

ments with four trucking concerns, extending the system's highway service by 15,000 miles. An option was taken on a fifth company.

**CHANGES STILL NEEDED**

"Despite these and other developments during the year, the CN brief to the Royal Commission on Railway Transportation in November pointed out that 'much remains to be done before the company can bring its efficiency of operation to the point where it will be fully competitive with other forms of transportation'. The brief stressed the need for major changes in legislation governing railroad operations to enable the CN to adapt itself to changing conditions in the transportation market as a whole.

"In a year marked by severely reduced revenues, the company was faced with new wage demands by its non-operating employees. A system-wide work stoppage was averted by emergency legislation in Parliament which provided for the maintenance of railway operation until May 15, 1961.

"Federal Government intervention in the dispute with non-operating employees brought into public focus the pressing problems faced by Canadian railways today. The burden they bear through the maintenance of statutory and related rates for the movement of grain and its products is becoming heavier in the light of reduced freight and passenger traffic in 1960. In addition, the Government has stated that no general freight-rate increases will be permitted pending a report of the Royal Commission on Railway Transportation.

"At the same time, increased labour and material costs have offset improvements made in efficiency through capital works, and certain train services are not returning their out-of-pocket cost of operation, with little prospect of their doing so in the future. The company's representations for relief from the obligation to perform service at a loss are almost always being met by strong local opposition, even where patronage has almost disappeared.

**PASSENGER SERVICE**

"The CN policy is to seek passenger-service reduction on those lines where the general public has shown preference for other means of travel which are readily available and where no potential exists for increased patronage.

"Faced with a continuing decline in passenger revenues and the need for economies in operation, CN changed the make-up of transcontinental passenger trains.

"Facilities on the 'Super Continental' were improved. CN's second transcontinental train, 'The Continental', was transformed to provide a service for local traffic, with sleeping accommodation available only in certain local areas.

"Service between Montreal and Ottawa was improved to provide more train operating on a two-hour schedule.

"All-Inclusive Plan rail fares were extended to the Maritimes to inaugurate a coast-to-coast service for this attractive plan.

**SALES DEPARTMENT RE-ALIGNED**

"As a prelude to administrative re-organization, the sales department was re-aligned to increase its business and better its position. Specialist groups were formed to study rate and tariff-making techniques, equipment and customer service, to forecast traffic, set sales objectives and plan market surveys. The freight-rate staff also was changed to focus specialist group attention on international, Canadian and transcontinental rates.

"Under study is amalgamation of express and less-than-carload shipments as part of Merchandise Services, a new branch of the sales department set up to make the most efficient use of both railway and highway transport.

"Indicative of the demand for integrated road-rail service was expansion of CN's 'piggyback' programme, which provided a 25 per cent increase in revenues. Tonnage increased about 11 per cent over 1959.

"The year saw a marked increase in the movement of household goods by common-carrier 'piggyback' and extensions of the service to additional pairs of cities across the country. A total of 188 trailers, including 25 refrigerator trailers costing \$16,000 each, were purchased during the year for company-owned 'piggyback' service. A new trailer service center is being built at Montreal.

**EQUIPMENT IMPROVEMENTS**

"Upgrading of CN rolling stock and the testing of new equipment and methods continued. To obtain maximum use of locomotives, regional motive-power control-bureaux were set up at Winnipeg, Toronto and Moncton, with a complex system of communications between them.

"Eighty new low-alloy steel flat-cars were purchased, in addition to 75 bought for the narrow-gauge Newfoundland lines.

"The new Moncton hump yard offers a clear picture of electronic marshalling techniques of the future. The Montreal yard will be operating by next spring, followed by the Symington yard at Winnipeg a year later and the Toronto yard a few years later. Equipped with the latest developments in electronic engineering they will perform the bulk of train marshalling across the system.

"Integrated data processing, which will play a major role in hump-yard operation, is being applied with success to other aspects of railway operation, such as car tracing, revenue accounting, operating and sales statistics.

"Service to Canada's mining industry was expanded in northern Manitoba. A 52-mile branch line, constructed at a cost of \$8,800,000 between Optic Lake and Chisel Lake, was opened in September to serve mines of the Hudson Bay Mining and Smelting Co., Ltd. Late