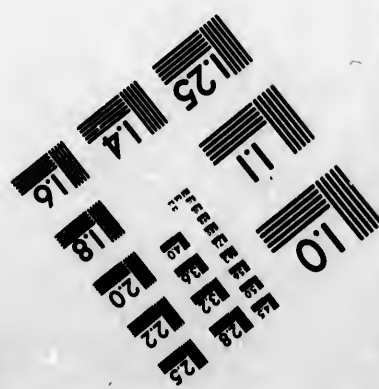
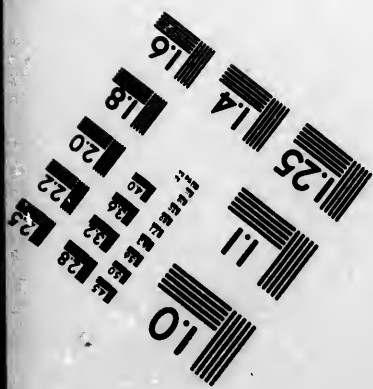
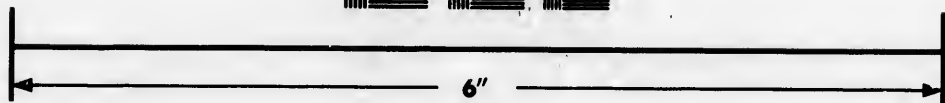
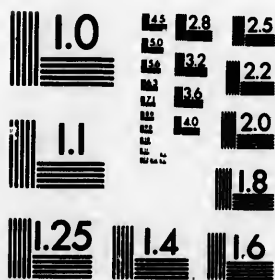


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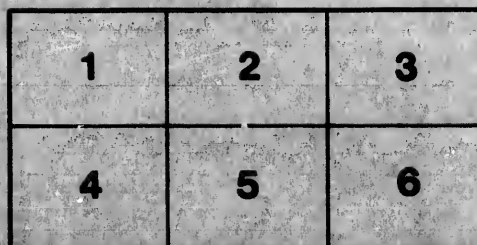
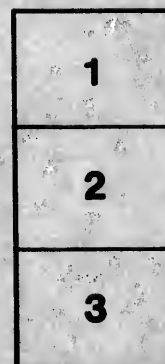
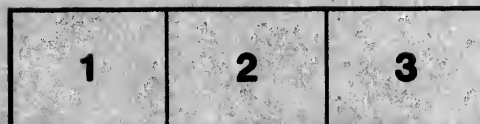
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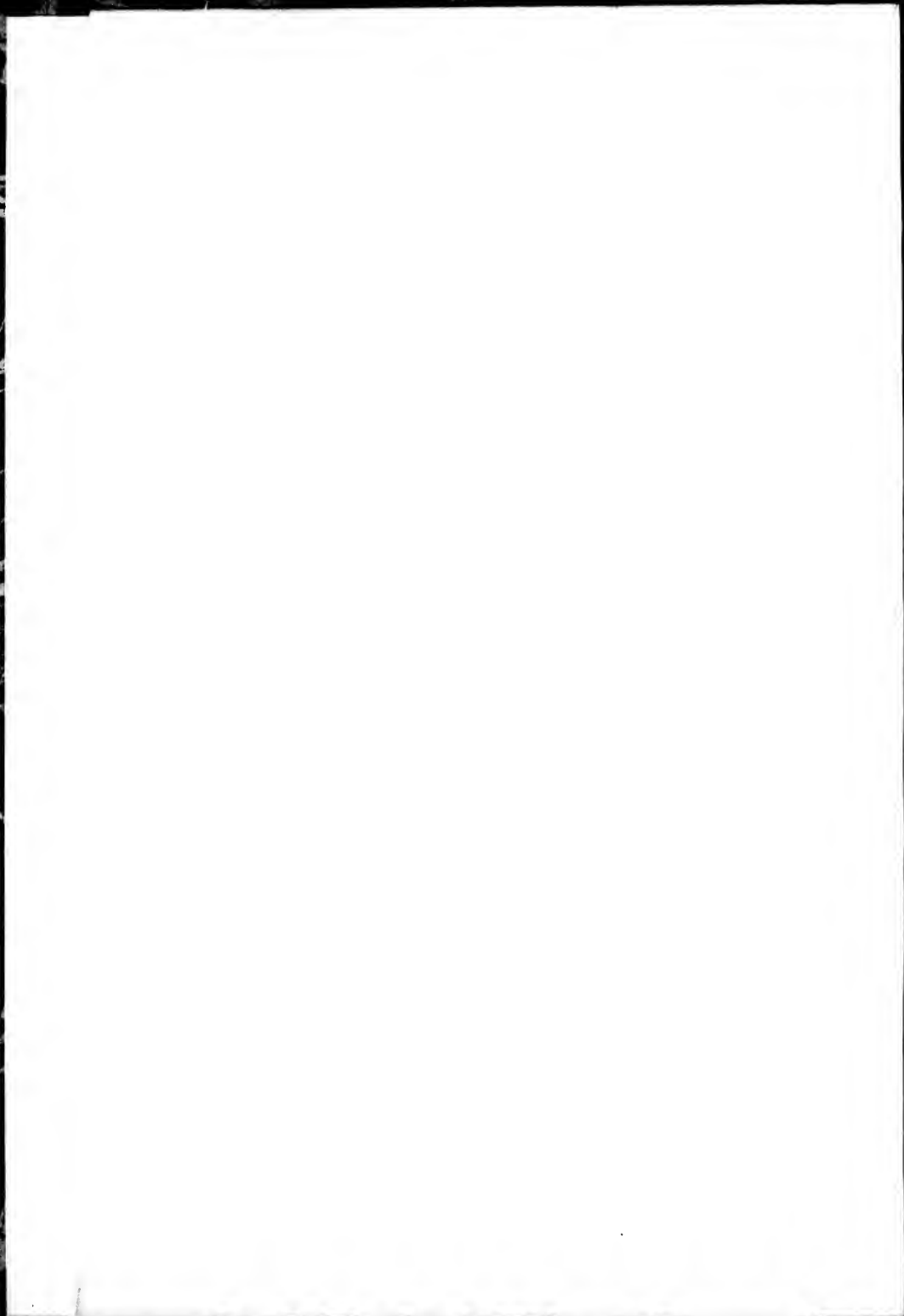
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Toronto, Grey and Bruce Railway.

PROPOSAL

IN CONNECTION WITH

CHANGE OF GAUGE

AND RECONSTRUCTION OF THE

RAILWAY AND ITS FINANCES.

Toronto :

GLOBE PRINTING COMPANY, 26 AND 28 KING STREET EAST.

1880.

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MAY 19 1944

Toronto, Grey & 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. The Bonds sold under the authority for the present issue will arrive at maturity on the 1st of January, 1881.

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 neighbourhood 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 Meaford) 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 Wiarton, 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.

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 vigour 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:—

1. *To change the Gauge of the Railway* from its present exceptional one to that of 4 feet $8\frac{1}{2}$ 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 56lbs. 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 Hamilton and North-Western, and Stratford and Lake Huron 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, laying new sidings where required.

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, or £190,000 stg., will be needed, but after making an allowance for the value of the old rails and useless Rolling Stock, which is placed at \$150,000, or £30,000, the net amount which will be required to be raised will be \$800,000, or £160,000. The detailed estimate of cost is appended, and marked *Appendix A*.

This amount, it is proposed, shall be provided by the three interests above named, and in the proportions and manner 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, or £40,000. The reasons why such a grant should be made have been set forth in detail in a letter addressed to the Hon. Oliver Mowat, Premier of Ontario, a copy of which, marked *Appendix B*, is attached.

4. *The various municipalities* which the Railway serves are enumerated in *Appendix C*. The total amount which it is proposed to ask them to contribute as their share of the work is represented by a sum of \$450,000, or £90,000. 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 table forming part of *Appendix C*, setting forth 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, or £409,000, bearing interest at the rate of six per cent. per annum, but 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, or £49,000. They are asked in the present proposal to forego any claim for this loss, and to sacrifice their interest for one year more; which will bring the bonds up to the date of maturity. The total sacrifice at that time, therefore, which is asked of the bondholders will be \$360,000, or £73,500.

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 (£140,000) 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 the resolution marked *Appendix D*. The resolution 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 Bonds, and shall, like them, be a first charge and mortgage upon everything upon which the present bonds are a first charge. The Debenture Stock, however, is not to carry more than *four* per cent. interest during the first three years, from the 1st January, 1881. It is further provided that during those 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 year 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. In the event, however, of the bondholders ever receiving a less rate of interest than *three* per cent., power is reserved to them to take over and control the Railway.

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, or £40,000, and that a sum of \$5,000, or £1,000, 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, or £2,500.

6. *To enumerate, then, the various sources from which the necessary sum of \$800,000 will be derived. They are as follows :—*

Government of Ontario.....	\$200,000, or	£40,000
Municipalities.....	450,000, or	90,000
Postal Bonds.....	\$150,000 to 200,000, or	30,000 to £40,000

Total.....\$800,000 to \$850,000, or £160,000 to £170,000

7. *Corroborative Testimony.*—In order that the best advice the country affords should be brought to bear on the proposal for changing the gauge and reconstructing the Railway, Col. Gzowski, C.E., and Walter Shanley, 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, *Appendix E*, which should be read with all the care that the opinion of such eminent gentlemen undoubtedly will command.

Mr. Hickson, the General Manager of the Grand Trunk Railway, has also looked into the matter, and a copy of his letter on the subject, *Appendix F*, is also attached.

A table, *Appendix G.*, 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.

APPENDIX A.

TORONTO, 14th October, 1879.

*Estimated cost of Changing the Gauge from 3 feet 6 inches to
4 feet 8½ inches.*

Sundry short Deviations.....		\$7,000
Deviation at Humber Valley.....		60,000
Alterations to Bridges and Culverts.....		53,000
" Cattle Guards.....		2,000
" Station Grounds.....		14,000
" Shops at Toronto.....		10,000
New Station Buildings at Orangeville.....		6,000
20 Miles Double Fencing.....	\$500 00	10,000
20 " Snow Fencing.....	600 00	12,000
11,000 Tons Steel Rails, 56 pounds per lineal yard.....	33 00	363,000
500 Tons Steel Fish Plates.....	33 00	16,500
170 " Spikes.....	55 00	9,350
110 " Fish Bolts.....	75 00	8,250
140,000 New Ties.....	0 20	28,000
Track-laying and Changing Rails.....		35,760
Ballasting (say).....		7,000
Purchase of Queen's Wharf Shops.....		20,000
Elevator and Harbour Works at Owen Sound.....		15,000
Hamilton and North-Western Works.....		7,500
		<hr/> \$684,360
<i>Rolling Stock.</i>		
4 New Locomotives.....	\$7,500	\$30,000
50 " Box Cars.....	500	25,000
4 " Passenger Cars.....	4,500	18,000
2 " Baggage and P. O. Cars.....	2,000	4,000
3 " Conductors' Vans.....	800	2,400
5 " Cattle Cars.....	600	3,000
13 Converting Locomotives.....	2,500	32,500
100 " Box Cars.....	250	25,000
160 " Flat Cars.....	250	40,000
20 " Cattle Cars.....	250	5,000
7 " Conductors' Vans.....	250	1,750
18 " Passenger Cars.....	500	9,000
		<hr/> \$195,650
		<hr/> \$880,010
Contingencies, 7½%.....		66,000
		<hr/> \$946,010
		Carried forward.....

APPENDIX A.—Continued.

Brought forward.....		\$946,010
<i>By Old Material.</i>		
5,500 Tons Old Rails.....	\$15	\$82,500
50 " " Fish Plates.....	14	700
7 Old Locomotives.....	3,000	21,000
95 " Box Cars.....	} 4 wheels {	100 9,500
9 " Cattle Cars.....		150 1,350
60 " Flat Cars.....		70 4,200
4 " Vans.....		100 400
300 Pairs of Old Trucks.....	100	30,000
		<u>\$149,650</u>
Total.....		<u>\$796,360</u>

EDMUND WRAGGE,

Chief Engineer.

APPENDIX B.

TO THE HON. OLIVER MOWAT:

SIR,—The Board of Directors of the Toronto, Grey and Bruce Railway Company have considered, and in so far as possible matured, a scheme for the widening of the gauge of the Railway, and for the general improvement of the line, which they think will meet with the approval of the Government, and will justify them in the public interest in granting the amount of aid which is to be asked from them towards the undertaking. The adoption of this scheme, the Directors think, will more fully utilize the Government aid previously given to the Company, and will prevent what might probably result from the road remaining as it at present is, the practical loss of former grants made.

The municipalities interested in the Railway, recognising the advantages to themselves and to the country generally which would result from the change of gauge, are anxious to assist the Company in completing the proposed new works and improvements, but are deterred from submitting by-laws for bonuses in aid of the undertaking by reason of the uncertainty which exists as to the assistance which the Company may obtain from the Government of Ontario. The feeling in the district served by the line is that without Government aid the undertaking would be utterly beyond the means of the municipalities, the bondholders and the Company. At the time the line was constructed there were many believers in the efficiency of a narrow or three feet six inch gauge, and in the ability of a Railway so constructed to do efficiently the work of the country. Experience has however shown that they were in error, and the question as to the advantages of the broad over the narrow gauge has ceased now to be a matter of argument, all experience concurring in the belief that the exceptional gauge of this road is not now suited to the requirements of this country. The cost of carrying goods is not only increased by transshipment from a narrow to a standard gauge, but transshipment itself frequently deters shippers from using lines on which freight is subject to it. This is particularly felt in the handling of lumber, timber, and all products of the forest, and said products are a great source of wealth to the district of country served by this Railway. One serious objection was raised to the narrow gauge at the time of the building of this line, which experience has unfortunately shown to have been well founded, namely, the difficulty which would be experienced in keeping the line

APPENDIX B.—*Continued.*

open for traffic during the severe winters of this country. In one year the road between Orangeville and Owen Sound was practically closed, in consequence of snow, for a period of over six weeks, and the same took place in that year on the western division from Arthur to Teeswater. It has always been found that the traffic has been much impeded by snow during the winter months; and the knowledge that such difficulty has to be contended with, and the probability of the line being often blockaded by snow, deters passengers from using the road as they otherwise might, and shippers from sending goods by it, to the great loss and injury of the country through which the road runs.

The scheme propounded by the Company is as follows:

It is proposed to raise, for the purpose of changing the gauge from three feet six inches to four feet eight inches and a-half, and for making the necessary alterations as set out in the estimates of Messrs. Gzowski and Shanly, and the Chief Engineer of the Company, Mr. Wragge, the sum of eight hundred thousand dollars over and above the amount that would be realized from the sale of old material; and the way in which it is intended to raise this money is as follows:

1st. To petition the Government for a subsidy to the extent of \$200,000, being in round figures \$1,000 per mile over the whole line, and this would make, including former grants, a total for the Government of less than \$3,000 per mile.

2nd. To obtain bonuses from the different municipalities that have been served by the Railway (numbering some thirty), to the extent of \$450,000.

3rd. The remaining \$150,000 to be made up by the issue and sale of Postal Bonds.

In considering this scheme, the Company believe they have dealt justly with all classes of parties interested, and have laid a fair proportion of the cost upon each. It is quite certain that so far as the share capital is concerned, the large amount subscribed and paid up is entirely lost. The municipalities, however, who advanced money in the shape of bonuses to help to build the road, have been even at the present time admittedly more than recouped for the sums which they put into the undertaking. The advantages which they have already derived from the construction of the road show this. They are fully set forth in the schedule relating to the municipalities enclosed herewith, which shows the amount at which each municipality was assessed at the time of the granting of the bonuses, and the amount at the present time. The Company think that the very great increase which has taken place in the assessed value, is due altogether to the building of this road.

APPENDIX B.—Continued.

Referring to the position of the present bonded debt of \$2,000,000, enclosed you will find copy of a resolution passed at an informal meeting of the bondholders resident in Canada, at which there was represented about \$700,000. Holders of more than three-fourths of this amount concurred in the resolution, while one bondholder of over \$120,000 was of the opinion that the sacrifices asked of the bondholders were too great, and proposed that the rate of interest should be four per cent. for five years, five per cent. for the five years following, and thereafter six per cent. The resolution sets out fully the way in which it is proposed to deal with the bondholders. The intention is that they are to abandon interest for three years, representing a total sum of \$360,000, and are to make a very serious reduction in the rate of interest thereafter. The bondholders therefore propose to make, as will be seen from what has been above stated, great sacrifices to place the property in a position to serve the country, and to try and bring them some small return for the money which they have sunk in the concern, and from which they derive no collateral or indirect advantages, as do the municipalities.

We believe this plan is a perfect security against the possibility of this road ever falling again into difficulties, or another appeal for assistance ever having to be made to the municipalities or to the Government. The low rate of interest proposed to be paid to the bondholders, and the fact that a Commissioner may be appointed by the Government to inspect the road and works, and that payment of interest can only be sanctioned over a certain low rate when there is money in hand to do so, and that the road must be kept in thorough repair, is a sufficient guarantee for the permanent working of the road for all time to come without further assistance.

Regarding the aid that is asked from the Government towards defraying the cost of changing the gauge, the Company considers that a sum of \$1,000 per mile over the entire length of the Railway, or in round numbers \$200,000, is an amount to which it is fairly entitled, as such a sum would then represent a total grant of \$3,000 per mile from the Government in aid of this Railway, a sum which has been voted by the Legislature to another standard gauge Railway serving a portion of the same territory; and the Board would respectfully state that they think they ought to receive an amount of \$3,000 per mile along the line, from Weston to Orangeville, on which no subsidy has been given, although two other Railways have been subsidized by the Government to a large extent, one crossing the line at Mono Road, and another running parallel to it for some distance, then crossing and proceeding to Orangeville, the best station on this line. This part of the Railway has been built through a most difficult country, the crossing of the Humber and the formidable grade on the Caledon Mountain having

APPENDIX B.—*Continued.*

been serious obstacles to encounter. We therefore submit that the Company is justly entitled to \$3,000 per mile on this section. Prior to the building of the line, the country from Orangeville to Owen Sound was in such a deplorably backward state that the Railway ought to be considered and treated as if it had been built into an entirely new section of country, and was fully entitled to the subsidy of \$4,000 a mile usually granted to lines running into such country. The line has to a large extent served all the purposes of a colonization road. Either, therefore, of the grounds named the Company consider is one which will give the Government a sufficient and valid reason for granting the aid.

The Company were determined that the first professional skill should be engaged in revising the estimates of the Chief Engineer of the Railway. With this view they requested Col. C. S. Gzowski, C.E., and Walter Shanly, C.E., to inspect the line and to report upon the proposed changes, as well as upon what the probable result would be in case the road were allowed to continue as a narrow gauge road, and the prospect of its permanent success were the proposed scheme carried out. We enclose a copy of the report made by these gentlemen, which they compiled after a very careful and thorough inspection of the line and of the Company's works at Toronto and Owen Sound.

We would respectfully request the earnest attention of the Government to this application, as in case the Company fails in obtaining Government assistance, there is no possibility of being able to change the gauge, or put the road in such condition that it can satisfactorily do the trade of the country which it passes through. It is of very great importance that the work be completed during the incoming year. If delayed beyond that time, a heavy duty will have to be paid on the rails, fastenings, &c., and these items constitute more than one-half of the proposed outlay.

In the event of the Company failing to obtain the required aid from the Government, the Board feels certain that the prediction in the report of Messrs. Gzowski and Shanly will be literally fulfilled, wherein they say: "The Toronto, Grey and Bruce Railway will be crushed out of existence by its wide gauge rivals unless there takes place an immediate conversion of its gauge to that of theirs."

I am, Sir,

Your obedient servant,

WM. RAMSAY,

Vice-President.

TORONTO, 22nd November, 1879.

Mu	Increase per cent. since 1870.	REMARKS.
M		
Vaugh	88	Incorporated in 1873, out of Albion T'p.
Albion	52	
Bolton	76	
Caledo	92	
Garaff	89	
Ching	56	
Mono	27	
Orang	424	Incorporated in 1878, out of Melancthon and Amaranth Townships.
Amara	177	
Melan	150	
Shelb	....
Mulm	.....
Protos	124	
Artem	91	
Ospre	81	
Glene	75	
Hollan	65	
Eupht	140	
Sulliv	123	
Derby	143	
Syden	130	Incorporated in 1873, out of Arthur and Luther Townships.
Saraw	151	
Owen	143	
Wes		
Luthe	252	
Garaf	58	
Arthe	228	
Arthu	83	
Moun	140	
Egren	129	Incorporated in 1873, out of Minto T'p.
Norm	130	
Harri	281	
Minto	96	Incorporated in 1874, out of Howick T'p.
Howi	156	
Wrox	....
Turnl	147	Incorporated in 1877, out of Culross T'p.
Culro	150	
Teesv	74	

NAME OF MUNICIPALITIES.	Assessed Value when Bonus was granted.	Equalized Assessment when Bonus was granted.	Assessed Value in 1879.	Equalized Assessment in 1879.	Total Acreage of Township.	Average Value per Acre when Bonus was granted.
Main Line.	\$	\$	\$	\$		\$ cts.
Vaughan.....	1,803,935	2,082,161	2,680,970	3,923,640	67,660	30 77
Albion.....	944,369	987,151	1,416,521	1,508,922	55,886	17 65
Bolton Village.....	.....	.....	153,875	95,000	500	.....
Caledon.....	971,217	961,505	1,240,995	1,844,748	68,324	14 00
Garafraxa, East.....	282,045	434,005	580,930	820,064	40,003	11 00
Chinguacousy.....	2,161,493	2,247,952	3,062,575	3,518,000	79,965	28 00
Mono.....	670,366	633,083	605,940	805,837	68,337	9 00
Orangeville Town..	108,425	71,500	479,770	375,000	1,300	.....
Amaranth.....	161,385	292,963	415,231	812,348	63,529	5 50
Melancthon.....	240,000	262,000	636,240	604,718	72,895	3 60
Shelburne Village..	.....	.....	91,026	50,000	500	.....
Mulmur.....	308,167	575,673	788,895	770,107	64,677	.....
Proton.....	256,821	237,000	562,000	532,280	81,513	2 90
Artemesia.....	406,471	357,000	844,430	683,782	67,000	5 30
Osprey.....	380,000	352,000	636,930	638,984	70,770	4 97
Glenelg.....	380,137	352,000	453,735	487,641	68,071	5 00
Holland.....	291,086	342,000	467,611	566,940	66,742	5 00
Euphrasia.....	322,670	376,640	779,125	904,420	72,000	5 25
Sullivan.....	220,700	342,000	605,807	762,676	72,626	4 70
Derby.....	185,507	232,000	653,950	564,168	38,000	6 00
Sydenham.....	434,560	417,000	811,420	960,575	72,000	5 50
Sarawak.....	50,662	47,000	145,000	118,140	10,647	4 75
Owen Sound Town..	817,271	427,000	1,238,193	1,038,229	6,000	....
Western Division.						
Luther.....	226,665	302,943	653,400	1,067,278	88,459	3 30
Garafraxa, West....	422,000	659,899	660,355	1,046,538	47,197	13 20
Arthur Village.....	.....	.....	255,845	195,000	990	....
Arthur.....	665,400	579,848	1,136,736	1,063,395	64,893	7 70
Mount Forest Town..	178,055	110,000	363,140	265,000	730	....
Egremont.....	.....	424,460	584,991	975,550	72,409	5 85
Normanby.....	510,017	434,090	900,000	1,000,872	66,000	6 58
Harriston Town....	.....	.....	318,394	240,000	500	.....
Minto.....	459,866	593,722	1,179,400	1,164,070	69,940	7 70
Howick.....	464,621	809,425	1,838,809	2,077,395	64,409	17 50
Wroxeter Village...	.....	.....	123,262	115,000	500	.....
Turnberry.....	284,878	442,336	1,009,720	1,095,875	35,068	17 50
Culross.....	405,820	692,624	1,330,670	1,731,447	56,709	12 00
Teeswater Village..	.....	120,000	123,995	209,000	500	.....

APPENDIX C.

O, GREY AND BRUCE RAILWAY.

Statistics relating to Municipalities.

Percent 9.	Total Acreage of Township.	Average Value per Acre when Bonus was granted.	Average Value per Acre in 1879.	Increase Average Value per Acre.	Increase per cent. since 1870.	REMARKS.
		\$ cts.	\$ cts.	\$ cts.		
340	67,660	30 77	58 00	27 23	88	Incorporated in 1873, out of Albion Tp.
22	55,886	17 65	27 00	9 35	52	
000	500	.....	.....	.....	76
748	68,324	14 00	27 00	13 00	92	
664	40,003	11 00	19 00	8 00	89	
000	79,965	28 00	44 00	16 00	56	
337	68,337	9 00	11 15	2 15	27	
000	1,300	.....	.....	.....	424
348	63,529	5 50	12 00	6 50	177	
718	72,895	3 60	9 00	5 40	150	
000	500	Incorporated in 1878, out of Melancthon and Amaranth Townships.
107	64,677	.....	.....	.....	.....
280	81,513	2 90	6 53	3 63	124	
782	67,000	5 30	10 20	4 90	91	
984	70,770	4 97	9 00	4 03	81	
641	68,071	5 00	7 00	2 00	75	
940	66,742	5 00	8 50	3 50	65	
420	72,000	5 25	12 56	7 31	140	
576	72,626	4 70	10 50	5 80	123	
168	38,000	6 00	14 85	8 85	143	
575	72,000	5 50	10 55	5 05	130	Incorporated in 1873, out of Arthur and Luther Townships.
140	10,647	4 75	13 61	8 86	151	
229	6,000	.....	.....	.....	143
278	88,459	3 30	11 50	8 20	252	
538	47,197	13 20	20 50	7 30	58	
000.	990	.....	.....	.....	228
395	64,893	7 70	15 00	7 30	83	
000	730	.....	.....	.....	140
550	72,409	5 85	13 50	7 65	129	
372	66,000	6 58	15 00	8 42	130	
000	500	281	Incorporated in 1873, out of Minto T'p.
070	69,940	7 70	15 50	7 80	96	
395	64,409	17 50	30 00	12 50	156	
000	500	.....	.....	.....	.....
375	35,068	17 50	29 00	11 50	147	
447	56,709	12 00	30 50	17 50	150	
000	500	.....	.....	.....	74
						Incorporated in 1877, out of Culross T'p.

APPENDIX D.

Moved by Mr. A. B. LEE, seconded by Mr. D. COULSON, on behalf of the Bank of Toronto,

That this meeting having heard the explanations of Mr. Beatty and Mr. Wragge, with regard to the resuscitation and re-construction of the Toronto, Grey and Bruce Railway as a standard (or 4 feet 8½ inches) gauge Railway, and having learned the probable total amount of money required for such a purpose,

It is hereby resolved that the proposal made to the bondholders of the Company, which is substantially as follows :

1. The bondholders to exchange the present first mortgage bonds of the Company for an equal amount of perpetual debenture stock, bearing interest as follows :

From the first January, 1881, until the 31st December, 1883, at a rate not exceeding four per cent. per annum ; from the 1st of January, 1884, and thereafter, at a rate not exceeding five per cent. per annum.

Provided that in case a Commissioner, to be appointed by the Government of Ontario, shall in any year during the first mentioned period, after notification by the Company that more than three per cent. is proposed to be paid in that year, determine, after examination of the Railway and of the books of the Company, that there are sufficient earnings in that year, after providing for maintenance of the Railway and equipment in good condition and working order, then, in that case, he may order that for such year interest be paid at such a rate as he may deem advisable, but not exceeding four per cent., as he may consider there are moneys available out of the earnings in that year.

And after such first-mentioned period, and after notification by the Company that more than four per cent. is proposed to be paid in that year, if such Commissioner shall in like manner determine that there are sufficient earnings in any one year, after providing for the maintenance of the Railway and equipment in good condition and working order, then in such year interest at such a rate as he may deem advisable, but not exceeding five per cent., as he may consider there are moneys available out of the earnings in that year ; and in case of such order for payment of additional interest, the same shall be paid accordingly.

Provided that the said perpetual debenture stock shall stand in the same position as the now existing bonds, namely, shall without registration or formal conveyance be a first mortgage

APPENDIX D.—*Continued.*

and charge upon the Toronto, Grey and Bruce Railway and upon all and every the undertaking and upon the real and personal property of the Company, including its rolling stock and equipment now existing and at any time hereafter acquired together with the franchise of the Company.

In the event at any time of the interest upon the said debenture stock remaining unpaid and owing, or in the event of a less rate of interest upon the said debenture stock than three per cent. per annum being paid thereon, then at the next general annual or semi-annual meeting of the Company all holders of debenture stock shall have and possess the same rights and privileges and qualifications for Directors and for voting as are attached to ordinary shareholders, provided that the debenture stock and any transfers thereof shall have been first registered in the same manner as is provided for the registration of ordinary shares. And should the default or partial default in payment of interest as aforesaid take place so that the right of voting is acquired at a semi-annual meeting, then the ordinary shareholders and debenture stockholders assembled with such proxies as may be present shall choose nine persons to be Directors of the said Company in the same manner as is provided shall take place in the Act to incorporate the Toronto, Grey and Bruce Railway Company, 31 Vict., cap. 40, and any Acts amending the same, at an annual general meeting of the said Company, and the Directors so elected shall take the place of and exercise all the rights and powers of the Directors elected at the previous annual general meeting, who shall by this proceeding be superseded by the new Directors. A semi-annual general meeting of shareholders shall, after the 1st January, 1881, be held on the second Wednesday in March of each year.

2. The bondholders, in exchanging the present bonds, to forego all arrears of interest, and to give up all unpaid coupons, being the last six (6) coupons which are attached to the bonds, the exchange to be made between the date of the completion of the change of gauge and the first day of July, 1881.

3. The bondholders to authorize the issue of postal bonds as provided in the several Acts relating to the Toronto, Grey and Bruce Railway, particularly the Act passed in the 41st Victoria, a sum not exceeding \$5,000 to be set aside from the revenue in each year before paying interest on debenture stock, to enable the said postal bonds to be paid off by annual drawings in twenty years from the date of issue, the first annual drawing to be made in December, 1883, and the bonds so drawn shall be cancelled and not be re-issued.

Be and hereby is approved, and that this meeting desires to express its opinion that the plan proposed by the Company, and which it has carefully examined, appears to be the best arrangement, under all the circumstances of the case, can be entered into by the various parties interested in the Company's welfare.

JAS. G. WORTS,
Chairman.

Toronto, Oct. 9th, 1879.

APPENDIX 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 favourable, 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 “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

APPENDIX E.—Continued.

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 8½ 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 transshipment 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 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 \$150,000, the estimated selling cash value of old rails and other materials, thus reducing the

APPENDIX E.—Continued.

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 had 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 remodel.

APPENDIX E.—Continued.

ling 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 Lake 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

APPENDIX E.—*Continued.*

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 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 ratepayers 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.

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

Carried forward, **\$699,300**

APPENDIX E.—Continued.

<i>Brought forward</i>	\$699,300
Rolling Stock.....	195,000
	<hr/>
Add for Contingencies	\$894,300
	55,700
	<hr/>
Total cost of Improvements	\$950,000
Estimated selling value of old rails, etc., about	150,000
	<hr/>
Amount required to be raised.....	\$800,000

TORONTO, 13th November, 1879.

APPENDIX F.

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

APPENDIX F.—Continued.

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 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 neighbours, 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,

(Signed),

J. HICKSON,

General Manager.

EDMUND WRAGGE, Esq.,
General Manager, T. G. and B. R.,
Toronto.

APPENDIX G.

1878.

*Comparative Gross Receipts of various Railways—Year ending 30th
June—per mile of Railway.*

Northern Railway of Canada.....	\$4,101	£840
Wellington, Grey and Bruce Railway.....	2,022	405
London, Huron and Bruce Railway.....	1,735	347
<hr/>		
Average of Northern Railway, Wellington, Grey and Bruce Railway, and London, Huron and Bruce Railway.....	\$2,643	£530
<i>Toronto, Grey and Bruce Railway.....</i>	<i>1,694</i>	<i>340</i>

APPENDIX H.

TORONTO, GREY AND BRUCE RAILWAY,

TORONTO, 23rd January, 1880.

TO THE HON. OLIVER MOWAT, M.P.P.,

Attorney-General.

SIR,— With reference to your request conveyed to a Deputation of the Board of Directors of this Railway, viz.: That they would furnish additional reasons (which were brought forward at the interview referred to) why the Government of Ontario should grant aid to change the gauge of the Toronto, Grey and Bruce Railway: I have now the pleasure of supplying such additional reasons for your consideration:—

1. At the time when the Toronto, Grey and Bruce Railway was granted aid at the rate of \$2,000 per mile, the price of steel rails was from \$60 to \$70 per ton. When the Hamilton and North-Western Railway was granted aid at the rate of \$2,500 per mile, the price of steel rails was from \$35 to \$40 per ton. When the Credit Valley Railway was granted aid at the rate of \$3,000 per mile, the price of steel rails was from \$28 to \$30 per ton. The present price of steel rails is from \$45 to \$50 per ton, and still rising.

You will observe from the above that the purchasing power represented by the various grants at the times made was as follows:

Toronto, Grey and Bruce Railway	33 to 28 tons per mile.
Hamilton and North-Western R'y	71 to 62 " "
Credit Valley Railway.....	107 to 100 " "

It follows therefore that to put this Company upon the same footing as the Credit Valley Railway Company a purchasing power is still wanted equivalent to from 74 to 72 tons per mile, which at \$45 per ton would amount to \$3,330 to \$3,240 per mile—and at \$50 per ton would amount to \$3,750 to \$3,600 per mile.

2. The proportion of aid granted by the Government of Ontario as compared with that granted by the Municipalities is less in the case of this Railway than in the case of the two others I have mentioned; and which are instanced in this letter because they are those which are nearest to this Railway.

APPENDIX H.—Continued.

The Toronto, Grey and Bruce Railway received	
Government Grant.....	\$375,382
Municipal Aid.....	988,000
or, in the proportion of 38 to 100.	
The Hamilton and North-Western Railway received	
Government Grant.....	\$406,500
Municipal Aid.....	719,000
or, in the proportion of 56 to 100.	
The Credit Valley Railway received	
Government Grant.....	\$456,000
Municipal Aid.....	825,000
or, in the proportion of 55 to 100.	

Should the Municipalities grant the further aid of \$450,000 now asked from them, and the Government grant the \$200,000 asked from them, the proportion of Government to Municipal aid will even then only stand at 40 to 100. While upon other Railways it has been as follows:—

London, Huron and Bruce.....	54 to 100
Port Dover and Lake Huron.....	53 to 100
Grand Junction.....	75 to 100
Northern Extension.....	81 to 100
Kingston and Pembroke.....	89 to 100

I venture to submit that the people of the district traversed by this Railway have therefore testified in a remarkable manner their public spirit by the liberal aid they have given to the Company, and are in consequence entitled to a more favourable consideration at the hands of the Government than they have hitherto experienced.

3. The Government grant per head of the population on the Line of the Toronto, Grey and Bruce Railway has been less than that upon the two other lines of Railway, as evidenced by the following statement:—

Toronto, Grey and Bruce Railway.

Population (including Toronto).....	184,844
Grant per capita.....	\$2.03
Population (exclusive of Toronto).....	104,844
Grant per capita.....	\$3.37

Hamilton and North-Western Railway.

Population (including Hamilton).....	101,638
Grant per capita.....	\$3.99
Population (exclusive of Hamilton).....	71,630
Grant per capita.....	\$5.67

APPENDIX H.—Continued.

Credit Valley Railway.

375,382	Population (including Toronto)	164,150
988,000	Grant per capita	\$2.77
	Population (exclusive of Toronto)	84,151
	Grant per capita	\$5.41

406,500
719,000

If the Government place the population of the Toronto, Grey and Bruce district upon the same footing as the average of the two other districts, they will increase the grant from \$375,382 to the following amounts :—

456,000	If Toronto and Hamilton populations are included, to	\$624,000
825,000	If Toronto and Hamilton populations are excluded, to	\$580,000

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4. The Government grant in the case of the Toronto, Grey and Bruce Railway has been less per square mile of territory served than in the case of the two other railways. For instance :—

Toronto, Grey and Bruce Railway.

00	Area of territory served	2650 sq. miles
00	Grant per square mile	\$141.00

Hamilton and North-Western Railway.

00	Area of territory served	1450 sq. miles.
00	Grant per square mile	\$280.00

Credit Valley Railway.

by this public are in hands of	Area of Territory served	1390 sq. miles.
	Grant per square mile	\$328.00

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ent :—

To place the Toronto, Grey and Bruce district upon the same footing in this respect would be to increase the grant from \$375,382 to \$808,000.

It may be noted in this connection that the municipalities have also contributed less per square mile of territory served than to the other two railways.

The statistics which form the basis upon which reasons Nos. 3 and 4 are founded are taken from the Sessional Papers No. 79, 1879.

5. It is intended in connection with the change of gauge to provide proper facilities at Owen Sound and Toronto for enabling the Company to do its share in developing the trade of the Georgian Bay; the Manitoulin Island, and the North shore of Lake Superior; as well as to endeavour to carry a portion of the produce from Manitoba and the Great North-West. And I would call your attention to the fact that this railway runs from Owen Sound, which is admittedly the best harbour on the Georgian Bay, in the shortest and most direct line to Toronto for

APPENDIX H.—*Continued.*

the East. The aid, therefore, granted by the Government for this project will add greatly to the advantage to be derived by that portion of the Province of Ontario known as the vast district of Algoma, a territory which, before many years have passed, will probably be divided up into from ten to twenty constituencies, if every available means is taken of affording it that assistance for its development by colonization to which, from its great mineral resources and rapidly improving productive properties, it is entitled.

6. Since your interview with the deputation above referred to, I may mention that the solicitor of this Company has held a meeting of the bondholders in London, at which they have agreed to the proposals of the Company, as set forth in the document marked *Appendix D*, accompanying my letter of 22nd November, 1879, and in accordance therewith, they have passed the following resolution :—

“That this meeting having read the memorandum submitted by the Toronto, Grey and Bruce Railway, and heard the explanation of Mr. W. H. Beatty with reference to the same, and although the loss which the bondholders are called upon to make—namely, three years' interest, amounting to \$360,000 or £73,000, and 1 per cent. per annum for ever after, in addition to a previous reduction of from 8 and 7 to 6 per cent., is much more than they should be asked to bear, they, under the circumstances, agree thereto, and resolve that the proposal accepted by the Canadian bondholders, as set out in *Appendix D* in the printed pamphlet, a copy of which appendix is hereunto attached, be, and the same is hereby approved, with the alteration that the said debenture stock shall bear interest from Jan. 1, 1881, at a fixed rate of 5 per cent. per annum. This resolution, is, of course, subject to the Government of Ontario and the municipalities interested in the railway contributing such amount as the Company may require to enable them to carry out the change of gauge and the other improvements proposed.”

7. The financial basis of the Company, so far as the question of bonds is concerned, is complete. It has been impossible prior to that question being settled, to meet the various municipalities interested, but from many of them, however, the Board has every assurance that the necessary aid will be forthcoming, and in all probability, before the time arrives for the Order in Council, granting Government aid to the railway, to be signed by His Honour the Lieutenant-Governor, the majority of the by-laws will have been submitted to a vote of the people, and the day appointed for such vote to be taken. I mention this to show that the financial basis of the Company, so far as time would permit, has been fully matured, and I beg to submit that it is further advanced than many railways could exhibit which have already received grants from the Government. A few examples will suffice to show this :

APPENDIX H.—Continued.

Belleville and North Hastings Railway.

Requirements	\$410,000
Available Assets	80,000
Still to be arranged	330,000

(See Sessional Papers No 33, 1875-6.)

Grand Junction Railway.

Requirements	\$585,000
Available Assets	120,000
Still to be arranged	465,000

(See Sessional Papers No. 33, 1875-6.)

Hamilton and North-Western Railway (Jarvis and Port Dover section).

Requirements	\$125,424
Available Assets	20,000
Still to be arranged	105,424

(See Sessional Papers No. 26, 1878.)

Victoria Railway (Haliburton to the Ottawa River).

Requirements	\$19,137 per mile.
Available Assets	nil.

Ontario and Pacific Junction Railway.

Requirements	Total cost.
Available Assets	nil.

Credit Valley Railway.

Requirements	\$22,395 per mile.
Available Assets	5,000 "
Still to be arranged	18,395 "

(See Sessional Papers No. 41, 1877.)

Taking the above reasons into consideration, as well as those which have been previously laid before you, I trust that the Government will see their way to grant to the country served by this Railway such assistance as, with what they are willing to provide themselves, added to the amount forthcoming from the bondholders, will give them a Railway of a gauge which will place them in a position equal to that of other localities possessed of Railway facilities—a position which hitherto, owing to the exceptional gauge of this Railway and the small amount of Government aid received, they have unfortunately been unable to occupy.

I have the honour to be,

Sir,

Your obedient servant,

WM. RAMSAY,

Vice-President.

