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HUDSON'S BAY COMPANY.

REPORT of the proceedings at a General Court of the Governor and Company of Adventurers of England trading into Hudson's Bay, held at the City Terminus Hotel, Cannon Street, London, on Monday, 15th July, 1895. SIR DONALD A. SMITH, K.C.M.G. (the Governor), presiding.

The GOVERNOR: The Secretary will read the notice convening the meeting.

The SECRETARY (Mr. W. Ware) read the notice.

The GOVERNOR: Gentlemen, you have the Report before you, and I presume it will be your pleasure to take it as read. (Hear, hear.) You will have seen in the Report that the profit for the year with which we are now dealing is £60,275 14s. 7d., and there has been brought forward from last year £25,029 5s. 9d., making altogether £85,305 0s. 4d. A dividend of 12s. per share will absorb £60,000, leaving to be carried forward to next year £25,305 0s. 4d. We trust that under all the circumstances of the case—the adverse circumstances with which we have had to deal, and with which all who have been connected with business in America have had to deal within the last twelve months—this will be considered by the Shareholders as a satisfactory exhibit. (Applause.) It is, as you will also see, derived almost solely from the fur trade and the sale-shops, the receipts from land altogether being only, with the interest, £18,479, as against £28,849 last year, which of itself was anything but a good result. It is not at all surprising that it should be so with regard to the land, for the harvest was a bad one last year, and the crops coming to a very bad market indeed, the prices were abnormally low, much lower than for many years before. There was very little money in the country, and, consequently, it was impossible for those who in ordinary circumstances are your best customers—those already settled on the neighbouring lands—to make such purchases of your lands as in more favourable circumstances they would have made.

The fur sales of last March, fortunately, were better as regards prices than in the year before, or even for two years previously, Marten having advanced 75 per cent., Mink 15 per cent., Lynx 5 per cent., and White Fox 130 per cent.—a very large advance indeed on the last-mentioned fur, but then the amount altogether of this is comparatively small. These are the advances in the principal furs; but it must not be overlooked that in January there was a decline in the price of furs sold, Beaver, a most

important article of trade, having gone back 15 per cent., and Musquash, which is got in very large quantities, 12½ per cent., as compared with January, 1894. As I have already said, with all the circumstances taken into account, we are glad to find that the dividend for the present year, which is proposed to you to-day, is really what we consider good. (Applause.)

To revert to land matters, the municipal taxation for the last year has been less by £1,500 than in the year before, and by legislation which took place last year in Canada, you have been relieved from a tax of \$1 per certificate on conveyances of land by the Company, which tax would have entailed an expense of some \$40,000, a very substantial gain indeed.

You will see by the Report that there is a sum of £16,026 19s. 4d., being interest formerly chargeable to the fur trade, to be met in the accounts of this year. The charge is unnecessary now. Many of you will recollect, for you had the particulars of it before you in former meetings, that an arrangement has been made with those formerly called wintering partners—the Officers of the Company—by which, instead of participating in the profits, they now get a fixed salary. This is a matter of very great convenience for the Company, and one which is approved of as well by the Officers. I should like to say with regard to these Officers, as I was able to say last year, that their services to the Company are most zealous and most valuable; that they are loyal in every respect to the Company, and in every case they do their utmost for its interests. (Applause.) To meet the £16,026 19s. 4d., your Directors have thought it well to take from the Amalgamated Insurance Fund—that is the Marine and the Fire Insurance Funds, which amounted to £70,000—£10,000, and to charge the balance of £6,026 19s. 4d. to Profit and Loss. Of course, there will be no such item in the accounts hereafter, and you will not have failed to observe that the accounts are this year very greatly simplified in consequence of the arrangement just referred to with the Officers of the Company, and that you have only three statements instead of six, as in former years.

I really do not think that, after the explanations given in the body of the Report, there is anything further of material consequence for me to add at this moment. The sales of land, as you have already been told, have been very poor, but in that we are not singular. It has been so with all companies having any land in the north-west of America—as well the railway companies as the land companies, and while we have received comparatively little for the land, they have received proportionately less. I say so to show that it has not been from any want of proper management on the part of your Officers, and those dealing with your affairs in North America. We have cause to be highly satisfied indeed with your Commissioner, and also with all those acting under him for you in America. We believe that the affairs of the Company are very well in hand, and we may congratulate ourselves upon the economies which have been effected within these few years back, for owing to

the nature of your business it was quite impossible that these economies could have been brought about in one or two years, it was necessarily a very gradual affair; but now we feel that everything is administered so as to make the best of the circumstances we have to deal with, and when a time of prosperity returns, and indeed we know that we already have entered upon such a time, for throughout the whole of America, that is in the United States and Canada, there is a very sensible lift from the depression of former years, the Company will be in a position to reap every advantage possible from the improvement. The latest accounts we have of the crop, and you all know that that has a very great influence on the prosperity or want of prosperity in a country, from all quarters, is that for many years back the promise of a good harvest has not been such as it is at this time. (Applause.) Of course, there may intervene before the autumn, something of which we do not know, but the fear of frost in the early autumn, which was most to be dreaded, is this year minimised by the fact that the crops are at least two weeks earlier than in any former year to which we can look back. Having said so much, I will now add that I shall be ready and glad to answer such questions as may be put to me to the best of my ability. I beg to propose the adoption of the report and accounts. (Applause.)

The EARL OF LICHFIELD (Deputy-Governor): I beg to second the adoption of the Report.

Mr. HENRY CLARKE: In the course of your remarks, Sir, you said that you on that side of the table are of opinion that the Report is a good one, and I think we may fairly say on this side of the table, that we think it also a good Report. (Applause.) You also remarked that economies had been effected. My own impression is—and I am speaking now for my brother Shareholders—from the visit which I paid to Canada, the good Report that you have to-day, is not only owing to the better price of furs, but also to those economies which the Governor mentioned in his remarks, and that we owe very much of this saving to our Governor, who brings to bear upon the affairs of this Company so much experience and so much judgment that the economies which we have craved for years back, have, under his dominion, been gradually brought about. (Applause.) I trust that you will not consider that your efforts in that direction, and the efforts of your colleagues, are exhausted, and that not only will there be further economies in regard to the staff, but also in the purchase of products. I understand that considerable economies have been effected in both directions, but there is something more still to be done. With regard to the land, old Shareholders like myself have always thought that the best prospects of the Company were from the sales of land (applause,) because our trade never has brought, and never will, I suppose, bring us a dividend at all commensurate with the capital of the Company. As you justly say, the returns from the land sales have been very small indeed.

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No fault is to be attributed, I am perfectly sure, to the administration on that account, but I should like to ask whether it would be considered by the Board desirable and practicable for us to employ some skilled mining engineer to further investigate our property—our very large property on the other side, with the view of ascertaining what our mining wealth may be—what mining ground there may be which might be attractive to those who invest money in such things, for the purpose of increasing our income from the land sales. I am perfectly aware that years ago some attempt was made in that direction, but I think that it was not a very thorough one, and that perhaps now is a better time for us to invest a little money in investigations of that kind. I speak under correction, because naturally a Shareholder on this side of the table cannot know so much as those on the other side. I would again congratulate you on having been able to present us with so satisfactory a Report. (Applause.)

Mr. LOMAS: I quite agree with what has fallen from the last speaker, as to the satisfactory nature of the accounts of this Company, which you have been able to put before us. I remember on a former occasion you spoke of the advisability of not throwing the land away for a mere nothing. I trust that your opinion has not undergone any change in that direction, for, as you have correctly said, the view ahead is really more promising than it has been for some years past. Therefore, I hope that, instead of getting a less price for your land, it will be increased. That is all I have to say, except a remark about mining. My experience of mining operations is that they generally mean loss, and, therefore, I venture to hope that the Governor and Directors will be loath to enter into mining operations; prospecting as I understand it, which can only end in loss to the Company. (Hear, hear.)

Mr. CHARLES BANKS: I must apologise to you for asking you to be kind enough to explain the paragraph in the Report in reference to the charge for interest hitherto made against the fur trade. It is stated that this year's accounts suffer to the extent of £16,026 19s. 4d., and you take £10,000 from the Insurance and Reserve Fund, and charge £6,026 against Profit and Loss to meet it. The credit being gone, and the charge being made against the Insurance and Reserve Fund, seems very much like a loss. Am I right in that view?

Major BIGG: I do not understand the item which you had down in the Balance Sheet of 1894, of £39,000 for buildings. It seems to be omitted in this year's Balance Sheet. As regards your Insurance Funds of £70,000, you had a disastrous fire, I believe, at Prince Albert—has that been made good out of the Insurance Funds? One more question—as to the purchase of furs. Last year the price of furs fell very considerably, and I should like to know whether on that occasion you managed to buy your furs cheaper in Canada—for instance, Marten fell 50 per cent. last year; and I shall be glad to know if you got your Marten skins 50 per cent. cheaper on that account?

The GOVERNOR : Are there any other questions ?

Mr. SUMNER : With regard to the sales of land, I have made some inquiries in regard to the mode of sale, and I think it is right that I should give the opinion of a gentleman of 20 years' experience, at Winnipeg, as to faults in the Company's method of dealing with these lands. He instances : " Holding the same at too high prices, stereotyped methods in trying to sell, lack of energy in pushing sales, carrying on business at a distance from the business centre, viz.—the south end of the city, and a lack of personal effort to meet purchasers or get purchasers to come and see your land ; whereas the Canadian Pacific Railway act in harmony with the North-West Land Company, meet the immigrants, and are continually carrying on correspondence as to the sale of their lands. He calls the Company's people " stay-at-homes." I have no charge to make against the Directors, but I think it is proper that they should be aware of what some people out there think as to the mode in which their land sales are carried on. I should like to ask a question with regard to the amount of the land sales. It appears that the gross receipt from the sales is £18,479, and the expenses including, of course, the municipal rates, are something like £16,000, or 85 per cent. of the sales. Are these municipal rates chargeable against the sales of land each year ? I understand that an Order in Council has been promulgated for the commencement of the Saskatchewan branch of the Hudson's Bay Railway, and I should like to know whether Parliament has sanctioned that line being made ?

The GOVERNOR : We are very greatly pleased indeed to hear the remarks of my honourable friend, Mr. Henry Clarke. Mr. Clarke has been in Canada and throughout the North-West, and has ascertained for himself a good deal with regard to the affairs of the Hudson's Bay Company, and consequently speaks with a knowledge of the facts. The Company have not overlooked the matter of an enquiry into what minerals there may be within the bounds of their property. At the same time I may say that there are so many people who are looking out for everything in the shape of valuable minerals throughout the country that the Company are thus saved the expense of themselves going into such a survey or such an examination. (Applause.) Indeed, had your Directors thought it would be in your interest to do so, they certainly would not have omitted to take the proper steps to ascertain as nearly as possible what you had available in the shape of mines within your property. As has been very well said by Mr. Lomas, we know that mining has not been invariably successful, but that on the contrary such ventures have frequently resulted in great loss. (Hear, hear.) As I understand my honourable friend, Mr. Clarke, he did not for a moment suggest that the Company should enter into mining at all, but that they should ascertain as far as they could what you have in the shape of minerals on your property. (Hear, hear.)

I would now refer to what was said by Mr. Sumner in regard to the lands. He has heard from some person in Winnipeg, who thought he had a good and exact knowledge of the matter, that the Hudson's Bay Company did not take the same means as others to get the best prices for their lands—that is, they did not look about, and they have not their agents in every quarter seeking out purchasers. At the same time, he has been informed that the Hudson's Bay Company would profit greatly, and make far larger sales, if they reduced the price of their lands, and did as the Canadian Pacific Railway have done, sell their lands for something like half the price that the Hudson's Bay Company receive. I would mention to the honourable gentleman that the case of these two Corporations is entirely different. (Applause.) I know something of both. To a railway company, having its lines throughout the whole country, it is of much greater advantage that they should sell their land at almost any price, or really almost give it away, because what they get from those who take up the lands, who are their customers, the traffic they receive from these is more perhaps in one year than the price they would get for their land. (Hear, hear.) The Hudson's Bay Company are not in the same position; they have no such traffic to deal with, and nothing of that kind to expect year by year from those who go into the country. What we make out of our land must be made by the money we get for it, and I think that had we put the price of the land at less than \$5, or half that sum per acre, we should not have sold 10 acres more than by disposing of it at \$5. (Applause.) Your best purchasers and customers for your land are those who have taken up land from the Government, which they have got without price, every settler going out there being entitled to take up 160 acres of land, for which he pays only £2, to cover the Registry Fee. Then he is entitled to pre-empt, or take up at a certain price—probably at \$1 or \$1 50c. an acre—160 acres more to be paid for at the end of three years. The settlers who have so acquired these lands, or who have purchased from the Canadian Pacific Railway or other railway companies, are often anxious to add to the size of their farms so soon as they have the means of doing so, and as the Hudson's Bay Company have two sections in each Township a ready market is thus offered for them in prosperous times. But unfortunately, there has been very little money in that country for two or three years back, so that they have not been in a position to purchase; indeed, they would not have been able to purchase at \$2 an acre any more than they would at \$5 an acre in the past year. But when there is a return of prosperity, and we see that there is a marked-improvement, as I have already said, we shall no doubt have these people buying our land, and glad to pay for land of the quality such as that owned by the Company along the Railway, at the same price they have been paying heretofore. I have been asked whether we still hold the same opinion with regard to the ultimate value of the Company's land as we have given expression to in the past. We certainly do not hesitate to

say that ultimately you will have a very great property indeed in this land. (Applause.) We believe it is worth very much more, I will not say how much, but very much more than the whole of your capital; and although it may be some time before you can realise to that extent, yet it is certain the day will come when your land will be of very great value to you. (Applause.)

As to the £16,000 odd to which Mr. Banks referred, that was a charge made when we had the fur trade department to deal with. We had those gentlemen who now continue to be Officers of the Company as Shareholders having an interest in the trading branch of the Company's business. There was a certain amount of interest chargeable to that account, and this £16,000 is the balance remaining over at the termination of that arrangement, and the matter is now finally disposed of, so that there will be nothing of this kind to deal with in the future.

Major Bigg has referred to the prices at which furs have been purchased latterly owing to the decline in value. I may say that the Officers in the country take advantage of everything that is to the benefit of the Company in this respect. It is not now as it was years ago, impossible to give information to your chief Officers there, it might be for a twelvemonth, of any change of this kind that took place. Information is now at once given by cypher cable and by letter of any changes in the market for the information of the Company's Officers, so that they may deal with the matter intelligently, and take advantage of every possible opportunity of getting the furs at prices corresponding to those ruling on this side, whether there be a rise or fall in any description of furs. Major Bigg asked another question in regard to an amount of £39,000 in the Balance Sheet of last year for "Buildings in Winnipeg and the North-West Territory." I would explain that these buildings have been transferred from the London books to those at Winnipeg, and are comprised in the entry "Buildings and other Property," £54,966 6s. 11d. in the Profit and Loss Account in the Report now presented. In reference to the fire at Prince Albert, the Company's mill there was destroyed. It was insured to a certain extent by the Company's General Fund, and the loss by the fire has been disposed of in the present accounts.

In regard to Mr. Sumner's question as to the municipal taxes, they occur every year, and cannot be got rid of. They are, unfortunately, onerous, but every effort has been made to keep them as low as possible. As settlement goes on these municipalities are formed, and the Hudson's Bay Company have to pay their share like others in the country; but they are not subjected to exceptional taxation. I had almost overlooked the matter of the Hudson's Bay Railway. It is true that there was an Order in Council making a certain arrangement with the Hudson's Bay Railway Company. The Government, I believe, proposed to give them a loan of \$10,000 a mile for a certain portion of the road, equal to £500,000 sterling, or \$2,500,000. This Order in Council, it is now understood, will not be acted on,

*Sir Donald A. Smith's
Speech to London*

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Board. 15 July 1895.

and the proposed money grant will consequently not be forthcoming. I do not hesitate to say that I believe it would be a great misfortune were that money given for such a purpose. It would only be throwing it away—(applause)—worse than that, because if you threw that amount into the fire, if such were possible, you would lose that only; but such loan or grant by the Government for such a purpose might lead people in this country, and in Europe generally, to invest in a venture from which they certainly would never receive one penny in return. (Applause.)

Mr. SUMNER: My point was whether Parliament had given sanction to it.

The GOVERNOR: The loan referred to has not been sanctioned in the present session of Parliament. I happen to be a member of the Canadian Parliament, and there certainly was no measure to that effect introduced up to the time I left Canada, and I believe it has not been done since. I will now put the resolution for the adoption of the Report, which has been seconded by the Earl of Lichfield, Deputy-Governor.

The GOVERNOR then put the motion to the meeting, when it was carried unanimously.

The GOVERNOR: The Earl of Lichfield and Mr. Alderman Vaughan Morgan retire by rotation, but they now offer themselves for re-election. I have, therefore, much pleasure in proposing that they be re-elected members of the Board.

Mr. BOYLE: I shall be very pleased to second that.

The resolution was put and carried.

The GOVERNOR: The next thing is the re-election of the Auditor, Mr. Thomas A. Welton. I beg to propose that he be re-elected.

Mr. G. HEWAT: I will second that.

The resolution was also agreed to.

The GOVERNOR: The dividend will be payable on the 17th of this month, the day after to-morrow. That closes the business of the meeting.

Mr. COURTENAY: I think it only right that we should pass a vote of thanks to you, Sir, and the other Directors, for your energy and ability in managing our affairs during the past year. I am sure the Shareholders will agree with me in proposing that resolution. (Applause.)

Mr. LOMAS: I have much pleasure in seconding that.

The motion was then put, and carried by acclamation.

The GOVERNOR: Gentlemen, we thank you very much for the confidence you show in us. You may depend upon it that, to the best of our ability, we shall do everything that may appear to us to further your interests during our tenure of office. (Applause.)

The proceedings then terminated.