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## ANOTHER EXPERT ON ROAD'S VALUE

William H. Coverdale Gives  
Testimony as to Value of  
Canadian Northern.

## NOT ENOUGH RESERVES

Insufficient to Carry Com-  
pany's Operating Expenses  
and Fixed Charges.

When the C.N.R. arbitration proceedings resumed yesterday morning in Osgoode Hall, a new witness was called in the person of William H. Coverdale, consulting engineer, of the firm of Coverdale and Colpitts, who assisted in the preparation of the Loomis-Platten report, which was made at the instance of New York capitalists when negotiations were on foot to aid financially the C.N.R. Railway Company. At the commencement of his hearing he outlined his professional career, which extended for a period of about twenty-six years. He read a lengthy statement which explained the scope of his investigations as undertaken by him. He was asked if he accepted figures which had been supplied by the company, and he stated that it would not be possible for the railway to furnish the items asked for in an incorrect manner. "The figures supplied us were the figures furnished for years to the shareholders and to the government," replied the witness. He stated that he had been disappointed with the condition of the road from Toronto to Capreol, altho that part to Port Arthur he described as "excellent." The Goose Lake line was also in a poor condition, but it could be put in shape for less than \$300 a mile. The following, as submitted by the witness, showed the completed mileage of the C.N.R.: In 1903, 1206 miles; 1914, 4966 miles; 1915, 7761 miles; 1916, 9296 miles and in 1917, 9433 miles. During the twelve years, from 1903 to 1914, the growth of the C.N.R. averaged over 300 miles a year.

### Increase With Land.

The question whether the value of a railroad system would be increased if the value of the land on which the rails are land increased, was challenged by Sir William Meredith, who stated as his opinion he could not see how it mattered if the land was 50 cents or \$5000 a foot. Mr. Coverdale emphatically declared that if the land value increased, the value of the railroad would also be increased.

"I cannot see it," said Sir William. "You cannot sell it as it is devoted to the railway."

Mr. Coverdale pointed out that it meant a great deal in the matter of competition. In his statement he read that the C.N.R. Company had spent \$3,336,138 a year during the past ten years for maintenance to take care of depreciation, and the total sum so spent during the past ten years had been \$35,229,617. This was spent out of the net income. He also stated that it had been acknowledged that the C.N.R. Company's reserves were insufficient to carry its operating expenses and its fixed charges. Had the C.N.R. Company spent more money on the up-keep of its property it would have increased its floating debt.

### Built Right at First.

Mr. Coverdale gave it as his opinion that the high standard of construction adopted on the C.N.R. system would do away in a great measure with the reconstruction expenses incurred by many of the older lines.

"How does that affect the value of the C.N.R. system?" asked Pierce Butler.

"Its potential value enormously," replied witness.

"I think that is rather beside the question," interrupted Sir William Meredith. "All we have to do is to value this system on its earning capacity."

In answer to Mr. Butler, Mr. Coverdale stated that more business was being offered than could be handled on account of the lack of proper facilities and in consequence the gross revenue was less than would have been the case if the equipment had been sufficient.

Witness said when the examination was made they found the C.N.R. system had 750 locomotives and 30,000 freight cars.

Afterward he added that in his opinion the road would require 500 additional locomotives and 20,900 freight cars during the next five years.

