

the membership for ratification at year-end would add approximately \$100 million to the annual wage bill of Canadian National when all of the terms are implemented.

INCREASED FREIGHT CHARGES

The increases in freight revenues in 1966 were stimulated by heavier movements of potash, wheat, forest products, chemicals and minerals. New daily and weekly records for freight-carriings were set during the year and CN moved a record amount of grain for export.

In a move to bring freight charges in line with rising transportation costs, rates were increased 10 per cent on traffic-moving under so-called competitive rates. Notice was given also of similar increases to be applied on agreed charges, effective in 1967.

The railway purchased more than 3,500 pieces of freight equipment during the year, many of them designed to handle a specific kind of traffic. For example, CN added to its fleet more than 400 "yellow door" box-cars for newsprint shipments, and some 1,100 cylindrical steel hopper cars for the movement of prairie potash and other bulk commodities, such as cement and chemicals. As well, the railway modified and rebuilt parts of its existing freight fleet to tailor equipment to customer requirements.

New motive power was added to the system's diesel fleet with the purchase of 35 high-powered locomotives. Sixteen of the units generate 3,000 hp. each and can pull twice the load of older locomotives.

Attention was also paid to the tail-end of freight trains in 1966. The company bought 150 "new look" cabooses which offer greatly improved amenities and working conditions for crews....

Work started on a \$7-million express-freight complex for Toronto. Covering 40 acres in the north-east corner of Toronto Yard, it will handle rail and air express, less-than-car-load freight and piggy-back shipments. It is so designed that it may be expanded to handle a 70 percent growth in business.

PASSENGER TURBO-TRAINS

In a year that saw revenue passenger miles climb to two billion - highest since 1946 - dramatic new developments were launched to compete for an enlarged share of the passenger travel market and as steps towards making CN's passenger operations a paying proposition by the early 1970s.

CN turbo-trains, the most significant advance in the technology of railway passenger service in 100 years, will begin operating between Montreal and Toronto by next June. Designed by United Aircraft Corporation, the turbo-trains have a new type of suspension system and wheel assembly which permits higher speeds over existing track, while at the same time providing a smoother ride.

CN is obtaining five sets of the equipment on a leasing arrangement with United Aircraft of Canada Limited. Each set will have seven cars, including the power dome units at each end, which contain the turbine engines. They will run in tandem sets of 14 cars and will reduce the running time between the

two cities to just under four hours.

The turbo-trains, which will have morning, afternoon and early evening departures, will be operated in addition to existing trains, such as CN's now famous *Rapido*. In the fall, "Rapido" became the trademark for a type of service. Morning *Rapido* service was instituted between Montreal and Toronto, as well as morning and afternoon service between Montreal and Quebec City....

IMPROVED PASSENGER SERVICE

Work proceeded during 1966 to develop a more efficient method of handling passenger reservations and, early in 1967, an electronic reservations system will be implemented. The new system will handle coach and parlour-car reservations at the start and will be capable of receiving and answering 11,000 requests a day from 47 Canadian cities.

CN's red, white and blue pricing system, which has proved highly successful in Canada, was extended to CN's U.S. subsidiary, the Grand Trunk Western, between Detroit and Chicago. This is the first application of this unique rail fare conception in the United States.

The railway continued to provide existing and prospective customers with a comprehensive industrial location service aimed at attracting new resource, industrial and commercial development in areas served by the system.

Upwards of 400 resource developments, manufacturing plants and major warehousing and distributing facilities were established in locations served by several miles of new private sidings and industrial spurs.

RAILS TO RESOURCES

While work continued on the 432-mile Great Slave Lake Railway, a start was also made on the 100-mile Alberta Resources Railway, which CN is constructing for the Alberta Government. It will run northwest from CN's main line west of Hinton, Alberta, to tap a rich resource area, including coal, near the Smoky River and, when completed, will be operated by Canadian National....

In Montreal, construction of the \$75-million Place Bonaventure convention and trade centre over CN terminal tracks proceeded on schedule, and work nears completion on the 26-storey Terminal Tower office building on CN land beside the Queen Elizabeth Hotel. Both are being erected by private developers under lease of aerial rights from the railway. Studies continued for the redevelopment of CN property in downtown Toronto.

In Western Canada, the country's newest, and most modern railway station was opened early in the year - in the 26-storey CN Tower Building in Edmonton. The Tower also provides an arcade of shops, a bank and a dining room.

In Vancouver, site-clearing and excavation work is under way preparatory to construction of a combined multi-level garage and office building which will be connected to the Hotel Vancouver. This project is also being carried out by a private developer under a long-term ground lease from the railway....