

expenditure on rolling stock, in 1874, up to 30th June, charged to capital account, was \$2,640,427. In 1874-75 there was added to that to meet the increased business, charged to capital account, \$583,904; in 1875-76, \$141,304; in 1876-77, \$316,552; in 1877-78, \$125,245; in 1878-79, there was no increased charge; in 1879-80, \$19,995; and these figures indicate the fact that there was no increased business, comparatively, to provide for. In 1881, the increased charge to capital account was \$224,920; in 1881-82, \$358,859; in 1882-83, \$628,244; and from the 30th of June, 1883, to the 31st December, the charge to capital account was \$236,109, making a total to the present time, from the first, of \$5,275,442. I draw attention to the fact that an examination of these figures, and of the figures which indicate an increased volume of traffic, will show at once that the amount charged to capital account to provide for the increased business was not in excess of the business itself.

Mr. BURPEE (St. John). Was not a large amount, in 1874-85, for steel rails?

Sir CHARLES TUPPER. I dare say there was a certain amount of it. I wish to draw the attention of the hon. gentleman to a statement of the increased business, which will show at a glance that the demand for increased rolling stock charged to capital account has not been at all in excess of the business. The earnings amounted, during the last fiscal year, to \$2,370,921, which was an increase over the preceding year of \$291,658, and exceeded the earnings of 1879-80 by no less than \$864,622. Any person acquainted, as the hon. gentleman from St. John is, with the operation of railways, knows that you cannot have any such increased earnings without having a very large increase in the volume of traffic. The number of tons moved in 1882-83, was 974,961, or 132,005 tons more than during the preceding year, or 409,037 tons more than in 1879-80. The number of passengers during the past year was 878,600, against 779,994 during the preceding year, or 581,483 in 1879-80, or an increase in three years of 297,117 passengers. I think I have only to refer to these figures to show, at a glance, the necessary demand for increased rolling stock to carry on a business of that kind.

Mr. BURPEE (St. John). Does that include the Prince Edward Island Railway?

Sir CHARLES TUPPER. No; we treat them separately in taking the estimates.

Sir RICHARD CARTWRIGHT. Of course, we can quite understand that, from time to time, as the road is completed and gets in working order, it ought to be expected to increase in business. With respect to some of the remarks of the hon. gentleman, however, I may say that during 1874-75-76, and if I recollect aright, a part, at any rate, of 1877, that road was being actually constructed, in large part. I think it was not fully completed until 1877, if my memory serves.

Sir CHARLES TUPPER. The fact is, it is not quite completed yet.

Sir RICHARD CARTWRIGHT. So I see, to our sorrow; because the hon. gentleman spent \$1,000,000 odd on capital account in 1883. But what I mean is this, that no fair comparison can be made between the years when the railway is in process of construction, when it is not completed, and when, as a matter of course, a large amount of rolling stock is most properly charged to capital. I have never objected at all to charges to rolling stock rendered necessary by the building of 100, or 200 or 300 miles of additional road. That would be quite fair and reasonable, but I have pointed out, over and over again—and in point of fact, we had come to the conclusion, in 1878, to stop the capital account altogether. It may be sometimes a fair thing to spread the expenditure for rolling stock over two, or three,

or four years. But there is no doubt about it—I am not going to say, in the present instance, that the thing has been done—if you go on keeping the capital account open for rolling stock all the time, there is a great temptation, and in some instances a great liability, to sums which should properly be charged to revenue account being charged to capital account. It makes things look pleasant; it gives a surplus when none exists, and in 1883, I see that \$668,000 were charged for rolling stock to capital account. Well; it is no doubt true there has been an increase in the quantity of goods carried, an increase in the number of passengers, and an increase in the receipts, but I submit that \$668,000 appears, *prima facie*, to be more than the increase which the hon. gentleman named would warrant, and it certainly is open to the risk I have pointed out. If this account be always open it is exceedingly convenient to put large charges for rolling stock to that account, and we really cannot tell whether the road is paying its way or not, so long as that item remains open.

Sir CHARLES TUPPER. The hon. gentleman will see that I was not resting my case on a comparison between the years 1876-77. I was taking the last three years as an indication of the impossibility of providing for the business—fortunately the increased business—of the road, without having a large increased charge to capital account for traffic. If you take the years 1876-77, you will find that the number of tons carried on the Intercolonial Railway for those years was 421,327. Now, I ask the hon. gentleman how I am to move 970,961 tons of freight in 1882-83, with the rolling stock which would be sufficient for 421,327 tons in 1877. The thing is perfectly impossible. You cannot, if you have merely rolling stock enough to handle your traffic, handle the largely increased traffic of last year—a traffic which is \$291,000 over the traffic of the previous year—you could provide for no such increased business as that without having a large increased amount of rolling stock; and I say the manager of a railway is bound to keep, in a thorough state of efficiency and repair, all the rolling stock he has put on the road by capital account. In 1876 there were 100 locomotives on the Intercolonial Railway. Since that time there have been added thirty-five, which are charged to capital account. So, all the rolling stock will be found to be in proportion to the amount of the business of the road. Of those 100 locomotives, a large number have been worn out and have gone to the scrap heap, and have been replaced by revenue account. I am quite certain that every member of this Committee will be only too glad to have a demand made for increased rolling stock if it is required to handle increased business.

Mr. BURPEE (St. John). Last year I think the hon. Minister stated that the contract with the Pullman Car Company would expire some time this year. Has he renewed that contract; if so, on what terms?

Sir CHARLES TUPPER. The service of the Pullman Car Company has not been at all satisfactory. The Pullman cars on the Intercolonial Railway have been below the present standard—have not had the conveniences and comforts of the more modern ones; and the question arose, as the contract terminated this year, as to what arrangements we should make for the future. We have entered into a provisional arrangement, under which that contract will terminate in August, 1885, the date at which the contract between the Grand Trunk Railway and the Pullman Car Company terminates. We made that arrangement because we think it very important we should have a thorough Pullman service, in connection with the Grand Trunk Railway, between Halifax or St. John and Montreal. We have put the contract on much more favourable terms for the Government than before. It is provided that the Company shall put on two first-class additional cars, with all the modern improvements, and that all the other Pullman cars shall be