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THE
WHITE PASS & YUKON RAILWAY COMPANY,
LIMITED.

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Directors' Report
AND
Statement of Accounts

To the 30th June, 1904,

WITH WHICH ARE INCORPORATED
THE RESULTS OF THE LOCAL COMPANIES' OPERATIONS

For the year ended 31st December, 1903.

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Report by S. H. Graves, President of Local Companies.

To the Chairman and Board of Directors of

THE WHITE PASS & YUKON RAILWAY COMPANY, LIMITED,

LONDON, E.C.

GENTLEMEN,

The Accounts and Auditor's Report of the local companies forming the White Pass & Yukon Route for the year ended December 31st, 1903, are forwarded herewith.

Rail Division.

On the Rail Division we carried 12,683 passengers and 33,704 tons of revenue freight. The average haul was 88.91 miles per passenger and 105.36 miles per ton of freight, and the average load per car was 10.15 tons. The decrease in passenger business is accounted for by the fact that the small merchants and shippers no longer make personal trips with their goods as was the custom in the early days on the Yukon before business had settled down into regular channels. The increase in tonnage affords satisfactory evidence of the progress and prosperity of the country.

The improvements on the railway in 1903 consisted of two new steel bridges replacing wooden ones; the practical rebuilding of the big bridge over the East Fork of the Skaguay River; the filling in of 16 minor bridges and 6 culverts with concrete, loose stone, sand, gravel, or cinders, the improvement of grades, the widening of embankments, the reduction of curves and the extension of the sidings at Fraser and Log Cabin. In the above work 565 cubic yards of solid rock and 284 yards of gravel have been excavated, while 4,122 yards of loose stone and 12,522 yards of gravel have been filled in, and 52,528 cubic yards of gravel ballast laid on the track. A new wharf has been built and the warehouse extended at Caribou Crossing in order to accommodate the increasing Atlin traffic. All of the above improvements, with the exception of the steel bridges, have been charged off against the year's revenue as operating expenses, together with one-fifth of the cost of the steel bridges. Notwithstanding these expenses and the additional tonnage carried, the operating expenses of the year show a decrease of \$10,022.81 on the Rail Division, as compared with the previous year.

The road bed equipment, rolling stock, buildings, wharves and everything in connection with the road have been kept up in first class condition and repair. There has been no change in the rolling stock, of which I append a list. Two new passenger coaches for service in 1904 are under construction in the Company's shops at Skaguay.

River Division.

The Company's fleet in 1903 carried 8,787 passengers and 23,559 tons of revenue freight. We operated fifteen steamers on the river and lakes, and held three in reserve. Besides these, we operated towards the close of the season three steamers which had been running in opposition to our fleet, but which we had been able to purchase cheaply at forced sales, &c., during the season. These have now been added to our regular fleet, of which I append a list. The increase in passenger traffic is largely on account of there being fewer opposition steamers running on the river. In addition to the regular service between Caribou Crossing and Atlin, and between White Horse and Dawson, the service between Dawson and Eagle, inaugurated in 1902, was maintained, and special trips made to other points as occasion warranted. The first boat left Hootalinqua for Dawson on May 21st; the first through boat left White Horse for Dawson on June 12th, and the first boat for Atlin left Caribou Crossing on June 12th. The last through boat from Dawson reached White Horse on November 8th under special circumstances, but navigation practically closed on October 15th, when the river froze up. The last boat from Atlin reached Caribou Crossing on November 4th.

The repairs and renewals necessary to maintain the fleet and property in first-class condition were made as usual. The chief additions to the property during the year 1903 were the steamers "Clifford Sifton," "Thistle" and "La France," purchased as above; and the barges "Caribou," "Taku," "Atlin" and "La Barge," built at our shipyards. One-fifth of the cost of these steamers and barges were charged off against the year's revenue as operating expenses. The barges have ship registers, and have a capacity of about 125 tons and are stoutly built, and have proved of great service in the economical transport of coarse freight, cattle, &c. The new machine shops at the White Horse shipyards have warranted the expenditure upon them by the saving of time and money in the matter of repairs and new work.

The season of 1903 was the worst in the history of navigation on the Yukon. It opened two weeks later and closed about three weeks earlier than usual. At no time was there even a fair stage of water in the river, and during the latter half of the season the water was so low that even with half loads our boats had to be dragged over bars almost continuously on their voyages down stream. This involved delay and damage, not merely to the boat herself and her gear, but also to others of the fleet, which would have to stand by and assist her. The result was that round voyages occupied much longer and wear and tear of boats and gear was greatly increased, while only half cargoes could be carried. To meet these conditions the barges above referred to were built and put in service with the "Hootalinqua," a barge already on hand. They were towed by the steamers. But even these proved inadequate to move the tonnage which steadily increased as the water decreased. Towards the end of the season 46 scows were built at the Company's shipyards at White Horse and put into service. By means of these a large additional tonnage was moved, but on account of their light construction there was a great deal of damage to cargo from ordinary leakage and from stranding and other accidents of navigation, in spite of the utmost precaution. These scows were broken up at the end of their voyage and their entire cost charged off against the season's revenue as operating expenses.

On October 14th the thermometer fell suddenly to zero and on the following day to 6 degrees below zero, with the result that the small streams which fed the main river were frozen up and the water suddenly fell and left a number of the fleet stranded with their cargoes at various parts of the river. At the same time the larger tributaries of the Yukon began to run heavily with ice and quickly filled the river itself with drift ice, which made the position of our stranded boats precarious in the extreme, and rendered the work of trying to save them and their cargoes doubly difficult and dangerous. In these circumstances it is satisfactory to be able to report that all the boats except the "Canadian" were successfully floated and reached their destination. The "Canadian," being frozen to the bottom, could not be floated, but was left for the winter in a position of comparative safety.

Eleven of our steamers, besides a number of scows and barges, were caught in this sudden freeze up, and their cargoes in many instances were more or less damaged by transshipment, landing or jettison as the nature of the case required.

The damage claims arising from the constant stranding of our fleet, and from the enforced use of scows, and from the sudden freeze up, greatly increased the operating expenses of the season, which were likewise augmented by the reduced carrying capacity of the boats, and by the necessity for repairs, renewals of gear, &c. But for these causes the operating expenses of the River Division would have shown a large reduction as compared with the previous year, notwithstanding the considerable increase in the number of passengers and in the tonnage carried.

Winter Mail Service.

The Canadian mail contracts for carrying the mail to Dawson and Atlin expired during the year, and, with the exception of the Atlin winter service, new contracts were made involving an increased service for about the same money. The Atlin winter mail service, being a dog sleigh service, was

dropped, and the Company's dogs disposed of. The new Dawson winter mail contracts involved a service three times a week each way, and necessitated an increase in the horses and equipment employed.

On December 31st last, we had on hand 26 large four horse sleighs, three light sleighs, 12 wheeled coaches and wagons, and one break cart, and were employing 186 horses, which latter have been largely increased since in order to provide for the extra spring traffic. Our stages made 213 trips in 1903 between White Horse and Dawson, equivalent to 72,420 miles, and carried over 35 tons of mail, 1,259 passengers, eight tons of parcel freight, and 177 tons of ordinary freight without accident or loss. The gross receipts for the mail service year ended June 30th, 1903, were \$172,827.90, and the operating expenses were \$137,537.45, leaving, after allowing for reserve and depreciation, a profit of \$35,290.45 as against \$90,044.56 for the previous year. The difference is accounted for by the termination of the American mail contracts as explained in last year's report.

General Conditions in 1903.

The low water which last season rendered navigation on the upper Yukon so difficult and expensive made it well nigh impossible on the lower Yukon. The first boats from St. Michaels did not reach Dawson till the end of July, and had taken nearly a month on the voyage upstream on account of constant stranding. When the sudden freeze up came in October, many of the steamers on the lower river were caught in the ice and have spent the winter in positions where they are exposed to considerable danger when the ice goes out in the spring. One of the largest has been abandoned to the underwriters. In these circumstances the large importers who operate boats on the lower river, had to depend more than ever before on our route for getting in their goods. There has been no recurrence of the policy of artificial disturbances of Dawson market prices, and business has followed legitimate and natural channels.

The output of gold in the Klondike has been well maintained on about the basis of the previous year, and promises to increase with the increase of large plants for dealing with the lower grade gravels on an economic basis by machinery instead of by hand methods. As an instance I may refer to a large pumping plant which was sent in last season by our route and successfully installed. Five separate pieces of this machinery averaged about 12 tons each, and two pieces were over 13 tons each. This plant with 20 to 30 men is designed to do work which 500 men working by hand could not profitably accomplish because they could not earn their wages. Shortage of water in the mining creeks of the Klondike, restricted the output of 1903 considerably, but it is hoped that the heavy snowfall of the past winter may afford a better water supply in 1904.

Quartz mining in the Klondike district is making slow but apparently steady progress. A great deal of development work was done on the "Violet" group in 1903, with the result that a Cyanide plant is to be shipped in by our route and installed during the coming season. Numerous other quartz properties promise well, but capital is needed for their development. This doubtless will be forthcoming should one mine prove a success.

The first rush to the new Tanana Gold Fields, referred to in my last report, turned out a disappointment to many of the "stampeder," as the ground proved to be better adapted for machine than hand mining. But those who were able to equip their properties with machine plants have been quite successful, and from the result of the past year's work there seems no doubt that this district is destined to become a large and steady gold producer.

Two new coal fields were opened in 1903 on the Yukon River for the supply of the Dawson market. One of these is about 50 miles below Dawson and connected with the river by a railway some 12 miles long. The other is at Tantalus a few miles above Five Fingers.

This coal is of very high quality and lies in a large vein opening directly upon the river by which the product of this mine can be floated down to Dawson in barges. I have seen coke made in a stove from this coal.

At White Horse there was great activity last season caused by the discovery of the Alsek Gold Fields. These are situated about 165 miles in a north westerly direction from White Horse, and have now been proved to be very extensive and apparently rich, but it is difficult to form an accurate estimate upon the latter point till the spring opens and admits of work being done. It is asserted by some that these new gold fields will prove more extensive than the Klondike Gold Fields and that more gold will be taken from them on account of the abundant water supply and the possibilities for cheaper working. It may be so, but at any rate there seems little room for reasonable doubt that these new gold fields will prove important and afford a valuable market for the merchants of White Horse, which town occupies the same relative position to them that Dawson does to the Klondike Gold Fields as the distributing and trading point and seat of government.

The development of the various copper properties at White Horse proceeded steadily during 1903, but was somewhat restricted by lack of capital. Large ore shipments have been made from the "Arctic Chief" and the "Copper King" during the winter with results so satisfactory that it is hoped the necessary capital may be forthcoming for opening up these and other neighbouring copper mines on a large scale.

The season of 1903 in the Atlin district was attended by renewed prosperity and increased gold output. Several important hydraulic plants were installed but suffered from a shortage of water towards the end of the season.

An electric plant on a large scale was installed at Pine Falls on Pine Creek for the production and sale of electric power, and this plant is capable of almost indefinite enlargement. A dredge with a capacity of 5,000 cubic yards per day was shipped in and built on Gold Run, near the head of Pine Creek, and is operated by electric power from the Pine Falls plant which is owned by the same people. It was too late in the season when this dredge was finished to admit of a full test, but the owners are so well satisfied that they have contracted for another like it to be built during the coming season.

Quartz development went quietly on in the Atlin and Taku District during 1903, but here as elsewhere was restricted by lack of capital. Several properties expect to be in a position to ship ore during the coming season, notably a silver lead mine on Taku Arm which, stimulated by the Canadian bounty on lead ores, expects to ship largely; and a gold property on Windy Arm of which the owners are very confident. A gold property on Atlin Lake is also being developed and may soon become a shipper. In connection with these and other properties there has been a good deal of talk about establishing a smelter at Caribou Crossing which would also serve for White Horse ore, but so far nothing definite has resulted.

I am, Gentlemen,

Yours faithfully,

S. H. GRAVES,

President

List of Rolling Stock.

Locomotives	16
Passenger cars—	
Baggage and Express	3
Combination	1
Coaches	11
Official Car	1
	<hr/> 16
Freight Cars—	
Box	90
,, (knocked down)	20
Flat	83
Stock	28
,, (knocked down)	15
Page Dump Cars (coal cars)	12
Cabooses	6
Refrigerators	4
	<hr/> 258
Rotary Snow Plows	2
Flanger	1
Derrick Car	1
Steam Shovel	1
Track Pile Driver	1

List of the Fleet.**STEAMERS—**

WHITEHORSE	SYBIL	AUSTRALIAN
DAWSON	VICTORIAN	CLOSSETT
SELKIRK	MARY GRAFF	BONANZA KING
YUKONER	BAILEY	TASMANIAN
CANADIAN	ZEALANDIAN	GLEANER
COLUMBIAN	ANGLIAN	SCOTIA
CLIFFORD SIFTON	THISTLE	LA FRANCE

BARGES—

HOOTALINQUA	LA BARGE	CARIBOU
TAKU	ATLIN	