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RAILWAY EXPRESS

1970

A Word of Caution

The revolutionary changes which have taken place in this industry in recent years have made year-on-year comparisons of express statistics subject to grave misinterpretation if not viewed in their proper perspective. A sharp decline in the number of employees between 1966 and 1968, for example did not reflect any great curtailment of operations, but rather a decision by one major road to transfer most of its express employees from the express department to the railway proper. Accordingly to avoid possibly misleading our readers it has been decided to delete employee data from this publication. The sections on capital stock, investments and equipment inventory have been retained, however it should be borne in mind that these too have been affected by the different positions of the four express operations within the corporate structures of their respective organizations. The introduction of combined rate systems for express and L.C.L. freight, plus the introduction of the Merchandise Services concept involving the integration of express, L.C.L. and truck traffic have greatly complicated the accounting in this area.

The whole area of express statistics is presently under review by Statistics Canada in view of the above changes. In the meantime users are advised to consult this office or one of the railway or express companies whenever data from this publication is being used to support wage cases, in economic analyses, or in other important studies.

Results of 1970 Operations

Gross operating revenues reported by express carriers rose 10.2% in 1970 to \$119,640,753 from \$108,589,451 in 1969. Express privileges amounts

paid the railway companies for using railway transportation facilities) rose to \$29,699,254 from \$24,355,029 the year previous. Consequently net operating revenues came to \$89,941,499, up from \$84,234,422 in 1969. Operating expenses totalled \$88,379,819 leaving the usual small profit on the books of the express operators. Net income after other income and deductions came to \$1,562,082 against \$1,620,862 the year before.

Money orders and other financial paper issued declined sharply to \$81,331,829, down 30.8% from the 1969 total of \$117,557,992. This is partly due to C.P. Express having discontinued its money order service at the end of 1969.

The number of express offices in Canada at year end was reported at 2,097, down from 2,630 a year earlier. Route mileage covered (in Canada) was reported as 93,037 miles up from 88,015 the year previous.

Basis of Industrial Classification

To eliminate duplicate reporting and to uncover statistical gaps, Statistics Canada uses the Canadian Standard Industrial Classification (S.I.C.).

The Standard Industrial Classification (Catalogue 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 typi-

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cally 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.

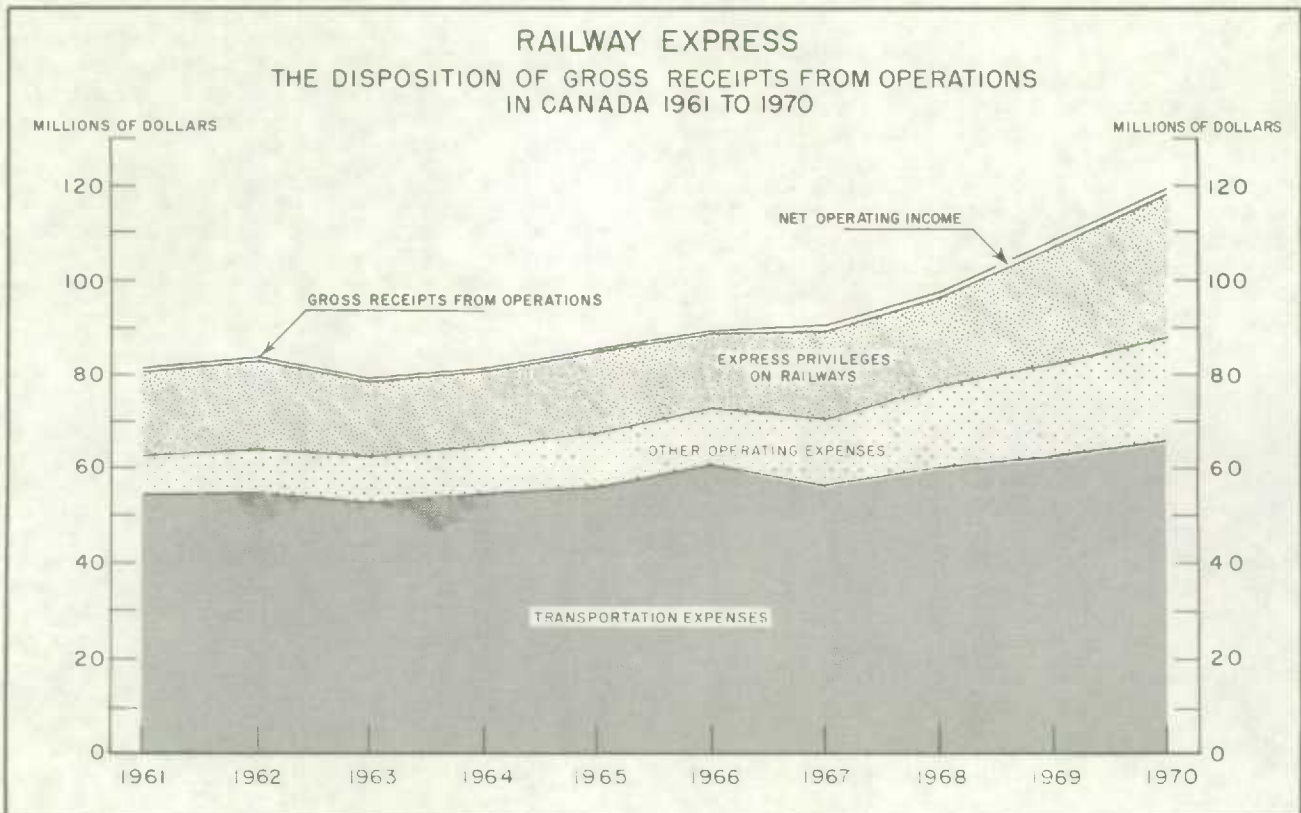
Industry 503 (formerly 506), Railway Transport, as classified in the S.I.C. includes establishments primarily engaged in operating railways. The kinds of activities normally carried on by railway establishments embraces the operation of freight and passenger trains including commuter service (but not 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 operations owned by railway companies are usually set up as separate establishments classified to the trucking industry.

Historical Background

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 ar-

rangements 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 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 R.E.A. Express (Canada) Limited and two railways having departments to handle their express services. These are the Canadian National Railways 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 and Inter modal Services 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 piggyback and other rail and highway transport techniques.

Combined rates affecting express and less than carload shipments which became effective during 1967 has made it difficult to separate revenues between the two types of traffic and with the physical integration of traffic the separation of expenses becomes obscure.

Sept. 1, 1971.

SYMBOLS

The following standard symbols are used in Statistics Canada publications:

- .. figures not available.
- ... figures not appropriate or not applicable.
- nil or zero.
- amount too small to be expressed.
- p preliminary figures.
- r revised figures.

Railway Express, 1970

	Canadian National Railways	Canadian Pacific Express Company	Northern Alberta Railways Company	R.E.A. Express (Canada) Limited	Total
	dollars				
Operating revenues:					
Transportation:					
Express	78,368,050	35,776,127	197,705	3,025,687	117,367,569
Miscellaneous	-	389,732	-	-	389,732
Totals	78,368,050	36,165,859	197,705	3,025,687	117,757,301
Other:					
Customhouse brokerage fees	-	-	-	-	-
Order and Commission Departments	-	-	-	-	-
Rents of buildings and other property	-	-	-	-	-
Money orders, domestic and foreign	580,340	3,539	-	-	583,879
Travellers' cheques, domestic and foreign	-	-	-	-	-
"C.O.D." cheques	349,490	8,919	-	1,467	359,876
Telegraphic transfers	-	-	-	-	-
Letters of credit	-	-	-	-	-
Other revenue, Financial Department	-	-	-	3,925	3,925
Miscellaneous revenues	894,203	321	9,869	31,379	935,772
Totals	1,824,033	12,779	9,869	36,771	1,883,452
Gross receipts from operations	80,192,083	36,178,638	207,574	3,062,458	119,640,753
Express privileges, Dr.	19,606,761	8,279,611	-	1,812,882	29,699,254
Total operating revenues	60,585,322	27,899,027	207,574	1,249,576	89,941,499
Operating expenses:					
Maintenance	3,740,563	2,421,378	-	147,479	6,309,420
Traffic	824,688	394,698	11,467	40,264	1,271,117
Transportation	45,778,724	19,799,139	272,521	275,869	66,126,253
General	7,360,799	3,500,768	24,471	739,373	11,625,411
Provision for income taxes	-	422,400	-	14,430	436,830
Other taxes	1,625,660	983,044	1,584	-	2,610,288
Total operating expenses	59,330,434	27,521,427	310,543	1,217,415	88,379,819
Income account:					
Operating revenues	60,585,322	27,899,027	207,574	1,249,576	89,941,499
Operating expenses	59,330,434	27,521,427	310,543	1,217,415	88,379,819
Net operating income (or loss)	1,254,888	377,600	Dr. 102,969	32,161	1,561,680
Other income	-	Dr. 13,226	-	-	Dr. 13,226
Other deductions	-	Cr. 13,628	-	-	Cr. 13,628
Net income (or deficit)	1,254,888	378,002	Dr. 102,969	32,161	1,562,082
Capital stock:					
Common, issued at par value	-	4,250,000	-	100	...
Preferred, issued at par value	-	-	-	-	...
Amounts payable to affiliated companies	-	-	-	-	...
Totals	-	4,250,000	-	100	...
Investments at December 31, 1970:					
Real property	5,730,055	..	-	...
Equipment	12,821,648	..	117,216	...
Other	-	..	-	...
Totals	18,551,703	..	117,216	...

Railway Express, 1970 - Continued

	Canadian National Railways	Canadian Pacific Express Company	Northern Alberta Railways Company	R.E.A. Express (Canada) Limited	Total
Tax accruals:					
Newfoundland	\$ 4,595	-	-	-	4,595
Prince Edward Island	\$ 1,382	-	-	-	1,382
Nova Scotia	\$ 17,917	18,720	-	-	36,637
New Brunswick	\$ 25,662	8,332	-	-	33,994
Quebec	\$ 136,417	74,539	-	-	210,956
Ontario	\$ 358,246	265,987	-	-	624,233
Manitoba	\$ 45,521	9,000	-	-	54,521
Saskatchewan	\$ 26,148	30	-	-	26,178
Alberta	\$ 40,714	6	278	-	40,998
British Columbia	\$ 17,760	5	70	-	17,835
Northwest Territories	\$ -	-	-	-	-
Yukon	\$ -	-	-	-	-
Federal Income Tax	\$ -	422,400	-	14,430	436,830
Other government of Canada	\$ 951,298	606,425	1,236	-	1,558,959
Totals	\$ 1,625,660	1,405,444	1,584	14,430	3,047,118
Financial paper issued:					
Money orders sold, domestic and foreign	\$ 79,887,516	574,032	-	-	80,461,548
Travellers' cheques sold, domestic and foreign	\$ -	-	-	-	-
"C.O.D." cheques issued	\$ -	422,494	-	447,787	870,281
Telegraphic transfers	\$ -	-	-	-	-
Totals	\$ 79,887,516	996,526	-	447,787	81,331,829
Equipment inventories:					
Road vehicles used in express service:					
Motor trucks	No. ..	1,017	..	-	...
Trailers, road equipment: semi-trailers and full trailers	" ..	537	..	-	...
Automobiles	" ..	11	..	-	...
Road vehicles used in cartage service:					
Trucks	" ..	-	..	31	...
Trailers	" ..	-	..	-	...
Automobiles	" ..	-	..	-	...
Platform vehicles:					
Trucks, motor driven	" ..	47	..	1	...
Other	" ..	-	..	-	...
Express offices:					
Number in Canada at Dec. 31, 1970	1,188	897	3	9	2,097
Number of offices selling money orders	792	-	-	-	792
Number of branch offices selling money orders	583	-	-	-	583
Route mileage covered²:					
In Canada:					
By railway ³	22,324.40	14,979.31	777.40	340.00	38,421.11
By steamship lines	4,573.00	696.00	-	-	5,269.00
By motor carriers lines	26,981.00	614.70	2,262.00	232.00	30,089.70
By airlines	19,257.00	-	-	-	19,257.00
By miscellaneous lines	-	-	-	-	-
Totals	73,135.40	16,290.01	3,039.40	572.00	93,036.81

See footnote(s) at end of table.

Railway Express, 1970 - Concluded

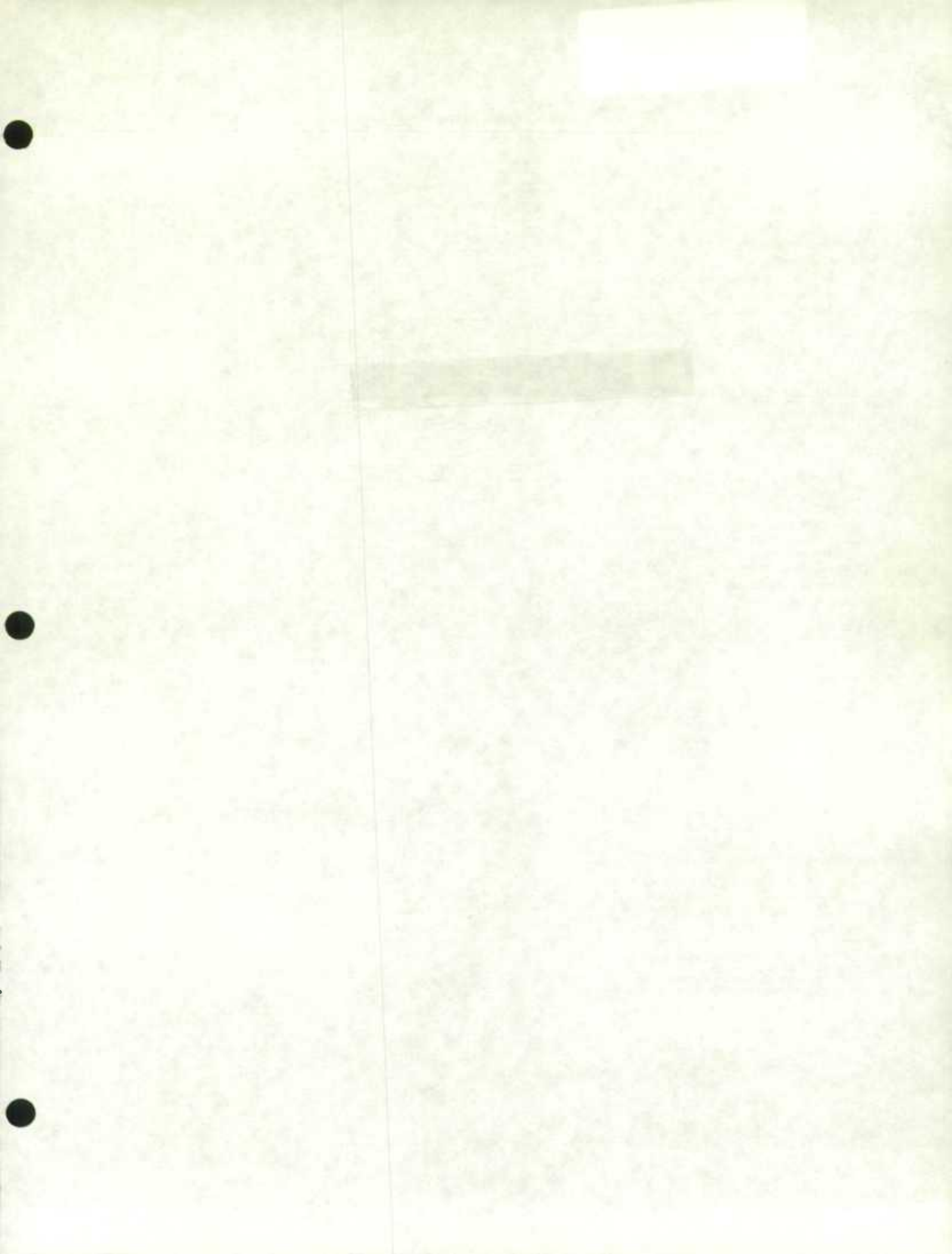
	Canadian National Railways	Canadian Pacific Express Company	Northern Alberta Railways Company	R.E.A. Express (Canada) Limited	Total
Route mileage covered - Concluded:²					
Outside Canada:					
By railway, U.S.A.	43.79	199.10	-	-	242.89
By steamship	-	2,679.00	-	-	2,679.00
Other	-	-	-	-	-
Totals	43.79	2,878.10	-	-	2,921.89
Grand totals	73,179.19	19,168.11	3,039.40	572.00	95,958.70
Route mileage covered, by area:²					
Newfoundland	8,771.92	-	-	-	8,771.92
Prince Edward Island	794.91	-	-	-	794.91
Nova Scotia	4,464.60	274.82	-	-	4,739.42
New Brunswick	4,571.13	509.83	-	-	5,080.96
Quebec	8,593.16	1,539.78	-	340.00	10,472.94
Ontario	14,808.03	3,471.88	-	112.00	18,391.91
Manitoba	6,563.09	1,541.00	-	80.00	8,184.09
Saskatchewan	10,354.86	3,797.10	-	-	14,151.96
Alberta	6,463.50	2,445.90	2,987.50	-	11,896.90
British Columbia	4,563.20	2,709.70	51.90	40.00	7,364.80
Northwest Territories	3,187.00	-	-	-	3,187.00
Yukon	-	-	-	-	-
United States	43.79	199.10	-	-	242.89
Ocean-going mileage	-	2,679.00	-	-	2,679.00
Totals	73,179.19	19,168.11	3,039.40	572.00	95,958.70
Accidents:					
Persons injured	No. ..	297	-	-	...
Persons killed	" ..	-	-	-	...
	1966	1967	1968	1969	1970
Summary, 1966-70:					
Gross receipts from operations	\$ 89,265,075	90,565,028	97,483,178	108,589,451	119,640,753
Express privileges, Dr.	\$ 15,631,246	19,283,852	19,078,939	24,355,029	29,699,254
Operating expenses (excluding taxes)	\$ 70,815,880	68,137,158	74,857,264	79,966,001	85,332,701
Net operating revenues (before taxes)	\$ 2,817,949	3,144,018	3,546,975	4,268,421	4,608,798
Tax accruals	\$ 2,235,311	2,345,844	2,303,998	2,655,929	3,047,118
Financial paper issued	\$ 122,411,975	124,129,236	129,721,857	117,557,992	81,331,829
Mileage covered in Canada	82,840.23	86,873.67	87,662.59	88,014.83	93,036.81

¹ Included with "Money orders sold".

² Includes duplications.

³ Includes oceanic mileages.

⁴ Excludes active route mileages in Canada.



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