

In another report Mr. Schreiber says :

“ Many improvements, extensions and additions have been made all along the line, the cost of which has entered into the accounts for operation, but which are certainly not works of ordinary maintenance.”

Then I observe the following criticism in reference to the Intercolonial Railway :—

“ What sense is there, for instance, in charging against working expenses the difference in cost, say \$90,000, between the old and the new general offices or in so charging the cost of an iron bridge replacing a wooden one or a 67-lb. rail substituted for a 56-lb. one? No railway company does this sort of thing—why should the Intercolonial?”

“ To show how this works turn to the report of '91, and it will be found that 13,125 tons of 67-lb. rails were used to replace 56-lb. rails. This means an increase of about 2,600 tons at say \$24 a ton, or over \$60,000. The property is better and worth more by so much, but the charge is against the running expenses of the year and wrongly becomes part of the deficit. The like is true of betterments in respect of freight cars, locomotives, buildings, &c.”

Now, in the operation of the Intercolonial for the ten years ending the 30th June last I find that there has been a deficit, according to the reports, of about \$2,300,000, or an average of \$230,000 a year. If the accounts of the railway were kept in the same way as the accounts of railway corporations in the United States, and as I am informed the accounts of railway corporations in this country are kept, I think that deficit would entirely disappear as a result of not charging against working expenses such items as additions, improvements and betterments which have been included in the working expenses of the Intercolonial as they are kept and have been kept since 1875. For the four years ending the 30th of June, 1878, the deficiency in the operation of the railway under the former Government amounted to \$1,465,029, taking the accounts in the same way as they have been kept since that period. That sum includes of course several items which were placed in a suspense account. For instance, in 1876, there is an item of \$215,289 for renewals not put in the balance; there is in 1877 another item of \$200,000 not charged to capital but carried to the suspense account, and in 1878 a similar item of \$200,000 not charged to capital but carried to suspense account. If all these items were charged to the working expense the deficit would have been, as I have stated, \$1,465,029. I do not mention this by way of making a comparison in the expense of management of the railway as carried on under the former Government and as carried on under this Government, but for the purpose of showing that if the items in both accounts which have been charged to Collection of Revenue had been classified as they are on other railways, the deficit on Working Account would to a great extent disappear.

Mr. DAVIES (P. E. I.) Do I understand the hon. gentleman to say that he finds in any of the accounts submitted to this House that some have been charged to maintenance which should be charged to capital, and if there are any, would he kindly point out what they are?

Mr. McDUGALD (Pictou). A few days ago I gave notice of a motion which was moved by the hon. member for Westmoreland (Mr. Wood) in these words :

“ Order of the House for a return containing a statement of expenditure out of income made for permanent improvements, extensions, additions and betterments, exclusive of works of ordinary maintenance and renewals on account of the Intercolonial Railway from 30th June, 1881, to 1st of July, 1891. The return to show such expen-

diture in summary form for each branch of service as can be conveniently ascertained from the accounts.”

A return has just been placed in my hands, as follows :—

INTERCOLONIAL RAILWAY..

STATEMENT of Expenditure out of Revenue for additions or Betterments between 1st July, 1881, and 1st July, 1891.

Class of Work.	Particulars.	Amount.
		\$ cts.
Ballasting.....	Additional ballasting....	160,284 00
Buildings and plat- forms.	New buildings or addi- tions and improvements to old.	183,999 68
Bridges.....	Difference in cost between iron and wood : differ- ence in cost between standard and originals floors strengthening old bridges.	234,495 48
Fencing .....	Difference in cost between wood and wire fences, and new fences where none existed.	201,417 60
Land and land damages.	Additional land for sta- tions, snow fences, &c.	30,802 20
Rails and fasten- ings.	Difference in cost between 56-lb. rail and 67-lb. rail, including nut locks and tie plates.	262,430 00
Sidings.....	New sidings and exten- sion of old sidings, grading, &c.	246,557 00
Ties .....	New ties to change spac- ing from 2½ ft. to 2 ft.	168,191 64
Signals .....	New additional signals and improvements to old ones.	37,098 00
Miscellaneous.....	Additional track scales hoisting crane, dredg- ing plant, hand cars, coal waggons, &c.	86,404 15
Raising bridges and snow sheds.	Raising bridges and snow sheds to comply with the law.	16,500 00
Locomotives.....	30 new locomotives, aver- age cost \$10,000, if re- placed by the same kind cost would be \$7,000, 30 at \$3,000.	90,000 00
do .....	4 new locomotives, in- creasing the stock.	43,750 00
Improvements to locomotives.	Improvements to 44 loco- motives.	40,000 00
Improvements to passenger cars.	Improvements to 90 pas- senger cars.	45,000 00
Improvements to express, baggage, postal and smok- ing cars.	Improvements to 14 ex- press and baggage, and postal and smoking cars	7,000 00
Improvements to freight cars.	Improvements to 2,600 freight cars.	137,700 00
Improvements to snow ploughs.	Improvements to 8 snow ploughs and 4 wing ploughs.	12,000 00
Air brakes.....	Putting the Westinghouse automatic air brake on the passenger trains.	30,600 00
New tools and im- provements in work shops.	New tools and improve- ments in work shops.	20,000 00
Improvements in water supply.	Improvements in the water supply for loco- motives.	92,183 10
	Total.....	2,531,001 85

This shows the additions and betterments during these ten years to have cost \$2,531,001.85, while the deficit during those years has been \$2,300,000 ; in other words, the deficit should be wiped out and a