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Minister of Trade and Commerce.

DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
TRANSPORTATION BRANCH
OTTAWA

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CANADIAN NATIONAL RAILWAYS

REVENUES, EXPENSES, ETC.

1923 - 1928

The operating results of the Canadian National railway system and of the constituent railways prior to amalgamation have been combined in the attached tables to present comparisons of long term debt and appropriations back to 1919 and of operation to 1923.

The Canadian lines of the Canadian National railways in this report include the Canadian Northern system, the Grand Trunk Railway of Canada, the Grand Trunk Pacific and, to June 30, 1927, the Canadian Government railways, consisting of the Intercolonial, Prince Edward Island, National Transcontinental and several small lines in the eastern provinces, and, from July 1, 1927, that part of the Intercolonial and National Transcontinental west of Levis and Diamond Junction, Quebec. The Eastern Lines, as defined by the Maritime Freight Rates Act, 1927, are those parts of the Canadian National railways east of Levis and Diamond Junction, and the United States lines include the lines known as the New England lines, the Grand Trunk Western, and the Duluth, Winnipeg and Pacific. The Hudson Bay railway, now being rehabilitated and completed, was excluded in 1926 and deductions made for appropriations and accumulated deficits in the statistics for that year, which slightly affects the comparisons.

The Maritime Freight Rates Act, effective July 1, 1927, ordered that the lines of the Canadian National railway east of Levis and Diamond Junction in Quebec, New Brunswick, Nova Scotia and Prince Edward Island, designated as the Eastern Lines, reduce the freight rates on local and certain other traffic by 20 per cent, and that the accounts of these lines be kept separate from the accounts of the remainder of the Canadian National system. It also provided that

the deficit, if any, should be included in a separate item in the estimates submitted to Parliament. The management of the entire system, however, was not to be affected by the Act, other than the segregation of the accounts. Other railways operating in this eastern territory were allowed to reduce their rates by the same percentage as ordered on the Eastern Lines and authorized to bill the Board of Railway Commissioners for the differences between the normal and the reduced tolls. The railways have treated such bills against the Board of Railway Commissioners as revenues earned and in these tables the contributions made by the Government, to meet the differences in revenues due to the reductions in freight rates ordered by the Act, have also been included with revenues earned. Consequently these losses are not included in the deficits in tables 1 and 2 and, as stated in the footnote to table 3, neither these losses nor the deficit of the Eastern Lines are included in the long term debt.

Table 1. No interest had been charged on the appropriations for construction and purchase, nor for advances to meet deficits of the Canadian Government railways. With the consolidation of the system, the railways have included in their liability the operating deficits of the Canadian Government railways from 1921.

To put these increases in long term debt on the same basis for each year when considered as a charge on the Canadian Government from the operation of the railway, the deficits for the Canadian Government railways for 1919 and 1920 have been included as separate items. The accounts for the Eastern Lines, which under the Maritime Freight Rates Act were ordered segregated from those of the remainder of the system, are shown separately.

Table 2. The operating results of the railways, since they were all put under one management, are shown in this table. The data have been adjusted to show the results of the Eastern Lines operation for the twelve months of 1927 comparable with 1928 and totals are shown both including and excluding them.

The deficits include all interest charges accruing on debentures, etc. held by the public and on advances made by the Dominion Government. The revenues and expenses of the commercial telegraph department were included with railway revenues and expenses in 1928 and the 1927 data were adjusted to make them comparable with the 1928 data.

Table 3. This table shows for each year, 1919 - 1928, the long term debt liabilities as set up by the railway system and does not include the operating deficits of the Canadian Government railways for 1919 and 1920, nor the deficits of the Eastern Lines for the last six months of 1927 and twelve months of 1928 which were assumed by the Dominion Government.

It includes the cost of construction and purchase of the Canadian Government lines, composed of the Intercolonial, National Transcontinental, etc. but does not include any interest on the capital expenditures nor the deficits of these lines prior to 1921. It also includes all loans and advances to the Canadian National, to the Canadian Northern, Grand Trunk and Grand Trunk Pacific with accrued and unpaid simple interest at rates from $3\frac{1}{2}$ per cent to 6 per cent, which were made to meet (a) interest due to the public, (b) operating deficits, (c) costs of additions and betterments, and (d) additional working capital, etc. It also includes the perpetual debenture stock and bonds held by the public, but does not include Canadian Northern or Grand Trunk capital stock, as explained by the footnote to the table, nor the cost to the Government of obtaining stock held by it. The stock of the Grand Trunk Pacific is all held by the Canadian National system.

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Table 1.

(1) ANALYSIS OF INCREASE IN LONG TERM DEBT

Calendar Year:	Interest	Deficits	Increase in Book Long Term Debt		
			Total	Distribution	
				Income Deficits	Additions and Betterments, Discount on debt; Increased working capital, etc.
	\$	\$	\$	\$	\$
1919	38,196,268	55,358,075	102,149,779		
Deficit of C.G.R.			(5) 7,133,296		
			109,283,075	55,358,075	53,925,000
1920	45,402,150	80,478,828	145,644,048		
Deficit of C.G.R.			(5) 9,778,070		
			155,422,118	80,478,828	74,943,290
1921	55,442,796	69,866,589	132,921,255	69,866,589	63,054,666
1922	59,565,200	57,960,097	59,327,819	57,960,097	1,367,722
1923	65,199,324	51,697,675	116,033,186	51,697,675	64,355,511
1924	69,632,747	54,860,419	118,899,186	54,860,419	64,038,767
1925	71,888,617	41,444,764	63,630,126	41,444,764	22,185,362
1926	71,287,687	29,701,445	46,578,245	29,701,445	16,876,800
(2) Less			15,245,889		15,245,889
1927	72,638,923	34,373,027	88,334,478	34,373,027	53,961,451
1928	73,537,537	24,730,410	42,104,541	24,730,410	17,374,131
(3) Less			13,477,505		13,477,505
Total	622,791,249	500,471,329	903,810,635	500,471,329	403,339,306
Unpaid accrued interest on Gov. Loans-Dec. 31, 1928			258,024,307	258,024,307	
Eastern Lines-			645,786,328	242,447,022	
1927 (6 months)	392,407	(4) 2,332,885	(5) 2,525,723	(5) 2,332,885	(6) 192,838
1928	780,680	(4) 5,138,027	(5) 4,983,348	(5) 5,138,027	(6) -154,678
Total	1,173,087	7,470,912	(5) 7,509,071	(5) 7,470,912	38,160

- (1) In computing the public debt of Canada, the Finance Department considers railway appropriations and advances in the same way as investments in canals, public works, etc., i.e., as "non-active assets" and does not subtract them from the gross debt in computing the net debt; similarly, no interest is charged by the Finance Department. The railways, however, debit their accounts with the accrued interest on Government advances although none of this interest has been paid.
- (2) Deductions account Hudson Bay Railway \$15,245,889 (Capital \$14,944,870-Deficits \$301,019).
- (3) Deduction account Canadian Government railway property transferred to Harbour Commissions of Halifax and St. John.
- (4) Deficits of Eastern Lines are met by appropriations by Dominion Government. These deficits do not include loss in revenues due to the 20 per cent reductions in freight rates, viz., \$931,810 for six months 1927 and \$2,151,528 for 1928, also paid by the Dominion Government.
- (5) Not assumed by Canadian National system. See page 2.
- (6) Profit and loss adjustments.

These data are subject to some slight adjustment on account of the appropriations for the Dominion Government railways for 1919 and 1920 being for the fiscal years ended March 31, 1920 and 1921 respectively.

Table 2.

CANADIAN NATIONAL RAILWAYS

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	\$	\$	\$	\$	\$	\$
Railway Operating Revenues-						
Canadian Lines	214,787,207	201,224,493	208,218,921	225,547,852	207,573,007	232,459,577
United States Lines	38,348,281	34,363,689	36,752,282	40,639,974	41,143,367	44,172,344
Total..	253,135,488	235,588,182	244,971,203	266,187,826	248,716,374	276,631,921
Eastern Lines	--	--	--	--	(2) 26,162,744	(2) 27,959,347
Total..	253,135,488	235,588,182	244,971,203	266,187,826	274,879,118	304,591,268
Railway Operating Expenses-						
Canadian Lines	202,936,659	189,460,404	184,373,201	190,173,271	172,786,790	186,296,821
United States Lines	29,768,180	26,883,527	28,333,587	29,551,362	30,523,894	31,951,522
Total..	232,704,839	218,343,931	212,706,788	219,704,633	203,315,684	218,248,343
Eastern Lines	--	--	--	--	29,989,583	31,483,352
Total..	232,704,839	218,343,931	212,706,788	219,704,633	233,305,267	249,731,695
Net Operating Revenues-						
Canadian Lines	11,850,548	11,764,089	23,845,720	35,374,581	34,786,217	46,162,756
United States Lines	8,580,101	5,480,162	8,418,695	11,108,612	10,614,473	12,220,822
Total..	20,430,649	17,244,251	32,264,415	46,483,193	45,400,690	58,383,578
Eastern Lines	--	--	--	--	Dr. 3,826,839	Dr. 3,524,005
Total..	20,430,649	17,244,251	32,264,415	46,483,193	41,573,851	54,859,573
Interest-						
Canadian National-On Funded Debt & Govt. Advances	65,199,324	69,632,747	71,888,617	71,287,687	72,262,418	73,537,537
Eastern Lines " " " " "	--	--	--	--	788,912	780,660
Total..	65,199,324	69,632,747	71,888,617	71,287,687	73,031,330	74,318,217
Deficit-						
Canadian National	51,697,675	54,860,419	41,444,764	29,701,445	31,576,194	24,730,410
Eastern Lines	--	--	--	--	(3) 5,129,718	(3) 5,138,027
Total..	51,697,675	54,860,419	41,444,764	29,701,445	36,705,912	29,868,437

(1) Adjusted to show data of Eastern Lines for twelve months, also to include revenues and expenses of commercial telegraph.

(2) Includes contributions from Dominion Government to cover loss from 20 per cent reduction in certain rates ordered by the Maritime Freight Rates Act, July 1, 1927; \$931,810 for 6 months 1927 and \$2,151,528 for 12 months 1928.

(3) Appropriations by Dominion Government to meet deficits of Eastern Lines including loss due to reduction in freight rates amounted to \$3,264,695 for 6 months 1927 and \$7,289,555 for 1928.

Table 3.

LONG TERM DEBT OF CANADIAN NATIONAL RAILWAYS

1/ PRINCIPAL AND UNPAID ACCRUED INTEREST

Calendar Year	Amount Outstanding December 31.					Increase During Year				
	To Dominion Government					To Dominion Government				
	Appropriations for	Loans and Advances with	Total	To The Public	Grand Total	Appropriations for	Loans and Advances with	Total	To The Public	Grand Total
	Can. Govt.	Accrued Interest				Can. Govt.	Accrued Interest			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1919	407,254,699	274,969,881	682,224,580	801,131,444	1,483,356,024	73,982,301	28,167,478	102,149,779
1920	411,704,909	396,744,482	808,449,391	820,550,681	1,629,000,072	4,450,210	121,774,601	126,224,811	19,419,237	145,644,048
1921	416,295,596	514,796,282	931,091,878	830,829,449	1,761,921,327	4,590,687	118,051,800	122,642,487	10,278,768	132,921,255
1922	415,118,319	601,627,683	1,016,746,002	804,503,144	1,821,249,146	-1,177,277	86,831,401	85,654,124	-26,326,305	59,327,819
1923 2/	447,643,526	666,539,750	1,114,183,276	823,099,056	1,937,282,332	2/ 32,525,207	64,912,067	97,437,274	18,595,912	116,033,186
1924	451,712,485	690,555,950	1,142,268,435	913,913,083	2,056,181,518	4,068,959	24,016,200	28,085,159	90,814,027	118,899,186
1925	453,935,303	734,547,038	1,188,482,341	931,329,303	2,119,811,644	2,222,818	43,991,088	46,213,906	17,416,220	63,630,126
1926 3/	437,412,032	788,251,724	1,225,663,756	925,480,244	2,151,144,000	-16,523,271	53,704,686	37,181,415	-5,849,059	31,332,356
1927 4/	436,416,387	821,680,355	1,258,096,742	981,381,736	2,239,478,478	-995,645	33,428,631	32,432,986	55,901,492	88,334,478
1928 6/	417,279,954	872,936,528	1,290,216,482	977,889,033	2,268,105,515	6/-19,136,433	51,256,173	32,119,740	-3,492,704	28,627,036

INTEREST

	Amount Accruing During Year			Increase During Year		
1919	9,596,581	28,599,687	38,196,268	3,517,851	669,715	4,187,566
1920	14,346,832	31,055,318	45,402,150	4,750,251	2,455,631	7,205,882
1921	No Interest	20,966,782	34,476,014	6,619,950	3,420,696	10,040,646
1922	Charged	24,912,876	34,652,324	3,946,094	176,310	4,122,404
1923		30,157,944	35,041,380	5,245,068	389,056	5,634,124
1924		31,271,043	38,361,704	1,113,099	3,320,324	4,433,423
1925		31,450,382	40,438,235	179,339	2,076,531	2,255,870
1926		32,090,454	39,197,233	640,072	7/ -1,241,002	-600,930
1927		32,505,234	40,526,096	8/ 73,031,330	414,780	1,743,643
1928		32,507,337	41,810,880	8/ 74,318,217	2,103	1,286,887

- 1/ Includes Government loans, funded debt and debenture stock of Canadian Northern System, Grand Trunk and Grand Trunk Pacific and appropriations for Canadian Government railways, but excludes capital stock which on Dec. 31, 1928, amounted to \$270,245,949 of which \$265,628,339 was owned by the Dominion Government and \$4,617,610 was held by others. Does not include appropriations for deficits of Canadian Government railways for 1919 and 1920 and of the Eastern Lines for July - December 1927 and January - December 1928.
- 2/ Includes operating deficits 1921-22-23 and working capital of Canadian Government railways.
- 3/ Reduced account Hudson Bay railway returned to Canadian Government while under construction.
- 4/ Reduction due to revision of appropriations. 5/ Accrued interest included on Dec. 31, 1927, was \$226,142,005 and on Dec. 31, 1928, \$258,024,307.
- 6/ Reduction due to Canadian Government railways property transferred to Harbour Commissions of Halifax (\$12,830,122) and St. John (\$647,383) having a ledger value of \$13,477,505 and adjustments of Canadian National cash loans of \$5,947,732 and additions amounting to \$288,804.
- 7/ Interest on 4 per cent Grand Trunk Pacific debentures reduced under agreement with bond holders by \$1,046,378.
- 8/ Includes interest on debt of Eastern Lines \$392,407 for 1927 and \$780,680 for 1928.

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