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## Pacific Great Eastern and Province of B.C.

**Necessity and Reasonableness of Giving Aid to Complete Railway—Protection of Government in Personal Covenants—Disadvantages Labored Under by Owners and Contractors—Meaning of Railway to the Province.**

The necessity and reasonableness of the Province of British Columbia giving aid to the Pacific Great Eastern Railway for the completion of its line become manifest when the present position and the future of this great North and South transportation undertaking is fully considered.

To date the railway is completed from Squamish, at the head of Howe Sound, to Clinton, and this part of the line is in operation. From Clinton to Fort George, where it taps the Grand Trunk Pacific, only grading has been completed. It thus begins at tide water and ends nowhere.

According to a detailed statement of expenditures printed elsewhere in this issue and vouched for by officials of the railway company, the Pacific Great Eastern has spent to December 31, 1915, \$28,292,398, of which the Government has supplied, through the sale by the railway company of its provincially guaranteed bonds, \$19,385,120, leaving a net balance of cash supplied by the contractors of \$8,907,278.

To finish building the railway from Clinton to Fort George, thus enabling the railway to handle transcontinental freight, it is estimated by the Provincial Government engineers, a cash outlay of about \$6,500,000 will be required.

With about \$23,000,000 of securities outstanding, bearing 4½% interest or pledged, the Pacific Great Eastern is paying fixed charges of \$1,000,000 per year. This interest charge must be met although, because of its inability to connect with Fort George, it is unable to handle the considerable revenue producing freight both to and from Vancouver through this connection with the Grand Trunk Pacific.

Furthermore, it is the unfortunate experience of graded lines that have not been laid with rails and ballasted to sustain a very heavy loss because of depreciation through washouts and other disintegrating effects to roadbed. The railway company estimates that if no rails are laid on the graded line from Clinton to Fort George this year the loss involved will be about \$1,000,000. Thus, by

way of interest and depreciation, the company will suffer a loss of \$2,000,000 this year, and this also means the serious delay of a year in preparedness to take advantage of the after war conditions, which, it is confidently expected, will initiate a tide of westward immigration from Europe of which British Columbia will get its share.

The demand from some sources for investigation of expenditures on the railway by the Government, before the Government should extend aid to the company, is made without an understanding of the facts. An investigation perhaps should be undertaken at an early date if for no other purpose than to satisfy public opinion as to value being received for the work done. But this investigation can be carried on concurrently with the prosecution of construction. The company invites an examination of the work done by any responsible railway engineer who could in view of an expenditure of only \$18,000,000 arrive at a very close estimate as to whether value has been received from the expenditure. But the question of value being received is really more important to the owners than to the Province.

The principle back of the construction of the Pacific Great Eastern is different from that of the construction of the Canadian Northern Pacific. In the latter case the covenant of only the Canadian Northern Railway is held. Sir William Mackenzie and Sir Donald Mann are not personally held on that covenant. But in the case of the Pacific Great Eastern the members of the firm of Foley, Welch & Stewart

are individually liable on their personal covenants for the completion of the road. If, for instance, Foley, Welch & Stewart, sold their interest to another company or firm, they each would be liable under the covenant for the completion of the road, unless relieved by an act of the Legislature of British Columbia. The Province of British Columbia certainly appears to have given itself ample protection in this undertaking. By lending the railway company money for immediate construction, the liability of Foley, Welch & Stewart is not affected and recourse can be had as easily six months or a year hence as at present and can be as easily enforced. The Province is losing nothing in proceeding with construction pending an investigation, but in fact is saving \$2,000,000, the loss of which would be borne by the

<p>PACIFIC GREAT EASTERN AND PROVINCE OF BRITISH COLUMBIA.</p> <p>—</p> <p>REPORT OF PROVINCIAL FOREST BRANCH FOR 1915.</p> <p>—</p> <p>CONFLAGRATION HAZARD IN RATING RISKS BY SCHEDULE.</p> <p>—</p> <p>RECENT ANNUAL REPORTS.</p> <p>—</p> <p>MINING THROUGHOUT BRITISH COLUMBIA.</p> <p>—</p> <p>TRUST COMPANY NOTES, COMPANY NOTES, INSURANCE, MUNICIPAL, LUMBER, MINING, AND OTHER IN- FORMATION.</p>
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