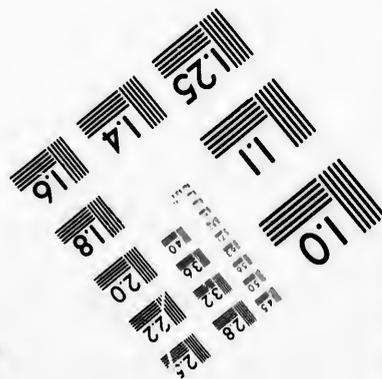
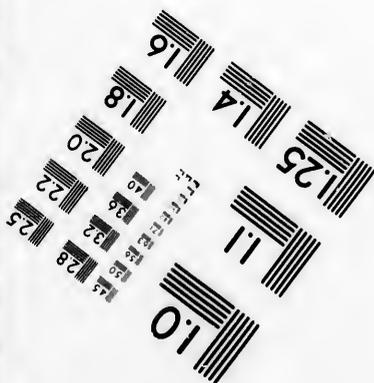
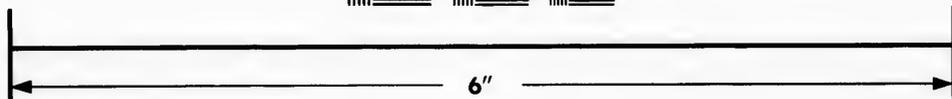
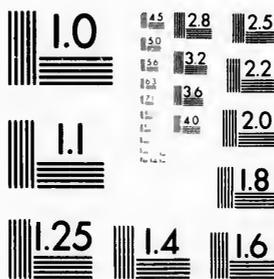


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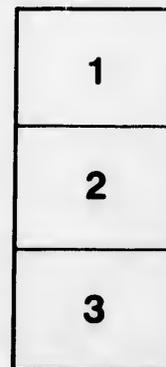
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ESQUIMALT AND NANAIMO RAILWAY.

REMARKS MADE IN THE HOUSE OF COMMONS

—BY—

Hon. A. DeCOSMOS, M.P.,

—ON—

WEDNESDAY, 5th MAY, 1880.

(From the Official Report of the Debates.)

MR. DeCOSMOS: I intimated to the House when addressing it upon the subject of the Pacific Railway, that I would take occasion before the close of the Session to speak with respect to the Esquimalt-Nanaimo section of the Pacific Railway. I propose to do so now, and will be as brief as possible. With regard to this section of the Railway that was agreed to be built under the Carnarvon Terms, I expect the Government during Recess to prepare a measure for its construction, and submit it for the sanction of Parliament at its next Session. At this advanced period of the Session, it cannot be expected. I have no express authority from the Government for stating that I expect it to be prepared and submit a measure for the construction of the Esquimalt-Nanaimo section of the Railway, except its general expression of intention to keep faith with British Columbia, supplemented as that has been by making contracts to construct the Yale-Savona section. The hon. Minister of Railways and Canals, when making his general statement on the Pacific Railway, alluded to the obligation assumed by the late Government under the Carnarvon Terms to construct the Esquimalt-Nanaimo section; and, stated that it would cost \$4,000,000. I am satisfied, Sir, that the hon. gentleman has

placed the cost too high. The result of my enquiries in various quarters, satisfy me that it can be completed and set at work for \$2,500,000. I will not trouble the House with details on this subject at this late hour. I will, however, undertake to show how small an outlay of capital and interest will be required to construct the road, which when completed, will only be sixty-eight miles long. It will be remembered that the hon. the Minister of Finance, as part of his scheme to provide funds to meet the expenditure of the Dominion Government, asked and obtained the sanction of Parliament to a resolution authorizing him to increase the issue of Dominion Notes to \$20,000,000, on condition of always holding for the redemption of such notes "in gold, or in gold and Dominion securities guaranteed by the Government of the United Kingdom, equal to 25 per cent. of the total amount of notes then outstanding, and that at least 15 per cent. of the total amount of such outstanding notes shall be held in gold." Now, Sir, on this financial basis I propose to submit for the consideration of the House and Government certain statements that will show conclusively that the means to construct the Esquimalt-Nanaimo section of the Pacific Railway are within the easy reach of the Govern-

ment, and that the expenditure will fall so lightly on the country as not to make it necessary to increase appreciably the annual charge for interest on expenditure in British Columbia. I estimate that the total cost of the Esquimalt-Nanaimo section will be \$2,500,000; that it may be completed within four years; and that that sum may include the entire sum for working surveys, construction, and interest. I will not, however, enter into detail on this branch of the subject, but will direct attention to the following statements:

STATEMENTS of Estimated Expenditure necessary to build and complete Esquimalt-Nanaimo Section of Canada Pacific Railway, if built between July 1, 1881, and July 1, 1885—four years—and showing the amount of Dominion Notes required to be issued in each year, the Bond Reserve, the Gold Reserve, and the interest on the Gold Reserve till the Esquimalt-Nanaimo Section is completed; also, the annual interest on Total Expenditure after its completion.

Statement of Dominion Notes, Bond Reserve and Gold Reserve.

Year.	Dominion Notes Issued.	Bond Reserve 10 p.c. of Dominion Notes	Gold Reserve 15 p.c. of Dominion Notes
1881-2	\$625,000	\$62,500	\$93,750
1882-3	625,000	62,500	93,750
1883-4	625,000	62,500	93,750
1884-5	625,000	62,500	93,750
Total	\$2,500,000	\$250,000	\$375,000

STATEMENT of Interest on Gold Reserve, from July 1, 1881, to July 1, 1885, date of completion of E. and N. Section.

Year.	Gold Reserve.	Rate of Interest.	Time.	Total Interest on Gold Reserve.
1881-2	\$93,750	4 per ct.	4 years.	\$15,000
1882-3	93,750	"	3 "	11,250
1883-4	93,750	"	2 "	7,500
1884-5	93,750	"	1 "	3,750
Totals..	\$375,000			\$37,500

The interest is calculated on the assumption that the Gold Reserve will be held at the commencement of each year, and makes the total interest for four years, \$37,500.

STATEMENT of Gold Reserve held in each year, and the Interest paid in each year.

Year.	Gold Reserve held.	Rate of Interest.	Interest paid each year.
1881-2	\$93,750	4 per cent. . .	\$3,750
1882-3	187,500	" . . .	7,500
1883-4	281,250	" . . .	11,250
1884-5	375,000	" . . .	15,000
Totals..	\$375,000		\$37,500

SUMMARY.

Total Dominion Notes issued, July 1, 1881 to July 1, 1885.	\$2,500,000
Total Bond Reserve held.	250,000
Total Gold Reserve.	375,000
Total interest on Gold Reserve paid	37,500
Total yearly interest on Gold Reserve, \$375,000 at 4 per cent after completion of E and N section of Canadian Pacific Railway.	15,000
Total cost of Esquimalt-Nanaimo section when completed.	2,500,000

These statements, Sir, show conclusively how very small an annual expenditure for interest is required to build the Esquimalt-Nanaimo section of the Pacific Railway, and to meet the interest on the Gold Reserve after its completion. The amount of the annual charge is so insignificant that it can never be felt, whilst the construction of the Railway will meet one condition of the Carnarvon Terms, keep faith with British Columbia, and fulfil a solemn obligation too long delayed in its fulfilment. Before leaving this branch of my subject, I will state that half of the \$750,000 offered by the hon. member for West Durham, when in the late Government, to British Columbia as a consideration for all future delays—for postponement for an indefinite period—in construction of the Canadian Pacific Railway in that Province, is equal to the total Gold Reserve required to build the Esquimalt-Nanaimo section on the financial basis that I have proposed; and that the other half would pay the annual interest on the Gold Reserve for twenty-five years after its completion, without counting the interest on it, if it were invested. I will now endeavour, Sir, to show that no increased taxation will be required to pay interest on the money required to build this section of the Pacific Railway; and further, that the reduced

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
<hr/>	
Total gross Gain and Saving.....	\$305,040
Interest on total Gold Reserve of \$375,000 from 1881 to 1885—(see prior statement).....	37,500
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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 Esquimat-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:

STATEMENT OF RECEIPTS AND EXPENDITURE.

40,000 tons coal delivered at Victoria for local consumption, at \$1.00 per ton.....	\$40,000
60,000 tons coal, delivered at Victoria, or Esquimalt, to be shipped foreign, at the special rate on the Intercolonial between New Glasgow and Londonderry iron mines, at 65 cents per ton.....	39,000
50,000 tons coal, delivered to shipping at Nanaimo for exportation at 50 cents per ton.....	25,000
5,000 tons produce and merchandise at \$2 per ton.....	10,000
10,000 passengers at \$2.....	20,000
Royalty on 100,000 tons coal raised within the Railway coal fields, at 20 cents per ton.....	20,000
Saving on carrying mails between Victoria and Nanaimo, per annum.....	4,000
Sales of land, timber, &c.....	10,000
Total gross estimated receipts....	\$168,000
Total annual expenditure for E. and N. Railway.....	\$100,000
Interest on Gold Reserve. 15,000	\$115,000
Total Estimated Net Receipts....	\$33,000

I believe, Sir, that, in the near future, after this road shall have been put fairly in operation, my estimate of receipts and net profits will be verified; and that when the continental portion of the Railway shall have been extended to English Bay, Burrard Inlet, with a ferry to connect

with Nanaimo, that the passenger and freight business that will be done by the Island Section of the Pacific Railway, will exceed any other short section on the whole transcontinental line. I have only now to direct attention to the Railway Land Belt on Vancouver Island that will pass to the Dominion Government as soon as it is prepared to commence the construction of this section. There will be a very considerable area of land, chiefly timber land, in the belt, that will prove valuable. But it is the coal fields along the line of Railway that will be most valuable. I estimated that between Esquimalt and Nanaimo, within the Railway Belt, that there are 200 square miles of good coal fields. Now, the very least it will be worth to the Government, on the average, is \$50,000 per mile. At that rate the 200 square miles would be worth ultimately \$10,000,000—a sum equal to four times the estimated cost of the line between Esquimalt and Nanaimo. This shows, in connection with my estimates of the net receipts that the building and operating of this section would prove a profitable undertaking. I trust the Government, during Recess, will give this subject their best attention, and at the next Session of Parliament will submit a measure for its construction.

