

## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 14, 1946.

The Sessional Committee on Railways and Shipping met this day at 11 o'clock a.m. The Acting Chairman, Mr. H. B. McCulloch, presided.

The ACTING CHAIRMAN: Gentlemen, the first matter before us today is the report on the Canadian National Railways. I shall ask Mr. R. C. Vaughan, President of the Canadian National Railways to make his statement.

MR. VAUGHAN: Our reports for the year 1945 have been distributed, and in accordance with what has become a well established practice, we are here before the committee to supplement the reports to whatever extent and in as much detail as the members of the committee may desire. This meeting is analogous to an annual general meeting of shareholders, except that the shareholders or their proxies in privately owned enterprises are not furnished with such full information or are given the same latitude to question the management as the members of this committee possess. We are very glad to give all the information that is required. This is as it should be. Through the committee, parliament and the people of Canada may secure all the information they require on the affairs of these state owned enterprises, the Canadian National Railway System, the Canadian National (West Indies) Steamships and Trans-Canada Air Lines.

It is very gratifying to be able to present such another excellent report for Canadian National Railways. We had a net income surplus for the year of \$24,756,130 or \$1,729,206 better than in the preceding year. In general the results of operation in both years were very similar. Gross revenues were only 1.7 per cent below 1944, operating expenses were two per cent less. Net revenue, which means the amount of revenue left after paying all operating expenses, was \$78,479,000 in 1945 compared with \$78,600,000 in 1944. Net income available for interest was \$71,084,000 in 1945 and \$71,096,000 in 1944. It is a curious coincidence that when all the multitudinous waybills, tickets, payrolls, vouchers, etc., necessary for the business of moving 80 million tons of revenue freight and 30 million passengers with all our ancillary services—express, telegraphs, sleeping and dining cars, mail, hotels and subsidiary company operations—have been accounted for and drawn down to a final total the net income before interest differs by only \$12,000 from the corresponding figure for the previous year. Net income before interest at \$71,084,000 shows that we earned approximately  $3\frac{1}{2}$  per cent on our total capitalization of \$2,024,708,137, a most satisfactory achievement and one I must add made possible only by the abnormally high revenues which we enjoyed, and the untiring efforts of the officers and staff.

We take a little satisfaction from the accuracy with which we forecasted the results last year. The budget for 1945 which we submitted to the committee estimated the gross operating revenues at \$433 millions. The actual revenues were \$433,773,000 or within one-fifth of one per cent of the estimate. Operating expenses varied from the estimate by about one-seventh of one per cent and the surplus for the year by less than one per cent. We would like to think our aim for 1946 will hit the target so accurately.

The war is over. The movement of men and munitions to the fighting fronts is finished. The repatriation of the troops and their dependents is proceeding apace, being retarded only by the shortage of shipping. Reconversion from wartime to normal conditions is the order of the day. There is no need to go