



SIDE VIEW OF CULVERT AND WINGWALLS, L. E. AND D. R. RY.

FIGURE 2.

son & elsewhere take delivery of the goods. Thus, at the present moment, there is not the cash in hand to pay an interim dividend, but it is hoped, when all the earnings have been converted into cash, that it may be found possible to pay a dividend of, perhaps, 5% this winter or early next spring. From now on, however, unless anything very unforeseen occurs, the net income should be available for dividends & reserves, for unless conditions in the Yukon change very rapidly there is no present intention of extending the railway beyond White Horse. Some of the shareholders may consider the policy of applying the profits of the Co. to capital expenditure as open to criticism, but my colleagues & myself, & many of the principal shareholders who had been consulted, considered that the best interests of the Co. demanded the immediate extension of the railway & the consolidation of the enterprise, even though it absorb profits available for distribution, & had we attempted to finance the extension of the second portion of the railway by issuing more shares or debentures, it would have proved a very heavy burden for this Co. to support in the future. I feel that in these remarks I have dealt more with generalities than details; but I know Mr. Graves will supply any omission on my part, & you will also find, as I stated before, details on almost every point in these reports. I shall conclude by quoting the final remarks made by Mr. Hawkins, which seem to me most appropriate: "The prospects for future business are even better than at the time of making my report upon the conditions of the first section. With every confidence in the future success of this quite remarkable railway enterprise, I remain, &c." I think we may, with every confidence, re-echo these words and share these sentiments. I beg to move:—"That the report & accounts submitted to the meeting be received & adopted."

Sir Allen Sarle seconded the motion.

S. H. Graves said: The Engineer's report, which is already in your hands, describes the construction of the first & second sections of the railway, & the difficulties attending it, & the nature of the line as constructed, & the report of the auditor of the local companies, also in your hands, shows the result of the operations of the line from the date it was opened, in July, 1899, down to the end of last year—a period slightly under six months. During the winter season, while navigation on the Yukon is closed, the traffic is very light; while, on the other hand, the operating expenses are very heavy, in consequence of the expense involved in keeping the line free from snow & ice. Last winter we were particularly unfortunate in this respect, in consequence of the repeated breakdown of our rotary snow plough, caused partly by the very heavy

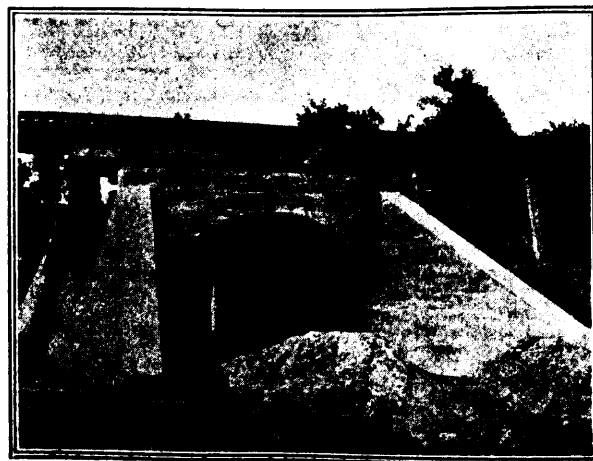
nature of the service, & partly by hidden flaws in the steel & iron work. This plough has now been practically rebuilt in our own shops at Skagway, & is very much stronger in every way than when it was delivered to us by the builders, & a second plough, specially designed for our service, has been built for us, & I presume, by this time has reached Skagway, as it was on its way when I last heard of it. I anticipate that the traffic this winter will be heavier than last winter, now that our line is open as far as White Horse. During last winter the construction of the second section of our railway from Bennett to White Horse was pushed so energetically that it was possible to open the line between Caribou & White Horse, a distance of some 45 miles, on June 8 last. This left

a gap of some 27 miles of very heavy rock-work along the shore of Lake Bennett still to be completed. This gap was closed & the through line opened for traffic on July 30. During the interval before the gap was closed, goods & passengers were forwarded by ferry boat down Lake Bennett. The traffic this season, both freight & passenger, shows, as was anticipated, a marked increase over last year, & I have no doubt that when the figures of the local companies to the end of the year come to be made up they will make a showing which will be entirely satisfactory to the shareholders.

Arrangements were made this year before the opening of navigation, under which we have secured the practical control of the river & lake navigation. The boats, steam tramway, wharves, & other property formerly belonging to the John Irving Navigation Co., by means of which the traffic for Taku Arm & the Atlin district was carried forward from our railway, have passed into our hands, so that this traffic has this season been carried on entirely by our own boats. In view of the quartz development in these districts, I consider it of very great importance for the railway to have secured this line of boats. The Dawson traffic has been carried on this season mainly by means of the boats of the Canadian Development Co., with which Co. we entered into an advantageous through-traffic agreement, under which we participate in the profits of the river boats, & practically control the traffic just as much as if we owned the boats ourselves. This is of great importance, & enables us to deal directly with shippers & consignees. In short, instead of being, as formerly, merely a link in a chain, we have now become the chain itself. You will be glad to learn that in consequence of the improved service which we were enabled to give by controlling the river & lake boats, we are now securing the larger part of the gold shipments which hitherto have been made by St. Michaels. We have also been able to build up a surprisingly large traffic in perishable freight, such as fruit, vegetables, fresh meats, &c., & I expect that this class of traffic will greatly increase in succeeding years. You will, perhaps, be surprised when I tell you that goods shipped from such places as Victoria, Vancouver or Seattle have been throughout the past summer delivered by us in Dawson

along with the mail advising the shipment of the goods. In other words, we have carried the freight as fast as the mail, & both have reached Dawson in about a week from the starting point. The sea voyage of 1,000 miles consumes about four days, & Customs house formalities about another day; so that only two days are left for the carriage of the goods more than 100 miles by railway & 500 miles by river. I spent a large part of last summer on the Pacific Coast & in Alaska & the Yukon territory, & I think you will perhaps like to hear from me some of the results of my personal observations. Dealing first with the railway itself, you have such a full report from the Engineer that I will not enlarge upon it beyond saying that the entire line from Skagway to White Horse is a very fine piece of work. The gradients & alignment show skilful engineering, & will enable the maximum of traffic to be handled with the minimum of expense & delay. The wharves, yards, & terminal facilities at Skagway, Bennett, Caribou Crossing & White Horse are of the latest & most approved design, & admirably adapted for our work. The road-bed, though new, is better than that of many older roads. Our shops at Skagway are equipped with iron & brass foundries, a steam hammer, pneumatic-air tools; & in short, all the requisites of an up-to-date locomotive & car-building plant, & we now build our own locomotives out of materials purchased from engineering companies, & our cars out of raw material. The rolling stock is all first-class of its kind.

The large coal storage bunkers at Skagway, with a capacity of 3,500 tons, which were built this summer to enable us to carry a winter supply of coal, are now filled, & we are ready for the winter so far as fuel is concerned, instead of having to depend, as last winter, upon getting cargoes during the rough winter months. The steel cantilever bridge across Switchback Canyon was in process of erection when I was there, & I trust that by this time it is about ready for use, thus saving the delay & expense already involved by the operation of the switchback. Our operating department estimates that this bridge will pay for itself in two years. We are putting in steam travelling gear for loading & unloading vessels by machinery at our wharf at Skagway, & in this way we shall for the future effect a great saving in time, labor & expense. You will gather from the foregoing that by the time business is resumed next spring, with the opening of navigation, we shall be in a position to handle a very large traffic to the best possible advantage. The next thing that you will want to know is as to the prospects for such a traffic. Hitherto by far the greater proportion of the business go-



END VIEW OF CULVERT AND WINGWALLS, L. E. AND D. R. RY.

FIGURE 3.