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RAILWAY EXPRESS

1966

INTRODUCTION

The organization of express operations in North America dates back to 1839. In that year, a former conductor on the Boston and Worcester Railway named William Frederick Harndon advertised arrangements to carry small parcels and packages between Boston and New York and to attend to the purchase of goods as well as the purchase of drafts, notes and other financial papers. Alvin Adams, also of the United States, followed with a similar service in 1840 and during the next five years express systems were incorporated by numerous others, and operated between the more important towns in the U.S. The celebrated "pony express" was started in 1860 providing service between San Francisco and St. Joseph, Missouri.

The Canadian Express Company was incorporated in 1865 and thus was the pioneer express company in Canada. The Grand Trunk Railway purchased its' capital stock in 1891. The Dominion Express Company was incorporated in 1882 in trust for the Canadian Pacific and the Canadian Northern Express Company appeared in 1902 operating over Canadian Northern lines. On the taking over of the Canadian Northern and Grand Trunk Railways by the Government and the consolidation of the Canadian National System, the express businesses of the two companies were amalgamated under one management from 1921 and named Canadian National Express. The Central Canada Express Company was taken over by Canadian National in 1928 but during the next year, on the formation of the Northern Alberta Railways, the express business formerly handled by Canada Express became a department of the new company.

When there was a general consolidation of railways in the United States during the First World War, the express companies operating on Canadian sections of U.S. railways were amalgamated under the name American Railway Express. This was succeeded in 1930 by the Railway Express Agency, which is now owned by the principal Class 1 railroads in the U.S.

In the beginning, express companies in Canada set their own rates but in 1906 they were placed under the Railway Commission. In 1919 a rate system was established which grouped the country into three main blocks or districts for express purposes and in 1928 a regular tariff was established for air express between Toronto and Rimouski; the first regular organized air express service in this country.

Express traffic is carried by railways, airlines, motor transport and steamship. In addition to the movement of goods, express companies offer other

services, one of which is the transmission of money, through the medium of travellers' cheques, money orders and other types of financial paper.

Today, there are two express companies in operation in Canada, the Canadian Pacific Express Company and the Railway Express Agency, and three railways having departments to handle their express services. These are the Canadian National Railways, the Algoma Central Railway and the Northern Alberta Railways.

During the past few years the Canadian Pacific and the Canadian National Railways have introduced and are continuing to develop new integrated services for package freight and less than carload shipments. Merchandise Services and Express-freight, as they are called by the CPR and CNR respectively, are an attempt to provide a speedier, more economical and more flexible service for shippers, through the coordination and use of piggy-back and other rail and highway transport techniques.

CP's Merchandise Services embodies the integration of express, rail L.C.L. and truck operations, and all ground service for air cargo and air express. This involves the consolidation of the passenger train express service, cartage, pick-up and delivery, and freight shed operations into a single operation with its own handling, loading and hauling facilities.

Introduced on a gradual basis in 1959 on Vancouver Island, Merchandise Services was extended to various points in British Columbia in 1960. Alberta in 1961 and Saskatchewan and Manitoba to the Lakehead in 1963. In Eastern Canada the operation is not yet fully integrated but consolidation of express and less-than-carload freight handling was completed in 1964.

CN's coordinated service, Express-freight, emerged from the gradual consolidation of express and L.C.L. freight services across the system and is based on trains handling the long haul between centrally-located road-rail terminals, and highway vehicles performing pick-up and delivery services in the districts surrounding these central points. Important operational concepts of the plan are the railhead principle and the master agency idea; the former refers to a community which becomes designated as the main distributing center for a defined area; the latter provides customers in smaller, scattered communities surrounding the railhead with the advantages of urban-type railway communications and service.

Introduced on an experimental basis in the Atlantic Region in 1959, Express-freight is now operating at a number of communities across the CN system.

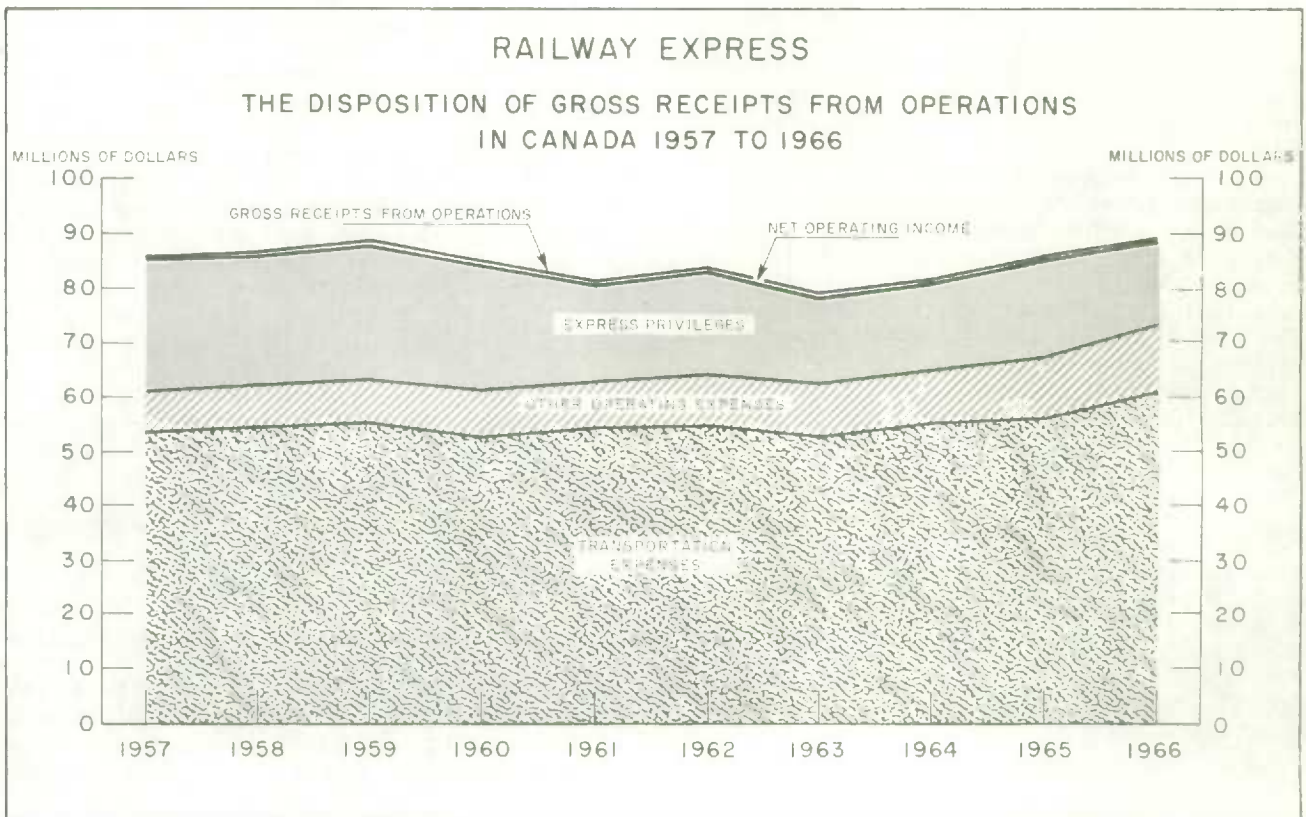
The effects of the changing express concept on statistics reported in this publication are difficult to measure and will remain so until the integration processes have been completed. At that time it is proposed to review this publication and incorporate any necessary changes in the presentation of the data.

To eliminate duplicate reporting and to uncover statistical gaps, the Dominion Bureau of statistics uses the Canadian Standard Industrial Classification (S.I.C.).

The Standard Industrial Classification (Catalogue No. 12-501) provides a set of groups and classes suitable for the compilation of statistics related to different industries. The building block (reporting unit) which is fitted into the above structure is the "establishment". An establishment can be defined as the smallest unit which is a separate operating entity capable of reporting principal elements of input and output. While the establishment is typically a factory, mine, store or

similar unit and in most cases is a separate firm. It may encompass two or more operating units which are not necessarily in the same location. It can also be an individual working on his own account.

Industry 506, Railway Transport, as classified in the S.I.C. includes establishments primarily engaged in operating railways. The kinds of activities normally carried on by railway establishments embraces the operation of commuter service (but not street railways), maintenance of way and structures, maintenance of equipment (including that carried on in railway shops) dining car and sleeping car services, freight, express and the operation of railway terminal facilities. Road transportation services operated by railway establishments and providing pick-up and delivery for the freight or express services of the railway are included in this industry but long distance trucking owned by railway companies is usually set up as separate establishments classified to the trucking industry.



Statistical Analysis, 1966

Gross receipts of the larger rail express companies in Canada in 1966 increased 3.9 per cent to \$89,265,075 from \$85,927,546 in 1965. Express privileges (rights granted express companies to handle express matter on trains and at station) amounted to \$15,631,246 as compared with

\$17,949,002 the previous year. As a result, operating revenues (gross receipts minus express privileges) rose 8.3 per cent to \$73,633,829 from \$67,978,544 a year earlier. Operating expenses were up 8.5 per cent to \$73,051,121 from \$67,329,413, resulting in a drop in net income to \$582,638 from \$949,131 in 1965.

A breakdown of express operating revenues shows that those incidental to transportation totalled \$87,546,470 in 1966, up from \$84,037,759 one year earlier. Other revenues such as custom-house brokerage fees, money orders, travellers' cheques, etc., aggregated \$1,718,605 in contrast to \$1,889,787 in 1965.

As in the past, transportation expenses accounted for over 80 per cent of all operating costs. The 1966 figure amounted to \$60,569,119 as compared with \$55,953,652 in 1965.

Investments in real property and equipment at the close of 1966 advanced to \$12,981,148 from \$12,603,506. The amount of outstanding capital stock remained the same as the previous year at \$6,071,119.

The number of employees engaged in rail express operations in Canada continued to decline in 1966, reflecting the further integration of express personnel into railway operations. Employees dropped to 6,205 in 1966 from 6,565 a year earlier and from 9,431 in 1962. Total salaries and wages in 1966 rose to \$31,226,983 from \$30,957,769 and average annual earnings rose to \$5,033 from \$4,716 a year earlier. Commissions paid to other than express employees amounted to \$1,014,540 in contrast to \$1,684,263 in 1965.

During 1966 express services as provided by railways operating in Canada were available over a combined land, sea and air distance of 82,840 route miles. This compares with 80,265 miles in 1965.

June 27, 1967.

Railway Express, 1966

	Algoma Central Railway	Canadian National Express Company	Canadian Pacific Express Company	Northern Alberta Railways Company	Railway Express Agency Inc.	Total
	dollars					
Operating revenues:						
Transportation:						
Express	71,227	47,799,521	32,642,222	197,400	6,150,875	86,861,245
Miscellaneous	—	127,598	557,627	—	—	685,225
Totals	71,227	47,927,119	33,199,849	197,400	6,150,875	87,546,470
Other:						
Customhouse brokerage fees	—	35,609	19,085	—	—	54,694
Order and Commission Departments	—	—	—	—	—	—
Rents of buildings and other property	—	—	8,085	—	—	8,085
Money orders, domestic and foreign	1,631	226,513	301,515	—	—	529,659
Travellers' cheques, domestic and foreign	—	976	104,593	—	—	105,569
"C.O.D." cheques	97	483,156	345,753	—	—	829,006
Telegraphic transfers	—	—	—	—	—	—
Letters of credit	—	—	—	—	—	—
Other revenue, Financial Department	—	—	75,432	—	—	75,432
Miscellaneous revenues	—	54,104	—	3,258	58,798 ¹	116,160
Totals	1,728	800,358	854,463	3,258	58,798	1,718,605
Gross receipts from operations	72,955	48,727,477	34,054,312	200,658	6,209,673	89,265,075
Express privileges, Dr.	22,800	7,759,040	5,566,409	34,523	2,248,474	15,631,246
Total operating revenues	50,155	40,968,437	28,487,903	166,135	3,961,199	73,633,829
Operating expenses:						
Maintenance	2,031	2,133,323	2,203,738	233	261,766	6,001,691
Traffic	1,285	156,822	179,484	9,452	84,328	431,371
Transportation	37,731	34,566,350	22,451,866	141,673	3,371,499	60,569,119
General	4,901	2,713,711	2,253,896	16,243	225,548	5,214,299
Provision for income taxes	2,212	—	153,300	—	—	155,512
Other taxes	—	963,481	1,098,919	1,349	16,050	2,079,799
Total operating expenses	48,160	40,533,687	28,341,203	168,950	3,959,191	73,051,191
Income account:						
Operating revenues	50,155	40,968,437	28,487,903	166,135	3,961,199	73,633,829
Operating expenses	48,160	40,533,687	28,341,203	168,950	3,959,191	73,051,191
Net operating income (or loss)	1,995	434,750	146,700	Cr. 2,815	2,008	582,638
Other income	—	—	79,584	—	—	79,584
Other deductions	—	—	36,651	—	—	36,651
Net income (or deficit)	1,995	434,750	189,633	Cr. 2,815	2,008	625,571
Capital stock:						
Common, issued at par value	—	1,000,000	4,250,000	—	—	5,250,000
Preferred, issued at par value	—	—	—	—	—	—
Amounts payable to affiliated companies	—	821,119	—	—	—	821,119
Totals	—	1,821,119	4,250,000	—	—	6,071,119
Investments at December 31, 1966:						
Real property	—	—	1,399,485	7,464	13,838	1,420,787
Equipment	4,312	—	9,553,882	1,923	179,125	9,739,242
Other	—	1,821,119	—	—	—	1,821,119
Totals	4,312	1,821,119	10,953,367	9,387	192,963	12,981,148

See footnote at end of table.

Railway Express, 1966 - Continued

	Algoma Central Railway	Canadian National Express Company	Canadian Pacific Express Company	Northern Alberta Railways Company	Railway Express Agency Inc.	Total
Tax accruals:						
Newfoundland	\$ -	3,678	-	-	-	3,678
Prince Edward Island	\$ -	1,681	-	-	-	1,681
Nova Scotia	\$ -	6,290	14,996	-	-	21,286
New Brunswick	\$ -	11,690	6,907	-	-	20,597
Quebec	\$ -	78,840	19,417	-	3,288	101,545
Ontario	\$ 469	176,334	85,484	-	10,693	272,980
Manitoba	\$ -	25,209	6,245	-	844	32,298
Saskatchewan	\$ -	27,318	219	-	-	27,537
Alberta	\$ -	11,500	6	331	-	11,837
British Columbia	\$ -	11,510	102	70	1,225	12,907
Northwest Territories	\$ -	-	-	-	-	-
Yukon	\$ -	-	-	-	-	-
Federal Income Tax	\$ 1,743	-	153,300	-	-	155,043
Other government of Canada	\$ -	609,431	963,543	948	-	1,573,922
Totals	\$ 2,212	963,481	1,252,219	1,349	16,050	2,235,311
Financial paper issued:						
Money orders sold, domestic and foreign	\$ -	56,659,329	39,189,779	-	-	95,849,108
Travellers' cheques sold, domestic and foreign	\$ -	257,839	10,826,161	-	-	11,084,000
"C.O.D." cheques issued	\$ 9,484	2	15,271,056	-	124,913	15,405,453
Telegraphic transfers	\$ -	-	73,414	-	-	73,414
Totals	\$ 9,484	56,917,168	65,360,410	-	124,913	122,411,975
Equipment inventory:						
Road vehicles used in express service:						
Motor trucks	No. -	-	857	-	32	889
Trailers, road equipment: semi-trailers and full trailers	" -	-	224	-	-	224
Automobiles	" -	-	8	-	-	8
Road vehicles used in cartage service:						
Trucks	" 1	-	297	-	-	298
Trailers	" -	-	262	-	-	262
Automobiles	" -	-	2	-	-	2
Platform vehicles:						
Trucks, hand	" -	-	-	19	83	102
Trucks, motor driven	" -	-	58	-	-	58
Other	" -	-	-	-	-	-
Employees, salaries and wages:						
Full time employees:						
Number	2,075	4,064	11	55	6,205
Salaries and wages	\$ 9,010	11,387,100	19,475,169	57,031	273,063	31,201,373
Part time employees:						
Number	-	3	..	-	-
Salaries and wages	\$ 23,279	-	3	2,331	-	25,610
Commissions paid	\$ 1,487	202,469	793,761	16,713	90	1,014,540
Express offices:						
Number in Canada at Dec. 31, 1966	62	1,038	925	36	13	2,074
Number of offices selling money orders	4	1,174	1,038	-	-	2,212
Number of branch offices selling money orders	-	1,061	2,081	-	-	3,142

See footnotes at end of table.



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Railway Express, 1966 - Concluded

	Algoma Central Railway	Canadian National Express Company	Canadian Pacific Express Company	Northern Alberta Railways Company	Railway Express Agency Inc.	Total
Route mileage covered:⁵						
In Canada:						
By railway ⁶	322.10	22,234.59	15,176.14	917.60	548.00	39,198.43
By steamship lines	-	5,719.00	696.00	-	523.00	6,938.00
By motor carriers lines	-	21,887.00	679.70	1,066.00	1.00	23,633.70
By airlines	-	13,052.00	-	-	-	13,052.00
By miscellaneous lines	-	18.10	-	-	-	18.10
Totals	322.10	62,910.69	16,551.84	1,983.60	1,072.00⁷	82,840.23
Outside Canada:						
By railway, U.S.A.	-	43.79	199.10	-	97,906.00	98,148.89
By steamship	-	-	2,679.00	-	2,288.00	4,967.00
Other	-	-	-	-	258,729.00	258,729.00
Totals	-	43.79	2,878.10	-	358,923.00	361,844.89
Grand totals	322.10	62,954.48	19,429.94	1,983.60	359,995.00	444,685.12
Route mileage covered, by area:⁵						
Newfoundland	-	8,430.13	-	-	-	8,430.13
Prince Edward Island	-	753.68	-	-	-	753.68
Nova Scotia	-	3,140.57	274.82	-	-	3,415.39
New Brunswick	-	3,861.21	512.70	-	-	4,373.91
Quebec	-	7,650.12	1,543.78	-	102.00	9,295.90
Ontario	322.10	14,304.00	3,533.14	-	309.00	18,468.24
Manitoba	-	5,399.32	1,590.20	-	66.00	7,055.52
Saskatchewan	-	9,056.97	3,886.80	-	-	12,943.77
Alberta	-	6,073.92	2,475.70	1,931.70	-	10,481.32
British Columbia	-	4,240.77	2,734.70	51.90	595.00	7,622.37
Northwest Territories	-	-	-	-	-	-
Yukon	-	-	-	-	-	-
United States	-	43.79	199.10	-	335,130.00	335,372.89
Ocean-going mileage	-	-	2,679.00	-	23,793.00	26,472.00
Totals	322.10	62,954.48	19,429.94	1,983.60	359,995.00	444,685.12
Accidents:						
Persons injured	No.	..	393	-	-	393
Persons killed	"	..	4	-	-	4
	1962	1963	1964	1965	1966	
Summary, 1962-66:						
Gross receipts from operations	\$ 83,877,337	79,031,998	81,728,007	85,927,546	89,265,075	
Express privileges, Dr.	\$ 19,041,953	16,167,030	16,162,703	17,949,002	15,631,246	
Operating expenses (excluding taxes)	\$ 62,812,087	61,009,829	63,610,082	65,876,730	70,815,880	
Net operating revenues (before taxes)	\$ 2,023,297	1,855,139	1,955,222	2,101,814	2,817,949	
Tax accruals	\$ 1,274,819	1,117,282	1,308,160	1,452,683	2,235,311	
Capital	\$ 9,455,089	9,293,257	6,071,119	6,071,119	6,071,119	
Investments at December 31	\$ 16,051,397	16,538,190	11,421,189	12,603,506	12,981,148	
Financial paper issued	\$ 137,434,334	135,523,112	134,895,194	135,659,423	122,411,975	
Employees:⁸						
Number	9,431	8,282	7,346	6,565	6,205	
Salaries and wages	\$ 40,046,861	35,386,525	32,398,891	30,957,769	31,226,983	
Commissions paid	\$ 2,558,148	2,316,610	2,233,255	1,684,263	1,014,540	
Mileage covered in Canada	70,984.53	74,293.36	76,025.01	80,264.61	82,840.23	

¹ Breakdown not available.
² Included with "Money orders sold".
³ Included with "Full time employees".
⁴ Conducts business as CP Express Co. agents.
⁵ Includes duplications.
⁶ Includes electric line mileages.
⁷ Excludes airline route mileages in Canada.
⁸ Includes full and part time employees.

.. Figures not available.