

As I said before, this letter was written some years ago, at the end of 1880.—

"They have two pretty old looking second-hand locomotives and eleven second-class passenger cars, two freight cars and ten or twelve flat cars. This fall they bought a snow plough. There is a station house at the junction worth about \$700, one at Burns' Mill, Bathurst, one at Clifton, one at Grande Anse, one at Burns' Mill, Caraqueet—now called Burnsville—"

So that the hon. gentleman has got his name on a town if he has not got his name in the railway.—

"—and one here at the village of Caraqueet. The average cost of these would not exceed \$350 each. You will have a better idea of the cost of rolling stock and rails than I. I heard the company's engineer state, at a dinner given by the president, that the subsidies would be sufficient to build and equip the road. He had then about completed his survey and based his estimate upon it. The roadbed is very good for a new road, and rails, although considerably lighter than those on the Intercolonial Railway and New Brunswick roads, are, I believe, of very good quality. Besides the station houses there are eight small platforms along the road for loading and receiving freight. I have not gone over that portion of the road from Caraqueet towards Shippegan ten miles, but speaking from my knowledge of the country, there is not one bridge in that distance and not more than four culverts on small streams."

Then from another correspondent :

"I think Burns precluded his rails by hypothecating the first mortgage bonds of the company to the full amount of issue authorised by the company's charter. A small portion of them only have been actually sold. This would leave Burns his two subsidies to grade and equip his road, and I am quite convinced that he would not have more than from \$2,000 to \$2,500 to give out of these subsidies, but he would most certainly have that much of a margin. It is a well-known fact that Burns was in pecuniary straits at the time he went into the railroad, and he is now in good standing. I am satisfied— is right as to Burns being the company and owning the whole undertaking, and that not a dollar of private money has been put into the enterprise by any here connected with it. It is true there was a deviation in the line of the railway permitted to reach and take in a mile of Burns, adding six miles to the length of the road."

Then from another correspondent about the same date :

"The road starts from the Intercolonial about one half mile south of the Nepesquit River and runs down following nearly the course of the river about four miles; there is a branch from there to Mr. Burns' mills about one mile. From Grande Anse the road curves running south to Burns' mills on Caraqueet River, eight miles from Grande Anse; this deflection lengthens the road about five miles. The bridge across Bass River has a small granite abutment at each bank, one granite pier in the centre of the stream and two box truss spans of about thirty-five feet each. The bridge on Caraqueet River has only one span of about thirty feet. At Bertrand's Brook, about four miles below the mill, there is a wooden bridge about 400 feet long, built upon bents and trestles, and a small wooden bridge at Pokeshaw. At Little River, Caraqueet, there is a cedar bridge built in blockwork, about 500 feet long. These, I think, are the only structures on the line of the line that can be called bridges. There are, I should say, eight to ten wooden culverts, large and small, on brooks and hollows, with earth fillings from six to twelve feet. The grading of a considerable portion of the road was let in short sections to several contractors by private contract. One of these contracts is told that the grading would cost about \$1,000 per mile. The grading and bridging of the whole road would not exceed, I should think, \$2,000 per mile. The rails are very good, of medium size. There is a station house at the Junction, one at Burns' Mill, Bathurst, one at Clifton, one at Grande Anse, one at Burns' Mill, Caraqueet River, and one at Caraqueet. The average cost of each about \$350. Mr. Burns appears to be building the road himself; whether he has gone through the form of having a contract from the company, I do not know. I cannot say correctly what proportion of the work was paid for in goods at his stores, but I think it safe to say that three-fourths of it were paid in that way and one-fourth in cash. I presume that the subsidies if properly managed would build and equip the road as it is now equipped; in fact, I heard the engineer of the company state that they would,

after he had made a survey. First mortgage bond was sold in England for £100,000 sterling on the 50 miles, at £98, at 5 per cent. interest. A call of 5 per cent. was made upon the subscribed stock; of course only a few responded. I believe just a sufficient number to form a board of directors (7), others transferred their stock to Mr. Burns; this is how he got possession of nearly all of the stock.

"The cost of the road is represented in England to be about \$24,000 per mile.

"It is generally believed that whatever was paid has since been refunded from the subsidies."

Now, Sir, I turn to the English business. There were two prospectuses issued in England, the first of which I have not had the opportunity of seeing, but of the second I happen to have a copy. It appears to have represented that there had been a prior allotment of £30,000 out of a total bond issue of £100,000 etc.; and the prospectus was for the issue of £70,000, being the unallotted portion of £100,000 of 6 per cent. first mortgage sterling bonds of £100 each, redeemable at par in 1904, and secured as a first charge. They appear to have been issued at 98. The prospectus states :

"The Governments of the Dominion of Canada and the Province of New Brunswick have given a joint guarantee to the Caraqueet Railway Company of £1,280 per mile, amounting in all to a free grant of £76,800, being more than one-fourth of the cost of construction. As security for the payment of the interest on the whole amount of the bonds for three years, viz. up to the 1st of July, 1889, inclusive, a sufficient sum has been set aside and will be deposited with the Imperial Bank in the names of the trustees. The Caraqueet Railway is a branch from the Canadian Government's main line, connecting with the Intercolonial at Bathurst, and thus with the Canadian Pacific and the whole of the Canadian railroad system. It runs from the Bathurst Junction to Shippegan Harbor, the eastern extremity of the Province of New Brunswick, establishing a through communication right across British North America from the Atlantic to the Pacific seaboard. The line has been built in the most substantial manner by contract, at a cost of £220,000, under Government supervision. Already over forty miles are in operation, and the remaining twenty miles being far advanced towards completion, will, it is expected, be finished and opened by September. The location of the Caraqueet Railway is eminently favorable for the earning of steady revenue; its course being through a long settled country whose communities are engaged in important mercantile pursuits, the resources of the district being very large. The amount of mortgage bonds authorised by Act of Parliament is limited to £100,000 and represents a charge of only £1,700 per mile upon a railway costing £4,833 per mile, the ordinary share capital of the company is \$950,000 (or £190,000), the whole of which has been allotted in Canada. The mortgage bonds take priority before the share capital, both as to principal and interest, and are further secured by a mortgage under a trust deed of the value of the railway, rolling stock and other assets of the company, besides the unallotted capital, namely, by mortgage of sixty miles of railway, whereof forty miles are in operation, having been completed and equipped at a cost of £4,833 per mile, or equal to £133,320; by twenty miles of railway in course of construction, under contract, for say, £30,560; by unallotted capital of the company, £44,480 making a total of £208,440, or more than three-fourths of the entire issue of bonds authorised; the affording security of the highest class. The amount required out of the revenue to pay the interest upon the whole of the bonds is only £100 per mile annually. A carefully prepared estimate based on the traffic already existing shows that a revenue of at least £200 per mile may be expected. Since the opening of the line now in operation the earnings have been highly satisfactory. Mr. K. F. Burns, M.P., the president and general manager, reports: 'Thus far the receipts from both passenger and freight have exceeded the company's most sanguine expectations.' And, indeed, he adds: 'Since regular daily trains commenced running the carrying capacity of the line has been taxed to the utmost, with every likelihood of continually increasing business. The working expenses and cost of maintenance will be exceptionally low owing to the absence of steep grades, sharp curves and heavy bridges.'

There, Sir, was the statement on which the issue

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