

Wages

Payrolls, by far the biggest item of railway expense, amounted in 1957 to \$427.8 million or 58.2% of the total operating expenses. Including pensions and health and welfare benefits, labour compensation accounted for 63.7% of the railway's 1957 expense dollar.

Wage increases and other benefits applicable to 1957 added \$22.5 million to operating expenses.

Under terms of contracts signed in 1956, both operating and non-operating employees on Canadian lines received wage increases and health and welfare coverage in 1957. By March 1, 1958, a revised health and welfare plan covered all non-scheduled and management employees in Canada.

Under the terms of a three-year agreement concluded on November 1, 1956, non-operating employees on U.S. lines received a further wage increase of seven cents per hour during 1957. Operating employees received a similar wage increase. Both operating and non-operating employees also received a cost-of-living adjustment totalling eight cents an hour during the year. The contracts provide for another wage increase of seven cents an hour during 1958.

On November 12, 1957, fifteen railway unions representing about 77,000 of the company's non-operating employees in Canada served wage and other demands on the railway involving additional annual costs totalling \$77.5 million. The demands included an increase in pay of 11% plus 17 cents an hour; an additional \$8.50 per month contribution by the railway for each employee to the company health and welfare plan; longer vacations; one additional statutory holiday; and establishment of severance pay. The total cost of implementing these demands for all CNR employees would amount to \$113 million annually.

Discussions were held with the representatives of the fifteen unions during November 1957 and ended on December 2 with a union request for conciliation services. A federal conciliation board was appointed early in 1958.

Negotiations for new contracts with the Brotherhood of Locomotive Firemen and Enginemen opened February 20, 1958, with a union request for an 18% pay increase and other benefits that would add a total of \$6.8 million to the company's annual operating expenses. The company earlier had served notice on the union that it intended to exercise its discretion in the need for assignment of firemen to freight and yard diesels. The meetings terminated February 25 after the union declined to discuss the diesel issue on the basis of principles outlined in the report of the Royal Commission under the chairmanship of Mr. Justice R. L. Kellock.

Current contracts with unions representing other running trades will be open for re-negotiation in the spring of 1958.

TAXES, RENTS AND FIXED CHARGES

Taxes paid by the railway amounted to \$16.6 million, an increase of \$1.8 million over 1956.

Rents paid for equipment and facilities fell from nearly \$10.0 million to \$4.1 million, due to a reduction in the use of foreign line cars.

Fixed charges rose from \$31.8 million in 1956 to \$37.0 million. The increase of \$5.2 million was due entirely to higher interest expense, of which \$4.0 million is attributable to new borrowings of \$197.1 million during 1957; the remainder is chiefly a reflection of the impact of interest for the full year on 1956 borrowings. A small saving in interest was obtained through the refunding of \$73.3 million of securities held by the public.