

expenditure for the Mail Service between San Francisco and Victoria, with the increased Customs Receipts, consequent on the increase of population on Vancouver's Island, incident to the building of this section of the Railway, will show an aggregate gain and saving of several hundred thousand dollars over interest on Gold Reserve. It will be remembered that the Mail Service between Victoria and San Francisco costs annually \$54,000. The contract expires on the 1st of July next. The new contract for the Service goes into operation at that date, and will cost only about \$18,000 a year. That will make a saving of \$36,000 per annum, or a total saving, in five years, of \$180,000. I estimate that the minimum increase of the population in Vancouver Island, between 1881 and 1885, if this Railway be constructed, will be 3,000. At \$10.42 the present *per capita* of Customs paid by British Columbia, the minimum increase of population 3,000 would, in four years, yield \$125,040 additional Customs Revenue over the present Receipts. The following summary shows the net aggregate gain and saving between 1880 and 1885 :

SUMMARY.

Saving on San Francisco Mail Subsidy during five years, 1880 to 1885, at \$36,000	\$180,000
Increase in Customs receipts on increase of population, the minimum 3,000 at \$10.42 <i>per capita</i> ..	125,040
Total gross Gain and Saving	\$305,040
Interest on total Gold Reserve of \$375,000 from 1881 to 1885—(see prior statement)	37,500
Total net aggregate Gain and Saving, 1880 to 1885	\$267,540

From this showing, it is apparent that there need be no fear of increasing taxation, or laying a heavy additional burden on the country, in order to build this Section of the Railway, and carry out the Carnarvon Award. On the contrary, it is established that there would be a net aggregate gain and saving of \$267,540, showing that the construction of the Railway will be a profitable transaction for the Dominion. I will now direct attention, Sir, to the estimates of Expenditure and Receipts of this section of the Railway, after it shall have been

set at work. It is important that the Esquimalt and Nanaimo Section of the Canadian Pacific Railway should yield enough annually to meet the yearly charge for maintenance, repairs, and operating expenses, and leave a net surplus besides. I know of only one railway on the Pacific coast of which the expenses and receipts would give an idea of what the probable expenses and receipts of the Esquimalt-Nanaimo Section would be; that is the Tacoma-Kalama Section of the Northern Pacific Railway, connecting Puget Sound with Columbia River, a distance of 105 miles. Speaking from memory, and subject to correction, for I have mislaid my notes on the subject, the annual expenses of this Railway under all heads, a few years ago, was \$105,000; and the net profits over interest and charges, \$37,000. I give this statement merely from memory, without vouching for its exactness. I will, however, draw your attention to two short railways connecting with this city of which we have statistics of the cost of maintenance, Repairs, and operating expenses in the return of Railway Statistics for 1877-8 laid before Parliament. The first is the Brockville and Ottawa Railway, 86½ miles in length, and cost of maintenance, repairs, and operating charges, \$119,126; and secondly, the St. Lawrence and Ottawa, 59 miles in length, and expenses, \$112,559. Now, Sir, the Esquimalt-Nanaimo Section will be about 68 miles in length, and I estimate that the maximum expenditure for its maintenance, repairs, and operating expenses will be \$100,000. My reason for placing the expenses lower than the two roads entering this city is, that the chief freight that will be carried for some years will be coal, and according to the regulations with respect to moving coal on the Intercolonial in Nova Scotia, the shippers and consignees of the coal have to load and unload at their own expense, making a very considerable saving to the Government; and applying the same regulation to the Esquimalt-Nanaimo Section. I reduce the expense to a maximum of \$100,000 per annum. Now, Sir, will give a statement of my estimate receipts and expenditure of this section of the Railway after it shall have been fairly put in operation. It is as follows :