

if you add the proposed loan of \$5,000,000, that makes the total loans equal to \$17,710 per mile—the old loan and the new loan; and that makes the aids of cash gifts and loans \$54,110 per mile and 10,471 acres per mile. Valuing the land at \$1 per acre makes the amount, of the gifts and loans, \$64,487 per mile; and valuing the land at \$2 per acre the amount is \$75,058 per mile for the 1,909 miles which the company are to build. Now, of course, I am not prepared to say, without going into further calculations, that this is too much; one has to consider what was to be done in order to find out whether this was too much or too little. I propose now to proceed to enquire what was to be done for those aids. One year ago, when the loan of 1884 was asked for, the official statement as to the cost of the contracted line was as follows: expenditure already made, \$23,073,951; materials on hand, \$1,028,604; total amount required to complete the contract, \$27,000,000, from which I deduct, for the moment, \$1,700,000, being the amount out of that estimate attributed to equipment, because I am dealing with the construction, and have for the moment no reference to equipment. That is to say that \$25,300,000 were required to complete the road; and thus the total cost of construction would be \$52,407,500. That is a plain and clear statement of the case given to the country by the Government and the company last year, namely that \$52,407,500 was to be the cost of building that line, in accordance with the contract, apart from the equipment. Mr. Van Horne, in a paper on the Table, says this estimated cost includes the permanent road round that part of Kicking Horse Pass which is now arranged for by a temporary line; that the cost of both the permanent and the temporary line was estimated at about \$1,360,000, of which \$960,000 was estimated for the permanent line. He has obtained permission to use the temporary line for some years to come, and therefore the permanent expenditure will not be incurred. I deduct, therefore, from the estimate of last year, \$960,000, since we are not to have the permanent line built, and that reduces the cost to \$51,440,000. But Mr. Van Horne also says that \$1,000,000 have been saved in British Columbia since the estimate of last year. Mr. Stephen, however, in his letter of 18th March, says that the saving in British Columbia has been off set by extra expenditure on the North Shore. Now, when you come to the brief, condensed and unsatisfactory statement placed before us, unverified and unsupported by the statement of any engineer, you find that the extra expenditure on the North Shore is stated by Mr. Stephen at \$2,500,000, and that only. I deduct that sum of \$2,500,000, unsatisfactory though the statement is, from the \$1,000,000 which Mr. Van Horne said was saved at the other end, and I find a net saving of \$1,500,000 in that respect, as estimated last year. That being deducted from \$51,440,000 reduces the cost of the line, by the estimates and statements which are before us, to a trifle under \$50,000,000. Now, as to the cost of equipment. When the loan was asked for, we were told that \$1,700,000, which was included in the loan, was quite adequate, in addition to the existing equipment. The existing equipment of all lines and branches was said, at that time, to be of the value of \$3,638,000; and the amount added, which was put into the loan for equipment, was \$1,700,000 and it gave, as necessary for all the lines and branches, according to the estimate, \$10,328,000. There is the required equipment for the main line and branches. I will make another calculation, by which to ascertain the cost of the equipment. I take Mr. Stephen's own letter of the 18th March, in which he states the expenditure for equipment up to 31st December, at \$9,168,755; and that there will be required \$1,000,000, making a total of \$10,168,750 for the main line and branches. That is on average within a fraction of the result of the former calculation. I take the larger of the two figures, so as to err on the safe side, and taking \$10,338,000 as the cost of equip-

ment of all lines and branches, and observing that there are 2,550 miles from Callander to Port Moody, \$3,000,000 would be the proper proportion for equipment. This accords, so far as I can see, with the figures given on the last occasion. I have thus arrived at the cost of the construction of the contracted line and the cost of equipment for the Government and contracted lines: \$50,000,000 for the one, \$3,000,000 for the other, total \$53,000,000. That is the result of the information which was given in January, 1884, as modified by the information we have since received. I ask, next, having arrived at what the cost of the work for the company to do was—a work which they say is to be completed a few weeks from this hour—what are the cash resources available to meet that work? They are easily ascertained. There are, subsidies, \$25,000,000; the loan of \$22,500,000, the land grant bonds, which realized, in 1883, \$9,200,000, and in 1884 the company received more than \$1,000,000 more of land grant bonds, which have always been saleable at something approaching to par, from 97 to par. I put in \$1,000,000 for that. Then there are bonuses and town site sales \$800,000. These three figures give you \$11,000,000 of cash resources actually available to the company, in addition to the subsidy and the loan. Then I come to another point, and that is the profits of working. The company state the profits from all the lines to be \$1,626,000. There I am in the region of conjecture, because we have not got a statement of what the net profits were from working the leased and acquired lines, and therefore it is impossible for me to declare what proportion of profit is due to the main line, the line from Callander to Port Moody. But my belief is, that I overstate the case when I assume \$66,000 to be the amount of net profit derivable from the acquired and leased lines, in excess of the fixed charges to the company, and charges for interest on purchase money which the company have already paid. If you take the purchase money paid for the Canada Central and for the Montreal, Ottawa and Occidental Railway, and the Laurentian Railway, and other lines, and calculate the interest on the purchase money; and if you take the interest on the unpaid purchase money of the Canada Central, and Montreal, Ottawa and Occidental, and the interest on hypothecated bonds and for stock, for the other line, the Ontario and Quebec proper, if you take the charges on the Credit Valley arrangement, the rent of the Toronto, Grey and Bruce, and deduct them from what are called the net earnings, which are the gross earnings, less the actual expenses, I think you will find it very probable that I erred in assuming that \$1,626,000 were the earnings in excess of those sum. I do not know whether that sum is the result of the earnings of the Canadian Pacific Railway, after deducting those charges. It ought to be, because if those charges are not deducted, then the main line has been charged with the cost of buying and leasing lines and branches. I did assume that those charges were deducted and that the result of \$1,626,000 was after the deduction of those charges. Assuming that, and assuming that \$66,000 would be the surplus upon the leased and acquired lines, after their bearing the cost of their acquisition, I take \$1,560,000 as the net earnings of the Canadian Pacific Railway main line from Callander to Port Moody, and I add that to the resources I have already stated, which gives \$60,060,000 cash resources—or, say sixty millions. Now, I have shown you the cost of construction, and equipment, to be \$53,000,000, and I have shown you the cash resources provided altogether outside of the company, provided, in fact, by the public, to be \$60,000,000, or \$2,000,000 more than the whole cost of construction and equipment, and that without touching the company's original stock. Now, that stock was to be touched; it was part of the contract that the company should subscribe that stock and pay it up in full; it was part of the contract that that should be done; that the money should go into