western" appendage) approaches, you at one point within $4\frac{1}{2}$ miles, and is but 8 miles off at your Teeswater terminus.

With the two first named of these invading lines, you shall be in a position to either compete for or interchange traffic on equal terms. Towards the other two your attitude is one of competition only, both being controlled by an interest entirely adverse to yours. But you are not in a position either to compete or interchange with the former, or to compete only with the latter two, advantageously to yourselves, for the reason that while the others are of the standard width of 4 feet $8\frac{1}{2}$ inches, your line is laid on the exceptional gauge of 3 feet 6 inches. This question of

GAUGE.

is the very foremost one to be considered in discussing the changes and improvements needed; and we say emphatically that without the widening of the track no amount of expenditure that you may make for other improvements will ever enable you to cope successfully with the other lines within your territory; that without such radical change the municipalities embarked in it can never derive full benefit from the railway, or the property be made to pay interest on the borrowed capital comprising so large a portion of its cost, and the lenders of which invested in good faith, having no indirect advantages to look to for their reward.

In the memorandum of particulars and details drawn up by Mr. Wragge for our information, he enumerates the many ways in which the "break of gauge" militates against the successful working of the railway. It not only isolates it from connecting lines, thus limiting its market to Toronto only; but even *in* Toronto its evils are daily proven, in the preventing of delivery without transhipment of freight destined for warehouses, factories and granaries accessible to railway cars by standard gauge tracks only.

The competition you have to encounter will soon be still further increased in the district between Toronto and Orangeville, by the construction into that town of a branch of the Credit Valley Railway, a Toronto road now approaching completion, and alongside of which your "narrow gauge" will have no chance at all.

We repeat, then, that the very first step towards retrieving the fortunes of the Toronto, Grey and Bruce Railway, the *only* way of saving it from being crushed out of existence by its wide gauge rivals, is the immediate conversion of its gauge to that of theirs.

The other changes contemplated for the improvement of the line are enumerated in Schedule A herewith, and while differing from Mr. Wragge in some matters of detail, we are quite in accord with

him as to restoration of the line. The result agreed upon is about \$950,000. Against this cash value money required. The scheme is not a few years but a few not be out

It is proposed to Sound—12 miles of traffic, and the Western—the iron idea of getting years, still from revenue feel satisfied, further subsidizing upon the steel. The whole and the deney of price Wragge has made, that is insufficient.

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him as to the works most essential to its proper and permanent restoration, and though in several instances we distribute the expenditure necessary to such restoration not exactly as he does, our general result agrees very closely with his—showing a total needed outlay of about \$950,000, in which is of course included the changing of the gauge. Against this amount, however, is to be credited the estimated selling cash value of old rails and other materials, thus reducing the amount of money required to be raised in other ways to, in round numbers, \$800,000.

The scheduled items of outlay will generally explain themselves, but a few remarks here in reference to some of the larger ones will not be out of place: and first, as to

THE TRACK.

It is proposed to lay it with steel rails between Toronto and Owen Sound—122 miles—that portion of the road having the heaviest traffic, and the rails (of iron) being for the most part worn out. On the Western Division, Orangeville Junction to Teeswater—70 miles—the iron is still in good condition, and we concur in Mr. Wragge's idea of getting out of it all the wear, and which may be estimated by years, still left in it; renewals—in steel—to be made gradually *and from revenue*, as a charge upon "maintenance of way;" which, we feel satisfied, can be done without involving the necessity of seeking further subsidies or bonuses, and also without again in any way drawing upon the bondholders.

The steel rail item, with fastenings, etc., absorbs more than half the whole anticipated outlay, and though, in view of the upward tendency of prices, we have put a higher valuation on rails than Mr. Wragge has done, it is not improbable, unless an early contract be made, that even our estimate (\$40 per ton) may by and by prove insufficient.

The second largest item under the head of construction is for straightening the line across the Valley of the Humber, and erecting a new bridge over the river. The existing location involves a most objectionable combination of abrupt curves and steep gradients, and the improvement to be effected by the proposed outlay (\$66,000) at this point will be a very noticeable and important one.

It is also designed to expend a considerable sum (\$53,000) in the reconstruction of and giving a character of stability to bridges and culverts generally. The bridging is not a large feature in the construction of the road, and one of the chief structures of the kind is on the "spur" from the main line (Western Division) into the Village of Mount Forest, where it might perhaps be judicious not to incur any outlay, but abandoning the spur (about a mile long) by which the village is reached, erect a station on the main line, to which the business of the place should come.

ROLLING STOCK.

Under this heading it is proposed to expend something over \$190,000 in supplying a certain number of new engines and cars, and remodeling the present ones to adapt them to the widened gauge. This, with

the roadway in its improved condition, should give rolling stock enough to serve the existing needs of traffic, and as the latter grows, additional power can be provided for out of increasing revenue.

Under the above arrangement and expenditure the road, reconstructed on the standard gauge, would open with

- 17 Engines.
- 16 Passenger Cars.
- 335 Freight Cars.
- 4 Post Office and Express Cars,
- 4 Baggage and Smoking Cars.
- 10 Conductors' Vans, etc.

THE ROAD-BED.

we found, for the most part, in very fair order, having been originally well constructed, and now requiring comparatively little work or money to suit it to the wider track. The estimate for changes and improvements in this direction provides for the "easing" of some particularly objectionable grades, and covers as much alteration in that respect as can be judiciously undertaken.

THE FUTURE OF THE RAILWAY.

In looking into the traffic returns for the seven years that the road has been in use, we find that in one year (1876) the gross receipts were \$372,336, the highest figure ever reached, and were derived chiefly from "the Farm;" the next largest source of traffic was "the Forest,"—in many years the largest of all. Under the depressed condition of business of all classes prevailing the last few years, earnings fell off very much, of course, while—owing to the crippled condition of the line—working expenses equally, of course, increased.

The timber traffic, the main item of revenue in the earlier history of your railway, now shows a marked declension year by year. This was to have been expected; but as the forests recede, the area of cultivated land widens, and in its products will be found the enduring and always increasing wealth of the country. The townships traversed by your forked highway are simply splendid as agricultural districts, and with the projected improvements carried out, and having the metropolitan city of Toronto for its port of delivery, the Toronto, Grey and Bruce Railway should assuredly be able to appropriate, against all competitors, the largest share of the local business, and to draw considerable traffic from the Upper Lakes besides. The amount of revenue already earned in one year (the "best year" as quoted above) falls not very far short of enough, with working expenses brought down to a *minimum*, to pay interest on the bonded debt, and all other liabilities as well. That the revenue can be largely and speedily increased beyond the amount (\$372,336), and that it will go on steadily increasing, we see no reason to doubt; and we as confidently believe that there will by and by, and as wanted, be "surplus earnings" enough to provide for such further improvements as an improving traffic may demand. Steel rails for the Western Division, additional rolling stock and

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station accommodation ought to be, as already observed above, all paid for out of earnings—not, of course, all at once, but gradually—and the road thus brought to its highest condition of efficiency without the rate-payers being ever again called upon to increase their money-grants, the burden of which will press less heavily year by year, as the increasing prosperity of the line reflects that of the country it serves.

Respectfully submitted,

C. S. GZOWSKI,
W. SHANLY.

SCHEDULE A.

TORONTO, GREY AND BRUCE RAILWAY.

*Estimated cost of changing Gauge and other improvements.
Revised by C. S. Gzowski and W. Shanly on 13th Nov., 1879.*

Sundry deviations and changes of grades, etc.....		\$7,000
Deviation and new bridge at Humber.....		66,300
Bridges and culverts: general renewals.....		53,000
Cattle-guard renewals.....		2,000
Shops and Tools.....		15,000
Fencing (ordinary).....	20 miles,	\$500 00 10,000
“ (snow).....	20 “	600 00 12,000
Steel Rails.....	10,000 tons, 40 00	400,000
Spikes and fastenings.....		36,000
Ties.....	140,000 \$0 20	28,000
Tracklaying (change of gauge).....		36,000
Ballasting.....		7,000
Connection with Hamilton and N.-Western Railway.....		7,000
Station premises, Queen's Wharf.....		20,000
Rolling Stock.....		195,000
		<hr/>
At[?] for Contingencies.....		\$894,300
		55,700
Total cost of Improvements.....		<hr/>
Estimated selling value of old rails, etc., etc., about.....		\$950,000
		150,000
Amount required to be raised.....		<hr/>
		\$800,000

MR. HICKSON'S LETTERS.

GRAND TRUNK RAILWAY OF CANADA,
 GENERAL MANAGER'S OFFICE,
 MONTREAL, 19th Nov., 1879.

MY DEAR SIR,—I have perused with very great interest the statements which you left with me a day or two ago respecting the present position and proposed alterations and improvements of the Toronto, Grey and Bruce Railway. These documents consisted of a letter from yourself addressed to Messrs. Gzowski and Shanly, and the reports of those gentlemen on the present state of the line, with certain estimates of the cost of widening the gauge, and placing the road in a proper position, both as regards its permanent way and its rolling stock, to do an increased business and give that accommodation in the district through which it passes which can alone secure its financial success, and satisfy the people who contributed so largely in the first instance to its construction.

I cannot of course express any opinion as to the sufficiency of the estimates, but I should certainly be disposed to accept on that subject the views of two gentlemen so eminently qualified to give an opinion as are Messrs. Gzowski and Shanly.

The Toronto, Grey and Bruce Road was constructed since I became connected with the Grand Trunk Railway. I think you are aware that I ventured at the time when the line was being made to predict that a Railway of an exceptional gauge would not prove a success, and that at no very distant date it would be necessary to change it to the standard gauge of the country.

The relations of the Grand Trunk Company to the Toronto, Grey and Bruce have been of the most friendly character, and I can say, from personal observation and from my business experience, that every effort has been made to develop the traffic between the two lines, and that the executives of both have worked most earnestly to that end during the whole time that the Toronto, Grey and Bruce has been in existence. I am also equally well aware that the results have been disappointing, and that the Grand Trunk has not received from the road the traffic which they had a right to expect.

The exceptional gauge has led to expense in handling traffic at Toronto; it has proved a complete barrier to the development of some classes of traffic. Under any circumstances, and in reference to all business, it entails expense which, in a country like Canada, where transportation must necessarily be cheap, no railway company can afford.

I notice on looking over your statements that the following were the earnings of the Toronto, Grey and Bruce Railway, per mile, for the following years, ending June 30th:

1878.....	\$1,686
1879.....	1,484

Turning to the accounts of other companies, and notably those worked by the Great Western Company, running into precisely the

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EDMUND WRAGGE,
 General Man

DEAR SIR,—I le
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same district, I find that the earnings of the Wellington, Grey and Bruce line were, per mile,

1878..... \$2,019

1879..... 1,850

and of the London, Huron and Bruce line,

1878..... \$1,738

1879..... 1,640

I know of no reason why the Toronto, Grey and Bruce Company should not have earned as large a revenue per mile as these lines, except that to which I have already alluded, namely, the extra expense which has to be incurred in handling traffic, and the almost impossibility of developing some classes of traffic by a railway of an exceptional gauge, which cannot exchange rolling stock with other Companies.

The earnings of the Northern Railway, an older company, and no doubt to some extent better situated in the district than the Toronto, Grey and Bruce Company is, are very much larger per mile than any of the lines to which I have referred.

The district lying north of the Grand Trunk line, between Toronto and Sarnia, is the finest agricultural part of Canada. Your line runs into the very heart of it, and with proper facilities at Owen Sound and at Toronto, which I understand it is proposed to make, I see no reason why, in addition to a large local traffic, you should not also secure in the summer months a large traffic at Owen Sound for transportation to Toronto, either for shipment there, or to be sent eastward by the Grand Trunk Railway.

With the Toronto, Grey and Bruce line in proper condition, its gauge changed to that of the standard gauge of the country, and fully equipped with rolling stock, I know of no reason why it should not do as well as its neighbors, and fully realise the programme laid down in the papers you placed in my hands, and which are returned herewith.

I am, my Dear Sir,

Yours very truly,

J. HICKSON,

General Manager.

EDMUND WRAGGE, Esq.,

General Manager, T. G. and B. R.,

Toronto.

GRAND TRUNK RAILWAY OF CANADA,
GENERAL MANAGER'S OFFICE,

MONTREAL, April 9th, 1880.

DEAR SIR,—I learn that a statement is being made to the effect that the Municipalities need not fear that the Toronto, Grey and Bruce Railway will be closed if they do not grant the bonuses you are asking from them, as in the event of your failing to secure the necessary support for the proposed changes, the Grand Trunk Company will carry them out and work the Railway.

It is not necessary that I should say to you personally that no arrangement between the two companies has even been discussed, because you are well aware of the fact.

I may say that no arrangement, as matters stand to-day, could be made between the companies of any advantage to either. The exceptional gauge of the Toronto, Grey and Bruce does not admit of a free interchange of traffic between its railway and that of the Grand Trunk Company, and interferes seriously with the further development of the business of your road.

I believe the most is made of the situation at the present moment, and unless the gauge of the Toronto, Grey and Bruce line should be changed to the standard gauge, I see no object which could be attained by any further agreement between the two companies than that which now exists, and which is simply confined to giving rates for business and affording the best facilities which the existing exceptional conditions will permit.

I am quite certain that there would be a large increase of traffic on the Toronto, Grey and Bruce if you should succeed in changing the gauge and improving the physical condition of the road. Despatch for business would be secured, and an exchange of rolling stock with other companies would afford additional facilities to the public.

The most friendly relations have always existed between the Toronto, Grey and Bruce and Grand Trunk Companies; I see no reason why they should not continue, and, if you succeed in changing the gauge of your line, be extended.

I am, my Dear Sir,

Yours faithfully,

J. HICKSON,

General Manager.

EDMUND WRAGGE, Esq.,

General Manager, T. G. and B. R.,

Toronto.

TABLE OF EARNINGS.

Comparative Gross Receipts per mile of various Railways—Year ending 30th June, 1878.

Northern Railway of Canada.....	\$4,101
Wellington, Grey and Bruce Railway.....	2,022
London, Huron and Bruce Railway.....	1,735
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Average of Northern Railway, Wellington, Grey and Bruce Railway, and London, Huron and Bruce Railway.....	\$2,643
<i>Toronto, Grey and Bruce Railway.....</i>	1,694

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RESOLUTIONS PASSED BY THE CANADIAN BOND
HOLDERS ON 9TH MARCH, 1880.

"Resolved,—That the bondholders of the Toronto, Grey and Bruce Railway Company here present have learned with much regret the decision of the Government of Ontario to grant no aid towards the Railway during the session just past. That having to-day heard a proposal made by the Board of Directors for the changing of the gauge and the reconstruction of the Railway without immediate assistance from the Government of Ontario, said proposal securing to the Municipalities the same advantages as were formerly offered to them, but entailing greater expense upon the bondholders; and having been requested by the company not to immediately take possession of the Railway, but to allow the company time to appeal to the Municipalities to ascertain whether they will agree to grant the necessary bonuses required from them under the new scheme now laid before us:

"Resolved,—That three months be allowed to the Board of Directors in which to test the feeling of the Municipalities in regard to the proposal of the Directors, and that in case a sum sufficient is granted by the Municipalities towards the scheme, this meeting hereby agrees to recommend to the English bondholders to accept the changes now made, and to request them to carry out the terms of the original resolution passed by them in December last, without exacting the condition that aid should be required from the Government of Ontario.

"Also Resolved,—That at the urgent request of the Board of Directors the bondholders agree to postpone action as to closing the road until 1st June, 1880, at which date, if no arrangement has been completed, financial difficulties will then compel them to close it, as no income is being derived by them from the road.—Carried."

CHIEF ENGINEER'S ESTIMATE OF COST OF CHANGE OF
GAUGE UNDER AMENDED ARRANGEMENT.

Deviation and High Level Bridge at the Humber, and Sundry short deviations.....	\$ 67,000
Alterations to Bridges, Culverts and Cattle-guards.....	45,000
New Station Buildings, additions to Shops and Engine Houses, and alterations to Station Yards.....	20,000
Fencing and Snow Fencing.....	10,000
Steel Rails and Fastenings.....	\$519,200
Less old " ".....	117,800
	————— 391,400
New Ties.....	20,000
Carried forward.....	\$533,500

<i>Brought forward</i>	\$533,500	
Track laying, Ballasting and changing Rails.....	42,760	
Elevator and Harbor Stock at Owen Sound.....	15,000	
Half cost of Junction with H. and N. W. R'y.....	2,500	
Alterations and additions to Rolling Stock... ..	107,435	
Sundry Work and Contingencies.....	63,666	
		<hr/>
		\$794,761
Deduct value of old Rolling Stock.....		133,525
		<hr/>
		\$661,236
New Rolling Stock and other equipments. (Shops at Toronto to be provided for by lease and paid out of Revenue).....		139,700
		<hr/>
		\$800,936
March 27th, 1880.		

\$794,761
133,525
\$661,236

139,700
\$800,936

