It is true that a portion of this large advance has been occasioned by improvements in the plan of the work, and by other causes; yet still, "increased prices" are mentioned as largely contributing to the increase of cost.

In reference to one of them, the London and Birmingham Railway, the cost of which has been double the original estimate, I find it said in a late publication—"From the great increase in prices which took place almost immediately after the letting of the works, no less than seven contracts were thrown on the company's hands, and of course these were the most difficult and expensive parts of the works." And again—"It is a well known fact, that from the great rise in prices, there is hardly one of the contractors who has made a sixpence by the three years labor," &c.

5th.—Abandonments and relettings of work within the last year.

I have already referred to the 40 per cent. mentioned in last year's statement as the increase to be anticipated in the cost of work then to do, from the fact that a large portion of it was then under contract at prices that would make such increase. Several of the contracts then referred to have been since abandoned, and when relettings have taken place, prices not less than 30 per cent. in advance, in addition to the 40 per cent., have been the lowest at which the work could be let; and even at this great advance, there is an unwillingness to undertake work.

Much more might be said, but I will merely add that the present estimate is based generally upon existing contract prices. Whether they will prove to be sufficient or insufficient, depends mainly upon the means at the disposal of the company to prosecute its work.

If the company should be placed in a position admitting of a steady, consistent and vigorous plan of operations, with the civil authorities of the State able to maintain order along the line, there will be comparatively little difficulty in pushing on the work to an early completion.

Respectfully submitted,

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Chief Engineer.