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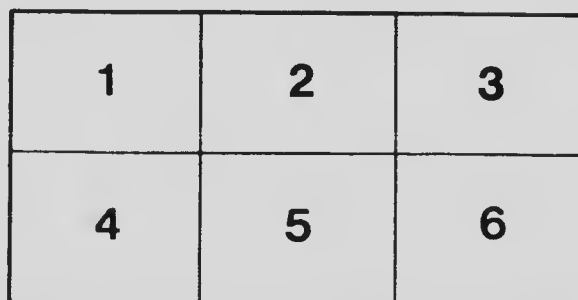
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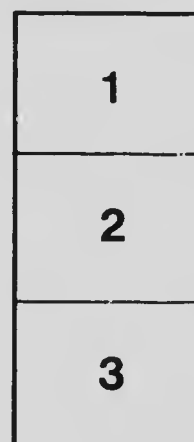
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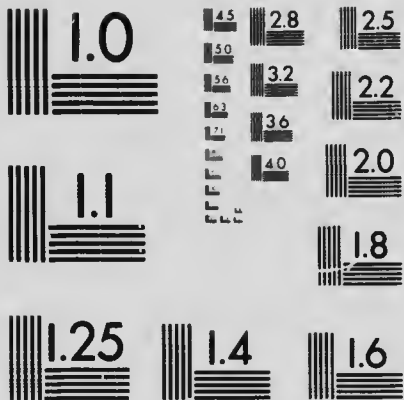
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To the Shareholders
OF THE
Muskoka and Georgian Bay Navigation
Company.

C OMPARATIVELY recent events and changes in the affairs of this Company having given rise to some comments which are rather misleading,

I, therefore, as the early founder and a continuous director of the transportation interests of the Muskoka Lakes, propose to give you a brief narrative of some of my Muskoka experiences, even at the risk of appearing to be discursive, irrelevant, and in doubtful taste; all my statements, however, can be supported by documentary proof.

In the year 1865 I gratified a desire to explore as much as possible, during a limited period of three weeks, of the unsettled territory lying north of the counties of Victoria and Simcoe and south of Lake Nipissing.

My first objective point was to the waters of the South Branch of the Muskoka system, which I reached at Cedar Narrows, now Dorset.

From thence we had a long paddle over the Lake of Bays to the Portage, where we carried across to Peninsula Lake, which forms part of the North Branch of the Muskoka system. We had another long paddle to the head of Lake Vernon, passing through where Huntsville now stands—the land there being both unsurveyed and unsettled.

From the head of Lake Vernon we crossed a chain of small lakes and portages until we reached Doe Lake, a

portion of the Magnetaŵan waters ; we had then a long paddle of seventy-five miles, varied only by a few short portages.

We returned by the same route as far as the south-westerly end of Lake Vernon, where we struck a trail which led us to the most northerly habitation of the Muskoka settlement. We had not then seen a human being for many days, save a few trappers, who were making preparations for the fall catch. We continued our walk in a southerly direction for about thirty miles to the McCabe's settlement, now Gravenhurst.

While staying over night at McCabe's, the hostess, an enthusiastic Muskokaer, laid an injunction upon us not to omit seeing at least Muskoka Lake, the principal one of a fine chain of lakes. We accordingly rowed up this lake as far as the portage into Lake Rosseau, now Port Carling, then inhabited by a few Pagan Indians. The land there was then unsurveyed.

We were of course enraptured with the lake scenery, which was my chief inspiration in the desire to develop steam navigation upon the Muskoka Lakes. We had, on the earlier part of the tour, been impressed with the good appearance of much of the soil, and of the fine trees, despite the discouraging reports of the official explorers of the Crown Lands Department, founded evidently very much upon mere conjecture.

The population of the present districts of Muskoka and Parry Sound numbered only a few hundreds, according to the previous census of 1861. The annual summer visitors to the lakes, previous to my arrival, comprised one camping party.

I prepared a written report of my observations, which some friends urged me to have printed, and to which I added certain proposals and suggestions, all of which I submitted to the members of the then Coalition Government.

My overtures were well received. I was furnished with a letter guaranteeing the right of pre-emption for

settlers going in anywhere pending surveys ; a liberal land policy, the making of roads and improvement of navigation were promised. Upon my part I agreed to place a good substantial passenger and freight boat upon the Muskoka waters.

I now resolved to formally sever all business connections with the lumber interests of my relatives, and devote my entire attention to the navigation and mercantile interests of the lake district. I opened the first general store in Gravenhurst, and made preparations for the building of the staunch paddle steamer "Wenonah." Not wishing to take any funds from the business of my lumbering friends, I borrowed a considerable sum of money for an indefinite period from my father-in-law, Mr. Proctor, of Beaverton, who expended in steamboat construction.

"Wenonah" made her *debut* in a very sparsely settled community in June of 1866, and entered upon her perilous career over the *churlless* Muskoka waters, which, though deep in most places, still abounded in unlocated sunken rocks and shoals : besides, the very great difference—of nine feet—in the spring and autumn levels of the lakes added to the perplexity and dangers of navigation.

The consequence was that this pioneer craft was somewhat frequently "piled up" and none of the usual appliances for floating and pulling off stranded vessels were at hand. It was well, therefore, that the "Wenonah" was so strongly built as to stand much rude handling. It is needless to add that the boat was run at a loss during the first and second seasons.

Meanwhile the first general elections for both the Dominion and Provincial parliaments were approaching, thereby causing a demand for more than double the former number of candidates. I was invited by both political parties in the North Riding of Victoria to become a candidate, and was returned to the Provincial Legislature, and thus had the advantage of assisting in the shaping of a progressive policy for the development of the unsettled portions of the Province.

The enactment of the Free Grant and Homestead Act of 1868 gave a great impetus to settlement and at the same time improved the earnings of the "Wenonah." Contemporaneous with the enactment of the new land policy a settlers' association was formed at North Falls, a place soon to be well known as Bracebridge. I was elected its president. Publications containing reliable information and advice for intending settlers were disseminated at the expense of the association and resulted in much good.

The outlook for my steamboat venture now began to assume a hopeful aspect. Not so however, unfortunately, with my lumbering friends, who, through the lack of even moderate and reasonable bank accommodation, were compelled to sacrifice their property at one-fourth its then value and at one-tenth its subsequent value, in order to pay off the bank, which evinced no consideration whatever for the owners and their other creditors. Out of sympathy over the hardship inflicted upon certain of the last named, I voluntarily devoted all my property except the steamer for the benefit of such sufferers.

Meantime the "Globe" newspaper, under a misapprehension, led off an attack upon myself and several other moderate Liberals for giving even an independent support to the Sandfield Macdonald Coalition Government. Sordid motives having been imputed, I joined issue with the "Globe" in a series of public letters, so far as I was personally concerned, and clearly and completely vindicated my conduct for both integrity and consistency, whereupon the "Globe" became friendly.

This discussion, however, having stirred up some past business transactions, a well-to-do creditor of the old lumbering concern commenced an action in Chancery against me, with a design to entangle me into some liability upon account of old lumbering transactions of my friends. A friend of mine hearing of this went to the plaintiff without my knowledge and endeavored to get the suit withdrawn, but fortunately for me the plaintiff was very headstrong

and the case proceeded so far as a preliminary examination of some witnesses before the examiner. At this stage the plaintiff's solicitor advised his client to drop the case and pay costs, whereupon the plaintiff approached me with a desire that we should henceforth be friends.

Meanwhile I had procured, at my own expense, a charter for the construction of a railway of either wood or iron, between Lakes Simcoe and Muskoka, which, at the late Mr. Cumberland's request, was merged into the more comprehensive scheme of regular railway extension from Barrie to Gravenhurst, which Mr. Cumberland subsequently carried out as early as limited financial resources permitted.

Business upon the lakes having increased, and Mr. Pratt had projected his hotel scheme, although the construction of the Port Carling lock was proceeding very slowly, I therefore deemed it expedient to place a small steamer upon Lake Rosseau pending the completion of the lock. I purchased the steamer "Dean," re-named the "Wabamik," at Belle Ewart, and transported her upon sleighs with difficulty to Gravenhurst, and upon the opening of navigation accomplished the feat of pulling her up the rapids at Port Carling, to ply upon Lake Rosseau.

I then made preparations to build a fine steamer in readiness for the lock completion; borrowing a very considerable sum of money from Capt. May, of Lake Simcoe.

My parliamentary term had now expired, and I declined re-election, feeling that business matters would require all my personal attention and resources.

The new steamer, the "Nipissing," built at a cost of nearly \$20,000, was ready early in 1871, but the lock construction was still dragging wearily along. The "Wenonah" was taken up the rapids at Port Carling to Lake Rosseau, at considerable expense, in the spring of 1871, the lock being only completed late that season in time for the "Wenonah" to pass down through it to Gravenhurst for winter quarters.

The census of the previous year gave Muskoka and Parry Sound a population of nearly seven thousand souls, and in the re-distribution of seats for the House of Commons, representation was given to Muskoka and Parry Sound as a electoral district for the return of one member. I was prevailed upon, by some leading inhabitants, of both political parties, to stand for the new constituency, and polled a good majority of the votes, but a partisan returning officer would not declare anyone elected; however, when the House met, I was at once awarded the seat. I was elected for the same constituency at the two succeeding general elections, of 1874 and 1878.

In 1882 the above-mentioned districts were partitioned, and portions went to three different constituencies. I stood for the mutilated and unshapely riding of North Ontario, which comprised a length of 125 miles by a breadth of less than five miles at one point, with the detached township of Scugog thrown in as a make weight. I was returned on that occasion, but before another election the Franchise Act of 1885 became law, which not only introduced a new class of votes, but also improperly enfranchised the Indians of Rama and Scugog, who were wards of the Government and voted accordingly. I was therefore defeated, which has so far ended my parliamentary career, and which to some extent was a relief, as I never gave regular attendance at Ottawa, having invariably made all other interests subservient to my navigation duties in Muskoka, as was publicly remarked by the late Mr. McCarthy, M.P., as being a parallel case to his own, when he was accused of neglecting his parliamentary duties in the interest of his clients.

During the winters of 1873-4 a friend induced me to join him in the purchase of a third interest in a square timber exporting concern, with the assurance that it was a perfectly safe and profitable venture and would augment my slender revenue. After the transaction was nearly forgotten by me, I received a rude awakening in the shape of a statement of the square timber accounts, showing,

instead of a profit, a loss of \$17,000 upon the transaction, which the commercial house of Ross & Co., of Quebec, informed me I would have to pay, but they would not press unduly for immediate payment, to my embarrassment, but required security upon my property.

I published the first Muskoka guide book in 1874, and also, the same season, entertained Lord and Lady Dufferin and suite. Comfortable carriages were taken from Washago to Gravenhurst, put on board the "Nipissing," and then used again for the journey between Port Cockburn and Parry Sound, where a Lake Superior steamer was in readiness to transport the party to Collingwood. Col. Cumberland felt constrained to remark to his surprise that the catering upon the "Nipissing" was superior to that upon the big lake boat. A heavy passenger coach and freight wagon traffic had previously sprung up between Washago and Gravenhurst, soon to be superseded by the railway. The Northern Railway being completed to Gravenhurst in the middle of November, 1875, I was enabled to transport the comparatively powerful tug and passenger boat "Simcoe" by train from Barrie to Muskoka wharf, as an acquisition to my little fleet. I then disposed of the "Wabamisk" to go to the Lake of Bays.

Gravenhurst now continued to be the Northern Railway terminus for rather more than ten years during which the steamers enjoyed a most profitable trade. Bracebridge and Rosseau were fine distributing points for the steamers. Three freight sheds were required at each of these points. Passengers and goods from these places were conveyed to northern points in coaches and wagons.

In the fall of 1879 I purchased the unfinished steamer "Rosseau" and had her completed for the season of 1880. The construction of the Canada Central Railway—afterwards absorbed in the C.P.R. system—was being rapidly pushed in the direction of the eastern end of Lake Nipissing, and it was while sitting as a desk-mate in the House of Commons with Mr. D. A. Smith—now Lord Strathcona

—the idea of forming a joint stock company and of placing a steamer upon Lake Nipissing was originated. Mr. Smith offered to invest \$5,000 to \$10,000 in the project. I consulted with some others, all of whom favored the project.

I then issued a private prospectus, stating that the objects of the proposed company were to improve the *existing plant, and to secure the future business upon Lake Nipissing and possibly of the Magnetawan waters.* I stated furthermore that the first year of the company's operations would show a net profit of \$12,000. The actual result was a net profit of \$12,430.37, which was more money than the total of all the new shareholders had paid in for the next three years.

A charter for the Muskoka and Nipissing Navigation Company was obtained, and my steamers taken over at the low valuation of \$34,075 ; a board elected ; I was appointed general manager, and my bookkeeper was made secretary-treasurer.

Before calling upon the new shareholders for a dollar, after the company was formed, I built, at a cost of \$23,000, the screw steamers "Muskoka" and "Lake Joseph" at Gravenhurst, and the "Inter-Ocean" at Lake Nipissing, my credit being so good, seeing that I had paid for the "Nipissing," "Simcoe" and "Rosseau," and "Wenonah," excepting \$4,000 due my wife's family upon the latter boat ; my indebtedness to Ross & Co. had been reduced to \$5,000, which the firm readily agreed to extinguish in lieu of shares in the new Company for that amount. They furthermore, very kindly, gave me a letter of credit to the Quebec Bank for \$10,000 for shipbuilding operations, without any compensation or commission. It was not until the following June that the first call of 10% was made upon the shareholders, which only brought in a comparatively small sum, in fact much less than the current profits of the steamers even up to that early period of the season. None of the shareholders' money was taken by me personally or upon my account to any one else.

Meanwhile navigation to Bracebridge, in spring and early summer, was rendered very difficult, especially for paddle steamers, owing to the large quantity of logs and timber being floated down the river. To overcome this difficulty the successful screw steamer "Kenozha" was designed in the fall of 1882, and was ready early in 1883, making three round trips daily between Gravenhurst and Bracebridge with a fair list of passengers and freight upon each trip.

The Canadian Pacific Railway had now approached the vicinity of Lake Nipissing, but instead of tapping the lake at South-East Bay and then onward in a north-westerly course, as was originally expected, the route was changed to a nearly due westerly course, tapping the lake at a shallow and exposed point, which by a stretch of imagination has been called a bay—North Bay; the railway then touched at Sturgeon Falls, which we had expected would be one of our best ports. This change of railway route was very disappointing to us.

About this time, however, Mr. Booth, of Ottawa, had matured a scheme of diverting large quantities of pine logs from the Lake Nipissing system, by means of a short line of railway from the east end of the lake to Lake Nasbongsing upon the Ottawa River system. Mr. Booth made us a proposal, in the fall of 1883, to give us large towing contracts at good rates upon condition that we would place a paddle steamer, adapted for the shallow bays, upon Lake Nipissing, and offered to supply good machinery for the same at a great bargain, and to be repaid in towing, and also to relieve us of the purchase of a small screw steamer for which we had been negotiating. I visited Ottawa and made a good contract with Mr. Booth, subject to ratification by the board, but to my surprise the board vetoed the transaction. I had a protest recorded in the minutes of the board meeting, as I felt confident that a fatal step was taken. Mr. Booth thereupon built a powerful light draught paddle steamer to do his own and any other towing which might offer. This event, in con-

junction with the change of railway route, practically sounded the death knell of our navigation interests upon that lake. Lumbering being now almost the only traffic upon the lakes, had we accepted Mr. Booth's proposal the very extensive towing, the carrying of men and supplies, with more or less general business for a light draught steamer, a moderately paying employment for our boats would doubtless have been found.

In 1886 we launched the combined paddle and screw steamer "Wenonah" at Burk's Falls, for the Magneta-wan service. The boat proved to be popular and efficient, but the traffic was disappointing, opposition having sprung up unexpectedly the very first season, and has continued more or less ever since, but has now materially abated. The migration of many of the settlers from the Magneta-wan Valley to the Canadian North-West had also a depressing effect upon trade. An improvement in the traffic of this division is however confidently looked for in the near future.

Our Company was invited, in 1885, to place a good daily steamer upon the Georgian Bay waters, between Parry Sound, Penetanguishene and Midland, to form a *circular* tour of the Muskoka Lakes and a portion of the Georgian Bay, but it was not until the following August that we acquired the paddle steamer "F. B. Maxwell" upon the aforesaid route.

The "Oriole," upon the Muskoka Lakes, was built that season, but never proved a favorite with the public, although she is a serviceable boat. Later in the same season the justly favorite and comfortable steamer "Nipissing" was accidentally burnt, and replaced the following spring by her new steel namesake.

Railway extension beyond Gravenhurst took place the same summer, and nearly paralyzed our Muskoka transportation business, which we felt most keenly during a few following years. Our freight receipts dropped seventy-five per cent., and to make matters worse, serious competition sprang up in the towing business about the same

time. The Georgian Bay division, however, gave us some hope, and we added another boat, the "Telegram," to our Georgian Bay service. This boat did good service upon the Byng Inlet and French River route for one season, when we sold her to good advantage, with the intention of replacing her by a paddle steamer, to be chartered. We were, however, only able to see one suitable paddle steamer which the owner would sell at a reasonable price, but would not charter. The majority of our board were, however, unwilling to buy. As a last resort we purchased the staunch, fast and seaworthy steamer "Imperial" for the route. Our patrons on the Georgian Bay were, however, disappointed over the small size of the boat, despite the fact that her record for punctuality was the best hitherto made by any boat upon the route. We became convinced that our patrons would not be satisfied until we provided a larger steamer; they were, however, patient enough to give us a reasonable time in which to place a larger boat upon the route.

I induced our late president, upon a certain Saturday evening in 1889, to allow me to call a meeting of our shareholders to consider the expediency of a more vigorous policy for our Georgian Bay division. I went to work early on Monday, and with the office assistance at Gravenhurst, we wrote out about fifty notices of a meeting to the shareholders, and were in the act of posting the letters when a wire was received from the late president countermanding the calling of the meeting. After the lapse of twelve months he again consented to the calling of a shareholders' meeting, which was held, and unanimously decided in favor of building a suitable boat for the Byng Inlet, French River and Killarney route; but procrastination had already proved fatal, as our chief patrons had, one day previously, let a contract for the building of the fine steamer "City of Midland" for our intended route. This step led to our ultimate withdrawal from the Georgian Bay route to my intense regret.

The board now, in a well-meaning but mistaken step, particularly upon the Georgian Bay route, to economize the working expenses of the steamers, adopted a scale of decreased wages for employees, which was resented by some of our best officers, and resignations followed. New men were installed upon the "F. B. Maxwell," now renamed the "Manitou," who neither attracted trade nor ran the boat with safety. The boat was stranded on the rocks and filled early in the fall, and never ran again in the interests of this Company. The "Inter-Ocean," at Lake Nipissing, had already been sold at a heavy sacrifice, and the "Imperial" and "Manitou" soon afterwards shared a similar fate.

Consequent upon the above chapter of events, as will be readily imagined, no dividends were paid for a time.

The Manager was laid up for a while by a severe attack of la grippe, early in 1891, his only illness during the history of this Company, and the second serious illness of his lifetime. He had, the same year, parted with a block of his shares temporarily in trust, as collateral, to assist a friend to make a payment to the Government upon a very desirable timber limit.

It was significant that the next *denouement* in the same year was a move entered upon by the late president, the secretary-treasurer and one of the directors who knew the least of any member of the board about the affairs of the Company, to unjustly blame the manager for the inability of the Company to pay dividends, and to have him summarily ejected.

The manager, however, held his ground after a severe struggle, being conscious that he was the *truest* and most *valuable* friend the Company possessed. He was, therefore, determined at all hazards to stick to his post; his shares in the Company were returned in due course, and his health was also, in a large measure, regained. The result of the contest was the permanent retirement of the secretary-treasurer. The resumption of small dividend payments commenced the following year, which gradually

improved proportionately with the increase of tourist travel. I deem it proper to remark here, however, that the payment of a ten per cent. dividend for last year was, to say the least, inconsistent with the past policy of the Company, as it can be shown that upon former occasions but five per cent. has been paid upon a similar amount of net earnings.

Matters have gone on comparatively well, with the exception of a few paltry attempts of two or three members of the board to belittle my prestige, which I emphatically resented. The Muskoka lake system is an awkward one to manage owing to its very irregular conformation, besides log and raft obstructions very frequently cause delays, accidents, and undue wear and tear to the steamers; however, by sheer vigilance and energy upon the part of the staff, these difficulties have been materially minimized and serious interruptions to traffic prevented. We are sometimes freely criticized, which is to be expected. A humorous American has said that everybody "can manage a railway but the managers." The same observation applies to water transportation management as well.

The fine large composite steamer "Medora"—now being further enlarged contemporaneously with the lock enlargement—was built in 1893, and proved to be a most valuable acquisition to the fleet. The building of the small but staunch and swift composite steamer "Ahmic" took place in 1897. The building of the handsome and larger composite steamer "Islander" followed in 1897. The "Wanita," upon the Magnetawan route, was purchased about the same time.

I have now spent thirty-six consecutive seasons closely identified with Muskoka navigation, which has had its many days and nights of worry and anxiety, varied by happy opposites. Many pleasant and valued acquaintances have been formed. I have also been the recipient from time to time of many appreciative testimonials and souvenirs, some of them being of a tangible nature. The fact that I have been one of the hardest worked and worst

paid transportation managers upon the continent has never given me very serious concern. I felt too much interested in the welfare of the Company to brood for a moment over the salary question.

The want of a really first-class, up-to-date, high-priced hotel for the Muskoka lakes had been keenly felt for some time past. Several bold attempts had been made to enlist sufficient capital to carry out a fine large hotel scheme, but all efforts had resulted in failure until a comparative stranger, Mr. E. L. Sawyer, appeared upon the scene, and launched out in the construction of the Muskoka Royal Hotel upon Lake Rosseau, which is now an accomplished fact. Although Mr. Sawyer failed to get sufficient capital subscribed, he however, somewhat recklessly, started its construction, and got the dining-room, vestibule, one bedroom wing and some fine accessories ready to open out in midsummer, and then left others to struggle, successfully or otherwise, with its finances and to complete the construction.

I need not explain to you the salient points of Mr. Sawyer's scheme, as you all received copies of his glowing prospectus.

My early part in the scheme was in this wise: Mr. Sawyer having desired to acquire a certain amount of stock in this Company from myself and a few others, as a nucleus of a larger Company to embrace a combined navigation and hotel scheme, he succeeded in getting an option for a certain amount of stock from seven shareholders, three of whom formed a majority of the board of this Company, one of whom, however, subsequently withdrew from his engagement with Mr. Sawyer. The conditions with me were that I was to retain a good block of the new Company's stock, and give active service for a time as manager and director.

Application was made to the board of this Company for its consent in favor of the new Company assuming the title of The Muskoka Navigation Company. This was agreed to unanimously. The late president and myself

signed the petition for the charter of the new Company, and became provisional directors. For my part, before ever hearing of Mr. Sawyer, I informed the late president that I was open to some changes, the truthfulness of which Mr. Hardy, of Jenkins & Hardy, and others can testify.

The late president, however, for some reason, changed his mind and apparently decided to have nothing further to do with Mr. Sawyer and his scheme. It must be confessed that the movement for a time began to look somewhat like a "wild-cat" scheme, tales of reckless expenditure began to circulate freely. But it must be said, in justice to Mr. Sawyer, that he was most anxious to place the affairs of the Company in the hands of a good board and has acted on his own part most unselfishly throughout.

An attempt has been made in some quarters to prejudice my reputation for integrity in connection with Mr. Sawyer's scheme. I defy anyone to show wherein I was privy to any questionable transaction therewith, or to any rumored design of coercion, or freezing out movement, or to the depreciation of the value of the shares. On the contrary, I was the first to set a good price upon the shares for the benefit of all the other shareholders. The outcome of these events may have resulted in some changes in the composition of the board, but certainly not for the worse. I will be pleased to give further explanations to any shareholder who may desire more particulars.

The hotel is practically erected, but at heavy cost. It is, however, the finest of its kind, both as to the beauty of the site and design of the building. It remains yet to be seen what returns it will make to the shareholders. The indications point to a certainty that the establishment will earn a very large sum of money this year, but not until the balance is struck after the middle of September will it be known what the financial result has been. Its affairs have been for some months past in the hands of a careful and competent board. It also enjoys the special friendship and support of the G. T. R. to a very appreciable degree.

As to its very beneficial effects upon the railway and steamboat transportation, there can be no two opinions. There should therefore exist only the best of good will and wishes upon the part of all for its success, as it has come to stay.

Increased traffic for the steamers may be reasonably looked for in the future. At the same time I think the shareholders should know that we do not have everything so much our own way as they might suppose. An increasing number of cottagers are lately in the habit of travelling to and from Muskoka Wharf upon their own yachts. There are also several small "tramp" boats upon the lakes, the owners of which are constantly becoming more aggressive and are no longer content with merely picking up crumbs.

Two of these individuals have applied for public berths at Muskoka Wharf, but were, in a spirit of loyalty to us, politely refused that privilege by the G. T. R. Co. I may mention that one of these boats commenced running regularly last fall between Bala, Port Carling and Bracebridge, in opposition to our boats, and it is expected that this opposition will be resumed at the opening of navigation. It would be ruinous to attempt to give everyone the accommodation and expeditious service which they demand. We will, however, do the best we can for the general public with the facilities at our command, which are ample to provide a reasonably good service.

Yours very truly,

A. P. COCKBURN,

A Fellow Shareholder.

March, 1902.

