

tions, a combination of lower traffic and higher wage and material costs produced a deficit of \$29.6 million.

The following table summarizes the results for 1957 and for each year since the passage of the Canadian National Capital Revision Act in 1952:

Mr. Chairman, with your permission may we take the table appearing here as read? You will observe that the column for 1957 shows an over-all deficit for the year of \$29.6 million.

	1957	1956	1955	1954	1953	1952
	(Millions of Dollars)					
Operating revenues	\$753.2	\$774.8	\$683.1	\$640.6	\$696.6	\$675.2
Operating expenses	734.6	703.3	629.0	626.4	659.0	634.8
Net operating revenue	18.6	71.5	54.1	14.2	37.6	40.4
Taxes, rents, less other income	11.2	13.6	10.4	10.5	8.0	14.9
Available for fixed charges ..	7.4	57.9	43.7	3.7	29.6	25.5
Fixed charges	37.0	31.8	33.0	32.5	29.4	25.4
Surplus or deficit	\$29.6	\$26.1	\$10.7	\$28.8	\$ 0.2	\$ 0.1

This record reflects not only variations in the volume of business but also the unfavourable effects of the growing disparity between wage and material cost increases on one hand and freight rate increases on the other. By way of illustration, if the 1957 results were re-stated in terms of the 1951 average revenue per ton-mile, average prices and average hourly earnings, the record would show a surplus of nearly \$30 million. This is shown by the charts on the following page.

Freight

The volume of freight traffic, measured in revenue ton miles, decreased by 12.5% during 1957, but the revenue from this business dropped less sharply because of an increase in average revenue per ton-mile.

Freight revenues, which accounted for nearly four-fifths of total operating revenues, amounted to \$587.3 million, a decline of \$25.5 million or 4.2%. Revenues from other freight services, shown on page 30, declined by 7.6% to \$17.6 million.

Both tonnage and average haul, the two components of the ton-mile measure, decreased during the year. In 1957 Canadian National carried a total of 88.9 million tons, compared with 99.0 million in 1956, while the average length of haul fell to 413 miles, from 423 miles in the previous year.

Many of the reductions in traffic volume occurred in the low-rated bulk commodities. This change in the "mix" of traffic, together with slightly higher freight rates, caused the average revenue received by the railway for hauling one ton of freight one mile to rise from 1.461 cents in 1956 to 1.601 cents in 1957.

A general freight rate increase of 11% was granted by the Board of Transport Commissioners effective January 1, 1957. This replaced the previous interim award of 7% authorized in June, 1956. The railways' original application, filed in May 1956, sought a 15% general increase.

In August 1957, the railways applied for a further 10% increase on the rates existing at that time. Subsequently, the Board of Transport Commissioners approved an increase of 3.6% effective January 15, 1958, but implementation of this increase was suspended pending review by the Governor-in-Council, following an appeal by eight provinces.