

THE RAILWAY & SHIPPING WORLD.

AN ILLUSTRATED PERIODICAL DEVOTED TO STEAM & ELECTRIC RAILWAY, SHIPPING, EXPRESS, TELEGRAPH & TELEPHONE INTERESTS.

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The Canadian Freight Association.
The Canadian Roadmasters' Association.

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to June 30, '96, there was a deficiency of £82,062, making a total of £306,769 at June 30, '96, when the inability of the G.T. Co. to meet all the pre-preference charges terminated, & £39,086 of the total deficiency of £306,769, was liquidated out of surplus net revenue for the ½-year ended Dec. 31, '96, £2,708 from surplus net revenue for the ½-year to June 30, '97, & the remaining amount of £264,974, I may say by the wise decision of the proprietors upon the recommendation of the board, was provided from surplus net revenue for the ½-year ended Dec. 31, '97, & as I have said, we have now a net revenue surplus at June 30, '96, of £106,667 available for dividend. I am really sorry to trouble you with so many figures, which you may, perhaps, have some difficulty in following, but which, no doubt, you will see elsewhere in print; but I think the figures are remarkable themselves & especially interesting as indicating what the G.T. can really do when it finds itself under firm & economical management; & with reference to the question of economical management I will add one

or two more figures which are of interest. The ratio of working expenses of the G.T. proper for the past year was 66.46, as contrasted with 70.84 for the ½-year, when we first took office, showing a saving of expenditure in the ratio of 4.38. Those who are conversant with railway matters will, I think, appreciate the great importance of that statement.

The improvement in the revenue results of the Chicago & G.T. Ry. is a satisfactory feature in the past ½ year's operations. There was an increase in the gross receipts of that line of £74,951, & in working expenses of £31,950. The net traffic earnings were, therefore, £43,001 better than in the corresponding ½ year, and, deducting from that amount the increase of £1,319 in the net revenue charges, there remained a deficiency to be advanced by the G. T. Co. under the provisions of the traffic agreements of £8,392, against £50,074 in the corresponding ½ year of '97, an improvement of £41,682. On the other hand, the working of the D.G.H. & M. has been of a less satisfactory character, the deficiency for the ½ year to be provided amounting to £22,282, as compared with £20,084, an increase of £2,198. The aggregate gross receipts of the G. T., the Chicago & G. T., & the D.G.H. & M. amounted to £2,334,591, as compared with £2,154,222 in the corresponding ½-year of '97, an increase of £180,369. The working expenses were £1,609,803, against £1,537,868, an increase of £71,935; and the net traffic receipts were £724,788, against £616,354, an increase of £108,434. The net revenue charges of the entire system show an increase of £4,490, making the net results better by £103,944. I gave you just now the ratio of working expenses to gross receipts only in respect to the G. T. As regards the whole system the ratio of working expenses was 68.95 in the last ½-year, while for the ½-year ending June 30, '95, when we came into office, they were no less than 74.99. You will, therefore, see that our management in Canada has been able to obtain a reduction of no less than 6.04%. I think I may say, with some confidence, that—to use an expression in use on the other side of the Atlantic—this reduction in expenses "has come to stay."

The charges to capital in the past ½-year are practically confined to expenditure on account of the Victoria Jubilee bridge, & for equipping the rolling stock with air-brakes & automatic couplers to meet the requirements of the U.S. Safety Appliance Act. Six per cent. bonds of the Co. amounting to £409,400 matured on June 1 last, almost the whole of which have now been acquired, & will be held as required by the Act of 1888, as security for the 4% debenture stock. As stated in the report, a saving of £8,000 a year in our interest charges by the substitution of 4% debenture stock for these bonds has been effected. I will just add, while speaking of our financial position, that we have no floating debt whatsoever. I have mentioned when previously addressing you that in order to keep pace with our competitors for through business, & to economise to the fullest extent in the working of the line, it is essential not only to provide locomotives of modern type & greater haulage capacity, which is being gradually accomplished, but also to renew or strengthen such bridges as may be found inadequate to properly bear the heavier loads now required to pass over them, & it has therefore been determined to renew forthwith certain bridges on the G.T. line in heavier material, & thus increase their bearing capacity. It is proposed to charge the cost of these improvements to revenue account, but in order to avoid burdening the maintenance charges unduly in any one year, it has been decided to spread the expenditure over a period of at least 5 years. This period may, of course, be extended as circumstances may render expedi-

ent. The same plan will be followed in regard to the revenue proportion of the expenditure for reconstructing the Victoria bridge at Montreal, which has been fixed at £110,000, being the amount it is estimated would have been required to replace the old structure by a single girder bridge. It is stated in the report, & I am happy to confirm it to you, that we expect that the double track of the new bridge will be in full operation by the commencement of next year—a matter of the greatest consequence to us when you consider the traffic which passes over the bridge. The number of trains that run in and out of our Bonaventure station at Montreal is about 130 daily, & about 75% of these pass over the bridge. In view of the greatly increased weight of both locomotives & cars, I cannot sufficiently congratulate you & the Board, who have had a good deal of anxiety on the subject, upon the fact that we are now going to have a really strong bridge adequate for all purposes, which, moreover, will be the cause of a good deal of economy in the future.

Before leaving this question I should like to say one word as to the improvement of our line. The competition now among the great Transatlantic lines is so keen that it is only the best equipped lines & lines with the best tracks that are able to secure the bulk of the business, & it is the best equipped lines that have the most traffic. Therefore, we must look forward to a reasonable, but continual, expenditure in the direction of improvements of the rolling stock, of the track, of the gradients, & so forth, & the effect of that will be that we shall be in a position to acquire more traffic, & also that we shall in the future materially reduce our working expenses. I will give you an illustration taken from the Victoria bridge. Hitherto the cost of the upkeep of the bridge has been about £4,000 a year. Well, for the next 10 years we estimate that the expenditure will not be more than £400 a year, & in addition we expect to receive a considerable revenue from the tolls on the carriage road & the pathways with which the new bridge will be provided. A moderate estimate places that addition to our income at £5,000 a year, & I daresay it will be more. All these improvements of our line have these great advantages: we reduce our expenses, & by so doing we improve our income, & we improve the credit of our company, & we improve the value of your securities. You will remember that we recently made an agreement with the Wabash Co. for running over a section of our line from Windsor to Fort Erie, & from Welland Junction to Niagara bridge; & that agreement has been in operation since Mar. 1, & has been attended with very advantageous results to our company, & it is a pleasure to know that the same result has accrued to the Wabash Co. In its last report it adverts also to the advantages of working in a friendly understanding with our company.

I have recently returned from Canada, & whilst there I took the opportunity, as usual, of visiting several portions of our system. At the same time, I spent a good deal of time in Montreal in conferring with our officers. On this occasion I visited several points in the northwest of Ontario & studied with much interest the arrangements which are being made for improving our lake connection with Lake Erie & the Georgian Bay ports. I had also occasion to observe with satisfaction, that there has been a considerable augmentation of traffic in that interesting region in which is situated the Muskoka Lakes. It is one of the most beautiful & picturesque parts of the world, & is gradually becoming known over the whole continent of America, & the consequence is there is a great influx of tourists there every year, & we have almost the monopoly of the carriage of those travellers. That promises to be a very good business in future. The increase this year has been