

CHAPTER X.

THE PACIFIC GREAT EASTERN RAILWAY.

226. It is difficult to-day to recall the care-free days of twenty years ago when our Legislature with hardly a dissentient voice and supported by an enthusiastic electorate disposed of the credit of our Province with a munificent hand. In 1910 authority was given for the guarantee of Canadian Northern Pacific Railway bonds at the rate of \$35,000 a mile for a maximum mileage of 600 miles. Two years later, the guarantee of \$35,000 a mile for a maximum of 450 miles brought into existence the Pacific Great Eastern Railway. Fortunately for us, the Canadian Northern Pacific Railway was eventually absorbed by the Canadian National Railways, thereby transferring to the Dominion Government our Province's liability for the bonds they guaranteed. But no such kindly benefactor has so far released us of the Pacific Great Eastern Railway, which the Province took over from the contractors in 1918, and which to-day presents one, if not the most formidable, of our many problems.

227. The following figures are taken or compiled from the published accounts of the Company:—

"REVENUE AND OPERATING EXPENSES DURING CONSTRUCTION, FOR THE YEAR ENDED:

June 30, 1921	\$357,266.54	Deficit.
" 1922	515,464.42	"
" 1923	257,620.32	"
" 1924	262,036.75	"
" 1925	337,750.00	"
" 1926	309,260.65	"
Dec. 31, 1927	558,405.92	"
" 1928	484,064.06	"
" 1929	567,948.12	"
" 1930	449,516.89	"
" 1931	715,296.81	"

"INVESTMENT IN ROAD AND EQUIPMENT AS AT DECEMBER 31ST, 1931.

Grading	\$12,718,237.08
Bridges, trestles and culverts	4,616,447.23
Rails	2,594,108.34
Sundry equipment and other expenses	8,601,801.69
Interest during construction from the commencement of expenditures	34,427,475.89
Loss on operations as shown by Profit and Loss Account	5,386,078.39
	<u>\$68,344,148.62</u>

Its auditors state:—

"No provision has been made in the accounts for depreciation on the fixed assets or equipment of the road, replacements and renewals being charged to 'Revenues and Operating Expenses' as above referred to."

In view of the failure of the revenues to meet the ordinary expenses of operation, it is obvious that all moneys advanced by the Government to this Company must be regarded as irrecoverable.

228. It is hardly necessary to say that notwithstanding the vast expenditures which have been made and which represent a substantial part of the Provincial debt the railway is only constructed and in operation between Squamish and Quesnel, and that it cannot serve the purpose for which it is intended until it connects Vancouver with the Peace River lands.

229. In the course of our study of this problem we had the opportunity of reading a number of reports by competent authorities dealing with the economies of a western outlet for the agricultural products of the Peace River District, the physical features and natural resources of the country tributary to the railway and other relevant matters.

230. However desirable the completion of this railway may be, we are of opinion that the financial position of the Province will for many years be such that it will be quite beyond its power to continue the operation of this railway, much less to undertake betterments or extension, and that these must be left to private enterprise.

231. We therefore recommend:—

(a.) THAT THE PROVINCE MAKE NO BETTERMENTS OR OTHER CAPITAL EXPENDITURES ON THE EXISTING LINE NOR ANY EXTENSIONS THERETO.

(b.) THAT EVERY EFFORT BE MADE TO SELL OR OTHERWISE DISPOSE OF THE RAILWAY ON TERMS WHICH WILL NOT ADD TO THE LIABILITIES ALREADY INCURRED.

(c.) THAT UNLESS SUCH A DISPOSITION CAN BE MADE IN THE NEAR FUTURE, NOT EXCEEDING NINE MONTHS, ITS OPERATIONS BE DISCONTINUED, AND THAT IN THE MEANTIME OPERATING EXPENSES BE REDUCED TO A MINIMUM.