

PAPERS

Presented to the House relating to the Pacific Great Eastern Railway, and consisting of: (1) Letter of Burns & Walkem dated November 15th, 1917; (2) Letter of Chief Engineer Proctor dated February 28th, 1919; (3) Letter of Chief Engineer Proctor dated June 10th, 1918; (4) List of Equipment checked up by Morrissey & Anderson as per Chief Engineer Proctor's Letter of June 10th, 1918; (5) Recapitulation of Equipment as per Sheets Nos. 1, 2, and 3.

JOHN OLIVER,
Minister of Railways.

*Department of Railways,
February, 1919.*

(1.)

STANDARD BANK BUILDING,
VANCOUVER, CANADA, November 15th, 1917.

*Honourable John Oliver,
Minister of Railways, Victoria, B.C.*

RE ATTORNEY-GENERAL VS. PACIFIC GREAT EASTERN RAILWAY, ET AL.

DEAR SIR,—In pursuance of your request to Mr. Cromie and the writer made on Monday last, that we give you a list of the assets we are prepared to turn over to the Government in consideration of a release of all obligations, we beg to state these assets are as follows:—

(a.) *Railroad completed and under Construction—*

Engineering	\$ 830,935 00
Construction	13,690,394 00
Additional construction paid by P.G.E. Railway	63,321 00
Construction by Operating Department	441,889 00
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	\$15,026,540 00
Reasonable contractor's profit at 10 per cent. on construction as above	1,502,654 00
Right-of-way and station-grounds	364,011 00
Howe Sound and Northern Railway purchase	187,299 00
Use, loss, and depreciation of contractor's plant	750,000 00
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	\$17,830,504 00
General and executive expenses during construction	171,165 00
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	\$18,001,669 00

The figures given above are the actual costs when labour and material were very much lower than at present, and in order to arrive at present-day values the above figures should be increased very materially.

(b.) *Railroad Equipment—*

- 8 locomotives.
- 3 flat cars, Nos. 1031, 1032, 1033.
- 137 flat cars.
- 50 box cars.
- 3 refrigerator-cars.
- 10 gondolas.

- 5 stock-cars.
- 10 tank-cars.
- 1 caboose, C-O.
- 3 other cabooses.
- 2 wedge-ploughs.
- 2 snow-flanges.
- 1 Marion steam-shovel, No. 1777.
- 1 pile-driver, No. 1.
- 1 pile-driver, No. 2.
- 1 derrick, No. 1.

All other Work Equipment—

- 108 log-trucks.
- 3 gasoline motor-cars.
- 3 trailer coaches.
- 5 day-coaches.
- 1 combination coach.
- 2 baggage and mail coaches.
- 1 business-car.

\$1,153,204 00

(c.) *Real Estate.*—The real estate of the Company is set out in detail in Appendix 1 to the audit of the P. Welch books made by Marwick, Mitchell, Peat & Company, copy of which you have in your possession. All this real estate has been paid for in full and is held in the name of the Pacific Great Eastern Development Company, Limited, which Company holds the lands in fee-simple, the number of each certificate of title being set out in said Appendix 1. Shortly, the real estate consists of the Squamish Townsite, the Indian Reserve at Squamish, and the foreshore, the townsite having been taken over from the Howe Sound & Northern Railway at an actual cash cost of \$861,275.14. The real estate also includes valuable townsites at Cheakamus, Lillooet, and Williams Lake; at the latter place the Company owns not only the necessary townsites, but very valuable specially selected agricultural lands of a total acreage of 3,009 acres; this property includes the well-known Borland Ranch. At Swan Lake, in the Peace River District, the Company owns three sections of splendid agricultural land, specially adapted for joint terminal of the Edmonton-Dunvegan & British Columbia and Pacific Great Eastern Railways. The former road is now within a few miles of this point.

The total cost of the above land to the Company, with interest and carrying charges, amounts to \$1,608,222.

In estimating the value of these lands at the present time, we do not think it should go below cost. The large amount paid for the Squamish Townsite included all the rights, franchises, etc., of the Howe Sound & Northern Railway, and if these assets had not been paid for in this way they would have been purchased and charged to construction cost. In addition, these townsites and foreshore will be of immense value as soon as the road is constructed.

The other lands of the Company, being principally agricultural lands, are worth more to-day than when purchased. For example, as soon as the railroad is constructed to Williams Lake the Company lands in that district will treble in value.

(d.) *Rails.*—The rails and fastenings available consist of about 8,000 tons along the line and 220,000 rails and accessories on order. The increased value of these at the present time over cost is approximately \$1,150,000.

(e.) *Cash in Bank.*—The cash at present in the bank amounts to \$277,000. The amount at the time of the P. Welch audit was \$409,708, and about \$50,000 has since been deposited from sales, and the difference over and above a small loss on operation has been expended in the construction of roundhouses, machine-shops, and station-houses, so that these, with the amount in the bank, leave an actual present value of approximately \$459,000 not taken into account under any other heading.

(f.) *Sundries.*—These consist of supplies, boats, tools, plant, and office furniture, having a value of \$50,000.

(g.) *Peace River Extension, \$34,458.*—This money was used on surveys, rights-of-way, etc., on the Peace River Extension.

Summary.

(a.) Railway	\$18,001,669 00
(b.) Equipment	1,153,204 00
(c.) Lands and townsites	1,608,222 00
(d.) Rails	1,150,000 00
(e.) Cash, buildings, shops, etc.	459,000 00
(f.) Sundries	50,000 00
(g.) Peace River Extension	34,458 00
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	\$22,456,553 00

The above figures are very reasonable and will bear the most searching scrutiny by competent appraisers; we feel that a fair appraisement would be far in excess of the figures quoted, as it is well known that the cost of this work was extremely low, so low, in fact, that the sub-contractors complained seriously. The work was done when labour and materials were cheap and by a firm of contractors who are recognized as among the most expert on the continent, as has been demonstrated by the important work entrusted to one of the members of the firm now at the Front.

If there is any further information we can give you in connection with the above figures we will be pleased to do so at any time.

Yours truly,

(Sgd.) BURNS & WALKEM.

Per KNOX WALKEM.

(2.)

DEPARTMENT OF RAILWAYS.

VICTORIA, B.C., February 28th, 1919.

Re P.G.E. SETTLEMENT.

Memo. for the Hon. the Premier and Minister of Railways.

In the Brown & Walkem letter dated November 15th, 1917, and on which all the negotiations were based, 108 logging-trucks appear in a list of equipment set forth therein.

You knew and the firm of Foley, Welch & Stewart was also aware of the fact that only three connected trucks should have appeared in this list, as the balance of the trucks was shipped off the line between April 30th, 1917, and September 9th, 1917, or two months before the offer was made.

A. F. PROCTOR,

Chief Engineer.

(3.)

DEPARTMENT OF RAILWAYS.

VICTORIA, B.C., June 10th, 1918.

Memo. to the Premier and Minister of Railways.

DEAR SIR,—The equipment as shown on sheets Nos. 1, 2, and 3, and the summary dated September 30th, 1916, and filed as Exhibit 175, before the Investigating Committee, has been checked on the ground by Messrs. Morrissey and Anderson, and found correct with the exception of the logging-trucks, all of which, except three connected, have been sold. The above-mentioned sheets and summary have been compared by me with the equipment record and found to be correct.

Yours truly,

A. F. PROCTOR,

Chief Engineer.

(Sheet No. 3.)

EQUIPMENT OF THE P.G.E. EQUIPMENT COMPANY, LIMITED, NOW IN USE BY THE P.G.E. RAILWAY (CONSTRUCTION DEPARTMENT).

No.	Kind of Equipment.	Purchased from.	Shop or Seral No.	Invoice Cost.	Duty.	Freight.	Insp.	Sundry.	Total, each.	Total.
<i>Work equipment brought forward</i>										
2	Second-hand Hart convertible.	F. H. Hopkins & Co.	131-39	\$1,050 00		\$121 03	\$18 35	\$13 90	\$1,203 28	\$90,444 80
1	"	"	137	1,050 00		121 03	18 35	19 40	1,208 78	2,406 56
1	"	"	140-141	1,050 00		121 03	18 35	5 50	1,208 78	1,208 78
6	"	"	63-106-142-150-54-160	1,050 00		121 03	18 35	5 50	1,194 83	2,389 76
2	"	"	152-153	1,050 00		121 03	18 30	5 50	1,194 83	7,168 98
2	"	"	173-184	1,050 00		121 03	18 30	19 39	1,209 72	2,417 44
1	"	"	178	1,050 00		121 02	18 30	5 50	1,208 71	2,417 42
1	"	"	195	1,050 00		121 02	18 30	5 50	1,194 82	1,194 82
1	"	"	195	1,050 00		121 02	18 30	13 89	1,203 21	1,203 21
17	Second-hand log-trucks	Howe Sound & Northern Railway	Unnumbered	\$375 00					\$375 00	\$110,851 77
3	"	"	109-11-13	750 00					750 00	\$ 6,375 00
18	"	"	201 to 288	375 00					375 00	2,250 00
108	Gasolene-motor.	Hall-Scott Motor	101	\$16,265 15	\$5,688 50	\$568 44	\$181 55	\$244 82	\$13,345 21	\$33,000 00
1	Rebuilt motor.	"	101	12,800 00	5,442 00	876 29	206 67	20 25	\$13,345 21	\$41,625 00
1	Gasolene-motor.	Hall-Scott	102	16,265 15	5,688 50	569 37	181 55	248 67	22,953 24	8,368 13
1	"	"	103	28,567 32			260 30	66 70	29,894 32	22,953 24
1	Trailer coach	Canadian Car & Foundry Co.	111	8,000 00	(less 20.40 dis.)		138 13	20 71	8,129 43	28,804 32
1	"	"	112	8,000 00	"		138 13	20 71	8,129 45	8,129 45
1	"	"	113	8,000 00	"		138 13	20 71	8,129 45	8,129 45
1	Second-hand day passenger-coach	E. H. Wilson & Co.	1	1,028 20	694 50	304 56	36 18	33 50	2,896 94	2,896 94
1	"	"	2	2,703 20	811 90	304 56	32 85	6 60	3,859 11	3,859 11
2	"	"	3-4	2,703 20	811 65	304 56	32 85	6 61	3,858 87	7,717 74
1	"	"	5†	1,430 00	536 68	290 46	38 18	34 51	2,554 70	2,554 70
1	"	"	5	1,633 20	226 87		66 72	110 90	3,015 98	3,015 98
2	Baggage and mail	"	10	2,228 20	880 60	304 56	37 85	13 17	3,800 27	3,800 27
2	Business car, "Lillooet," second-hand	"	31-42	1,753 20	670 65	308 99	84 43	2 75	2,806 74	5,613 48
3	Gasolene-motors	Central Locomotive & Car Works	A-1	7,025 00	2,109 00	265 08	40 00	130 60	9,570 23	9,570 23
3	Trailer coaches									\$146,080 98
3	Day-coaches									
5	Combination									
1	Baggage and mail									
2	Business car									
15	Second-hand, 12 Yard-Wester side-dump, air.	12 from F.B., W. & S., Bear Creek; 3 from Cambie, B.C.	29-34-39-40-13-20-22-26-29-1-2-3-6-7-16							
1	Second-hand locomotive, Vulcan	P. Welch, Prince George, B.C.	P. Welch, No. 52							

* First motor-car No. 101 was wrecked and insurance allowed and collected to an amount of \$10,977.09.

† This coach destroyed by fire.

RECAPITULATION OF EQUIPMENT AS SHOWN ON SHEETS NOS. 1, 2, AND 3.

No.	Kind of Equipment.	DEBIT.			CREDIT.		
		Amount.	Net Amount.	P.G.E. Equip. Co.	P.G.E. Ry. Co.	P.G.E. Dev. Co.	Abbotsford Outfit.
9	Locomotives	\$169,002 35					
	Less one locomotive, No. 1, scrapped....	6,500 00					
3	Flat cars, Nos. 1031, 1032, 1033.....	\$ 2,400 00	\$162,502 35	\$162,502 35	\$156,002 35	\$ 6,500 00
137	Flat cars, remainder on sheet No. 1.....	147,844 37		2,400 00		2,400 00
			150,244 37	147,844 37	147,844 37		
50	Box cars		60,660 89	60,660 89	60,660 89		
3	Refrigerator-cars		7,249 55	7,249 55	7,249 55		
10	Gondolas		16,855 43	16,855 43	16,855 43		
5	Stock-cars		7,140 20	7,140 20	7,140 20		
10	Tank cars		16,561 86	16,561 86	16,561 86		
1	Caboose, C.O.....	\$900 00		900 00		900 00	
3	Other cabooses, sheet No. 2	6,593 67					
	<i>Work Equipment.</i>		7,493 67	6,593 67	6,593 67		
1	Marion steam-shovel, No. 1777	\$ 11,097 13		11,097 13	2,097 13		\$9,000 00
1	File-driver, No. 1	2,250 02		2,250 02	250 02		2,000 00
1	File-driver, No. 2	3,952 98		3,952 98	1,952 98		2,000 00
1	Derrick, No. 1	5,256 70		5,256 70	2,756 70		2,500 00
	All other work equipment (sheets 1 and 2)...	88,294 94					
			110,851 77	88,294 94	88,294 94		
108	Log-trucks, sheet No. 3		41,625 00	41,625 00		41,625 00	
3	Gasolene motor-cars	\$74,796 02		74,796 02			
3	Trailer coaches	24,388 33		24,388 33			
5	Day-coaches	17,489 77		17,489 77			
1	Combination coach	3,300 27		3,300 27			
2	Baggage and mail coaches	5,613 48		5,613 48			
1	Business car	9,570 28					
			135,158 15	9,570 28	9,570 28		
	Loss	\$135,158 15					
	Loss of motor 101	8,368 13					
	Loss of coach No. 5	2,554 70					
	See sheet No. 3	\$146,080 98					
	Totals		\$716,343 24	\$716,343 24	\$649,418 24	\$51,425 00	\$15,500 00

VICTORIA, B.C.:

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